



Our Finances

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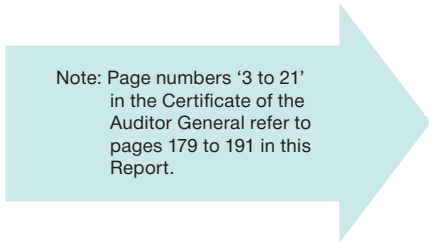
BNM recorded a net profit after tax of RM12.45 billion for the financial year ended 31 December 2025 (2024: RM13.16 billion), following total income of RM14.35 billion (2024: RM14.98 billion), net of costs associated with managing the reserves portfolio and monetary operations. For 2025, we spent RM1.86 billion in managing our organisation.

Of the RM12.45 billion net profit, RM7.45 billion (2024: RM7.91 billion) will be transferred to the Risk Reserve,¹ which stood at RM155.31 billion as at end-2025 (2024: RM147.90 billion). As 85% of our assets are denominated in foreign currency, it is important for us to build adequate Risk Reserves. This allows us to cushion against financial market volatility and exchange rate

fluctuations in the foreign currency assets. The balance of the net profit of RM5 billion will be paid as dividend to the Government (2024: RM5.25 billion).

Total assets as at 31 December 2025 stood at RM602.22 billion (2024: RM621.54 billion), mainly reflecting currency translation effects amid the strengthening of the ringgit. International reserves continued to account for the bulk of our assets amounting to RM509.79 billion (2024: RM520.13 billion). Our liabilities comprised mainly currency in circulation (2025: RM177.75 billion; 2024: RM170.72 billion) and deposits by financial institutions (2025: RM118.06 billion; 2024: RM131.92 billion).

¹ Risk Reserve comprises cumulative transfers of net profits, foreign exchange differences arising from translation of foreign currency assets and liabilities, and changes in fair value of financial assets.



Note: Page numbers '3 to 21' in the Certificate of the Auditor General refer to pages 179 to 191 in this Report.



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
BANK NEGARA MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2025**

Certificate on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of the Bank Negara Malaysia. The Financial Statements comprise the Statement of Financial Position as at 31 December 2025 of the Bank Negara Malaysia and the Income Statement for the year then ended, and notes to the Financial Statements, including a summary of material accounting policies, as set out on pages 3 to 21.

In my opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Bank Negara Malaysia as at 31 December 2025, and of its financial performance for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Central Bank of Malaysia Act 2009 requirements to the extent that it is, in the opinion of the Board of Directors, appropriate to do so, having regard to the objects and functions of the Bank.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Bank Negara Malaysia and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Board of Directors of the Bank Negara Malaysia is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Bank Negara Malaysia does not cover the other information than the Financial Statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of Financial Statements of the Bank Negara Malaysia that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Central Bank of Malaysia Act 2009 requirements to the extent that it is, in the opinion of the Board of Directors, appropriate to do so, having regard to the objects and functions of the Bank. The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Financial Statements of the Bank Negara Malaysia that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Bank Negara Malaysia, the Board of Directors is responsible for assessing the Bank Negara Malaysia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Bank Negara Malaysia as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- a. identify and assess the risks of material misstatement of the Financial Statements of the Bank Negara Malaysia, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank Negara Malaysia's internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- d. conclude on the appropriateness of the Board of Directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank Negara Malaysia's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Bank Negara Malaysia or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Bank Negara Malaysia to cease to continue as a going concern; and
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Bank Negara Malaysia, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Board of Directors has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

I have also disclosed to the Board of Directors that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

Other Matters

This certificate is made solely to the Board of Directors of the Bank Negara Malaysia in accordance with the Central Bank of Malaysia Act 2009 requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(DATO' SERI WAN SURAYA WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
13 MARCH 2026



BANK NEGARA MALAYSIA

STATEMENT BY DIRECTORS

We, Abdul Rasheed Ghaffour and Chin Suit Fang, being the Chairperson and one of the Directors of Bank Negara Malaysia, do hereby state that, in the opinion of the Directors, the financial statements are drawn up so as to give a true and fair view of the financial position of Bank Negara Malaysia as at 31 December 2025 and financial performance for the financial year then ended, in accordance with the Central Bank of Malaysia Act 2009 and the Malaysian Financial Reporting Standards (MFRS) to the extent that it is, in the opinion of the Directors, appropriate to do so, having regard to the objects and functions of Bank Negara Malaysia.

On behalf of the Board of Directors,



ABDUL RASHEED GHAFFOUR
CHAIRPERSON

25 FEBRUARY 2026
KUALA LUMPUR



CHIN SUIT FANG
DIRECTOR

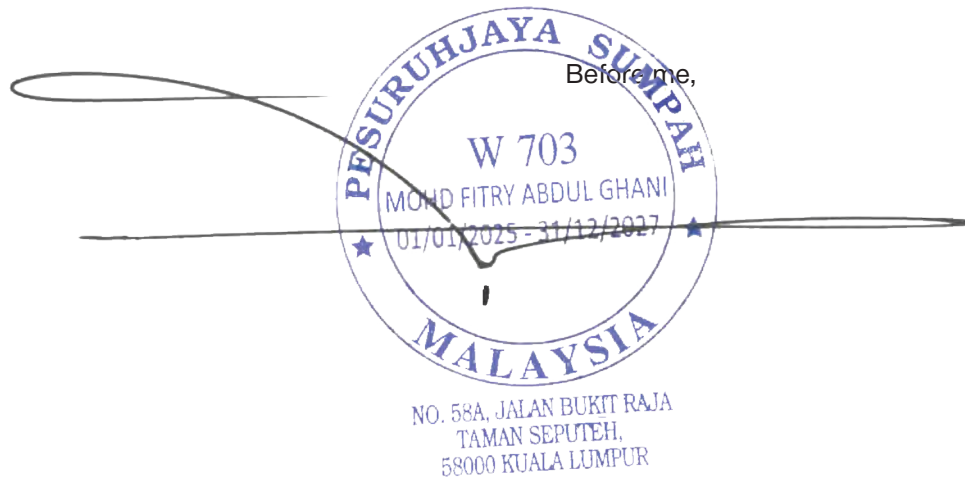
25 FEBRUARY 2026
KUALA LUMPUR

BANK NEGARA MALAYSIA

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF BANK NEGARA MALAYSIA

I, Toh Ying Ying, being the officer primarily responsible for the financial management of Bank Negara Malaysia, do solemnly and sincerely declare that the financial statements for the year ended 31 December 2025, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
on 25 February 2026.)



BANK NEGARA MALAYSIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

		2025 RM million	2024 RM million
ASSETS			
Gold and Foreign Financial Assets	3	480,292	489,309
International Monetary Fund Reserve Position and Holdings of Special Drawing Rights	4	29,494	30,821
Malaysian Government Papers	5	13,420	12,805
Deposits with Financial Institutions	6	2,535	-
Loans and Advances	7	28,416	26,310
Property and Equipment	8	4,564	4,598
Other Assets	9	43,498	57,697
Total Assets		602,219	621,540
LIABILITIES AND CAPITAL			
Currency in Circulation		177,750	170,720
Deposits from: Financial Institutions		118,059	131,918
Federal Government		4,504	5,233
Others	10	65,572	79,866
Bank Negara Papers	11	9,007	12,431
Allocation of Special Drawing Rights	4	26,830	28,185
Other Liabilities	12	3,752	3,121
Total Liabilities		405,474	431,474
Capital	13	100	100
General Reserve Fund	14	28,888	28,888
Risk Reserve	15	155,310	147,896
Unappropriated Profits	16	12,447	13,182
Total Capital and Reserves		196,745	190,066
Total Liabilities and Capital		602,219	621,540

The accompanying notes form an integral part of the financial statements.

BANK NEGARA MALAYSIA

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM million	2024 RM million
Total Income	17	14,345	14,978
Less:			
Recurring Expenditure	18	(1,706)	(1,647)
Development Expenditure	19	(150)	(128)
Total Expenditure		(1,856)	(1,775)
Net Profit Before Tax		12,489	13,203
Less: Taxation	20	(42)	(41)
Net Profit After Tax		12,447	13,162

The accompanying notes form an integral part of the financial statements.

BANK NEGARA MALAYSIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. General Information

Bank Negara Malaysia (BNM) is a statutory body established under the Central Bank of Malaysia Act 1958 which has been repealed by the Central Bank of Malaysia Act 2009. The principal place of business is located at Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur.

The principal objects of BNM are to promote monetary stability and financial stability conducive to the sustainable growth of the Malaysian economy. In this regard, BNM's primary functions are as follows:

- (a) to formulate and conduct monetary policy in Malaysia;
- (b) to issue currency in Malaysia;
- (c) to regulate and supervise financial institutions which are subject to the laws enforced by BNM;
- (d) to provide oversight over money and foreign exchange markets;
- (e) to exercise oversight over payment systems;
- (f) to promote a sound, progressive and inclusive financial system;
- (g) to hold and manage the foreign reserves of Malaysia;
- (h) to promote an exchange rate regime consistent with the fundamentals of the economy; and
- (i) to act as financial adviser, banker and financial agent of the Government.

2. Accounting Policies

2.1 Basis of Preparation of Financial Statements

- (a) The financial statements have been prepared in accordance with the Central Bank of Malaysia Act 2009 and the applicable Malaysian Financial Reporting Standards (MFRS). Section 10 of the Central Bank of Malaysia Act 2009 provides that BNM, in preparing its financial statements, shall comply with the MFRS to the extent that it is, in the opinion of the Directors, appropriate to do so, having regard to the objects and functions of BNM. The Directors, having considered BNM's responsibilities for managing effective monetary policy and promoting financial stability, are of the opinion that, it is appropriate to differ, in some respects, from the MFRS.
- (b) The preparation of the financial statements based on MFRS requires the management to exercise its judgement in the process of applying the accounting policies. It also requires the use of estimates and assumptions, based on available information, that may affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. Although these estimates are based on the management's best knowledge of current events and actions, the actual results could differ from these estimates.
- (c) The financial statements have been prepared under the historical cost convention and on an accrual basis, except as otherwise disclosed.

BANK NEGARA MALAYSIA

2.2 Change in Accounting Policy

During the financial year, BNM changed its accounting policy for motor vehicles where the costs of the motor vehicles exceeding a certain threshold is capitalised. This provides more relevant information as motor vehicles are expected to provide economic benefits over its useful life and this aligns with MFRS requirement.

The impact of the change in accounting policy is not material to BNM's financial position and operations.

2.3 Foreign Currency Translation

- (a) The financial statements are presented in Ringgit Malaysia, BNM's functional currency, and rounded to the nearest million, unless otherwise stated.
- (b) Transactions in foreign currencies are measured at the exchange rate prevailing at the date of transaction. Foreign currency gains or losses resulting from the settlement of such transactions are recognised in the Income Statement.
- (c) Assets and liabilities denominated in foreign currencies are translated into Ringgit Malaysia using the exchange rate prevailing on the balance sheet date. Foreign exchange differences arising from the translation are recognised in the Risk Reserve.

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are entities over which BNM has control. BNM controls an entity when BNM is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Associates

Associates are entities over which BNM has significant influence but not control or joint control, and generally accompanying a shareholding of between 20% and 50% of the voting rights of the entity.

BNM does not consolidate the financial performance of its subsidiaries and associates as these entities were established for developmental and financial stability purposes. Investment in subsidiaries and associates are carried at cost and adjusted for impairment, if any.

2.5 Gold

Gold is stated at fair value and changes in the fair value of gold are recognised in the Risk Reserve. Realised gains or losses from the sale of gold are recognised in the Income Statement.

2.6 Foreign Financial Assets

Foreign financial assets, comprising fixed income securities and equities, are stated at fair value. Changes in the fair value are recognised in the Risk Reserve or the Income Statement based on classification of the financial instruments. Realised gains or losses from the sale of financial assets are recognised in the Income Statement.

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2.7 Repurchase and Reverse Repurchase Agreements (Repos and Reverse Repos)

Repos and Reverse Repos are treated as collateralised borrowing and lending. The securities sold under Repos are not derecognised from the Statement of Financial Position, and the corresponding amount borrowed is reported under Other Liabilities. Similarly, the securities purchased under Reverse Repos are not recognised in the Statement of Financial Position and the corresponding amount lent is reported under Other Assets. The difference between sale and repurchase price under Repos and Reverse Repos is recognised as interest expense and interest income respectively in the Income Statement.

2.8 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are added to the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that they will generate future economic benefits to BNM and the cost can be reliably measured. Repair and maintenance costs is charged to the Income Statement during the financial period in which they are incurred.

Freehold land and work-in-progress are not depreciated. Leasehold land, buildings and motor vehicles are depreciated on a straight line basis over their estimated useful lives, as follows:

	<u>Useful Life</u>
Leasehold land	Period of the lease
Buildings on freehold land	50 years
Buildings on leasehold land	50 years or remaining lease period (whichever is shorter)
Building improvement	Remaining useful life of the building
Motor vehicles	5 years

On disposal of property and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the Income Statement.

2.9 Other Fixed Assets

All other fixed assets are fully expensed in the year of purchase.

2.10 Impairment of Non-Financial Assets

Assets are assessed for impairment when there is indication that the asset's carrying amount may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss. The impairment loss is recognised in the Income Statement.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist. The reversal if any, is recognised in the Income Statement to the extent that it does not exceed the carrying amount of the assets had no impairment losses been recognised for the assets in prior years.

2.11 Currency in Circulation

Currency in circulation (CIC) represents banknotes and coins, including commemorative banknotes and coins, and demonetised currency, that have been issued by BNM for use in the economy. The CIC is recognised in the Statement of Financial Position at face value when they are placed into circulation and derecognised when they are withdrawn from circulation. Expenses incurred in the purchase and production of banknotes and coins are recognised in the Income Statement.

BANK NEGARA MALAYSIA

2.12 Net Profit

The net profit of BNM is appropriated in accordance with section 7 of the Central Bank of Malaysia Act 2009.

3. Gold and Foreign Financial Assets

	2025 RM million	2024 RM million
Gold	21,794	14,556
Securities	363,572	359,576
Deposits and bank balances	85,261	104,752
Others	9,665	10,425
	<u>480,292</u>	<u>489,309</u>

4. International Monetary Fund (IMF) Reserve Position, Holdings of Special Drawing Rights (SDR) and Allocation of SDR

The reserve position comprises Malaysia's paid-up portion of IMF Quota and loans granted by BNM under the IMF's Financial Transaction Plan (FTP), New Arrangements to Borrow (NAB) and Poverty Reduction and Growth Trust (PRGT). These programmes are used by IMF to provide loans to its member countries.

	2025 RM million	2024 RM million
IMF Reserve Position	5,264	5,440
Holdings of SDR	24,230	25,381
	<u>29,494</u>	<u>30,821</u>
Allocation of SDR	(26,830)	(28,185)
Net position with IMF	<u>2,664</u>	<u>2,636</u>

5. Malaysian Government Papers

	2025 RM million	2024 RM million
Malaysian Government Securities	11,261	11,249
Malaysian Government Investment Certificates	2,159	1,556
	<u>13,420</u>	<u>12,805</u>

6. Deposits with Financial Institutions

Refers to deposits placed by BNM with financial institutions under section 75(i) of the Central Bank of Malaysia Act 2009.

7. Loans and Advances

Loans and advances include financing extended by BNM to participating financial institutions under various funds established pursuant to section 49 of the Central Bank of Malaysia Act 2009 to promote financial inclusion.

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	2025 RM million	2024 RM million
BNM's Fund for small and medium-sized enterprises (SME)		
Fund to promote growth and development for SME	6,803	5,655
Special Relief Facility for SME	19,432	18,206
PENJANA Tourism and Automation & Digitalisation Financing for SME	864	1,154
Fund for Affordable Homes	975	975
Others	342	320
	<u>28,416</u>	<u>26,310</u>

8. Property and Equipment

2025	Freehold Land	Leasehold Land	Buildings on Freehold Land	Buildings on Leasehold Land	Motor Vehicles	Work-in- Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
As at 1 January	3,325,421	4,044	1,248,677	450,159	-	-	5,028,301
Effect of change in accounting policy	-	-	-	-	674	-	674
Addition	-	-	-	-	-	637	637
Disposal	-	(52)	(859)	(577)	-	-	(1,488)
As at 31 December	<u>3,325,421</u>	<u>3,992</u>	<u>1,247,818</u>	<u>449,582</u>	<u>674</u>	<u>637</u>	<u>5,028,124</u>
Accumulated Depreciation							
As at 1 January	-	1,570	285,215	143,482	-	-	430,267
Effect of change in accounting policy	-	-	-	-	140	-	140
Depreciation charge	-	43	24,861	8,927	135	-	33,966
Disposal	-	(20)	(345)	(211)	-	-	(576)
As at 31 December	<u>-</u>	<u>1,593</u>	<u>309,731</u>	<u>152,198</u>	<u>275</u>	<u>-</u>	<u>463,797</u>
Net carrying amount	<u>3,325,421</u>	<u>2,399</u>	<u>938,087</u>	<u>297,384</u>	<u>399</u>	<u>637</u>	<u>4,564,327</u>

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2024	Freehold Land	Leasehold Land	Buildings on Freehold Land	Buildings on Leasehold Land	Motor Vehicles	Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
As at 1 January	3,327,144	5,514	1,225,523	450,159	-	-	5,008,340
Addition	-	-	23,737	-	-	-	23,737
Disposal	(1,723)	(1,470)	(583)	-	-	-	(3,776)
As at 31 December	<u>3,325,421</u>	<u>4,044</u>	<u>1,248,677</u>	<u>450,159</u>	-	-	<u>5,028,301</u>
Accumulated Depreciation							
As at 1 January	-	2,567	260,772	134,553	-	-	397,892
Depreciation charge	-	43	24,700	8,929	-	-	33,672
Disposal	-	(1,040)	(257)	-	-	-	(1,297)
As at 31 December	-	<u>1,570</u>	<u>285,215</u>	<u>143,482</u>	-	-	<u>430,267</u>
Net carrying amount	<u>3,325,421</u>	<u>2,474</u>	<u>963,462</u>	<u>306,677</u>	-	-	<u>4,598,034</u>

9. Other Assets

	2025 RM million	2024 RM million
Reverse Repurchase Agreements	33,750	50,728
Investments in Shares		
Subsidiaries	4,257	4,257
Associates	115	37
Other investments	275	95
Others	<u>5,101</u>	<u>2,580</u>
	<u>43,498</u>	<u>57,697</u>

10. Deposits from Others

These deposits include deposit placement by other central banks and government agencies.

11. Bank Negara Papers

Bank Negara Papers are papers issued as part of BNM's market operations tools to manage liquidity in the domestic money market.

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12. Other Liabilities

	2025 RM million	2024 RM million
Repurchase Agreements	1,746	1,104
Accruals	1,590	1,462
Others	416	555
	<u>3,752</u>	<u>3,121</u>

13. Capital

BNM is wholly-owned by the Government of Malaysia.

14. General Reserve Fund

Appropriation of net profits to the General Reserve Fund is recognised upon the approval from the Board of Directors and the Minister pursuant to section 7 of the Central Bank of Malaysia Act 2009. There was no transfer to the General Reserve Fund during the financial year ended 31 December 2025 and 31 December 2024.

15. Risk Reserve

The Risk Reserve includes cumulative transfers of net profits, changes in fair value of financial assets and foreign exchange differences arising from translation of foreign currency assets and liabilities.

	2025 RM million	2024 RM million
As at 1 January	147,896	151,251
Effect of change in accounting policy	-	24
Movements during the year	7,414	(3,379)
As at 31 December	<u>155,310</u>	<u>147,896</u>

16. Unappropriated Profits

	2025 RM million	2024 RM million
As at 1 January	13,182	7,186
Less:		
Transfer to Risk Reserve	(7,932)	(4,336)
Dividend paid to the Government	(5,250)	(2,850)
	-	-
Current year	12,447	13,162
Add:		
Transfer of revaluation surplus arising from disposal of properties	-	20
As at 31 December	<u>12,447</u>	<u>13,182</u>

Upon approval from the Board of Directors and the Minister, the appropriation of profits will be recognised in the financial statements of the next financial year.

The dividend paid to the Government for the financial year ended 2024, amounted to RM5.25 billion, was approved by the Minister on 11 March 2025.

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For the financial year ended 31 December 2025, the Board of Directors approved the transfer of RM7.45 billion to the Risk Reserve and a dividend of RM5 billion to the Government.

17. Total Income

		2025 RM million	2024 RM million
Operating Income	(a)	14,110	14,655
Loans and Advances Income	(b)	36	33
Other Income	(c)	199	290
		<u>14,345</u>	<u>14,978</u>

(a) **Operating Income**

Includes interest, dividends, gains or losses on disposal of securities and net of monetary operations cost.

(b) **Loans and Advances Income**

		2025 RM million	2024 RM million
BNM's Fund for SMEs		18	16
Fund for Affordable Homes		10	10
Others		8	7
		<u>36</u>	<u>33</u>

(c) **Other Income**

Includes income from currency processing and sales of commemorative banknotes and coins.

18. Recurring Expenditure

		2025 RM million	2024 RM million
Human Capital	(a)	(881)	(879)
Currency Operations	(b)	(204)	(195)
Information Technology	(c)	(170)	(159)
Utilities and Maintenance	(d)	(174)	(176)
Administrative and General	(e)	(243)	(204)
Depreciation	(f)	(34)	(34)
		<u>(1,706)</u>	<u>(1,647)</u>

(a) **Human Capital**

Includes salaries, allowances, staff medical costs and employer statutory contributions.

(b) **Currency Operations**

Expenditures incurred directly and indirectly in issuing the currency banknotes and coins.

(c) **Information Technology**

Expenditures incurred to maintain IT infrastructure and equipment, including renewal of licences and purchase of IT consumables.

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- (d) **Utilities and Maintenance**
Expenditures relating to the upkeep of BNM's office buildings and other premises.
- (e) **Administrative and General**
Expenditures incurred in the administration of BNM's day-to-day operations and other expenses.
- (f) **Depreciation**
Depreciation charges for leasehold land, buildings and motor vehicles.

19. Development Expenditure

Expenditures incurred mainly to finance developmental and long term initiatives in line with BNM's objects and functions.

20. Taxation

BNM is exempted from payment of income tax and supplementary income tax as set out in the Income Tax (Exemption) (No. 7) Order 1989. Tax expenses relate to unclaimable withholding taxes on dividend and interest income earned from the foreign investments and capital gains taxes on sale of foreign investments.

21. Contingencies and Commitments

21.1 Contingent Assets

BNM has provided funding to International Centre for Leadership in Finance (ICLIF) Trust Fund and International Centre for Education in Islamic Finance (INCEIF) Trust Fund to support training, research and human capital development in banking and financial services, managed by Asia School of Business (ASB) and INCEIF University, respectively. The funding will be returned to BNM when ASB and INCEIF University become self-sufficient.

21.2 Legal Proceedings

A number of legal proceedings against BNM were outstanding as at 31 December 2025. For litigation exposure where a loss is probable, an appropriate provision shall be made. Based on available information as at 31 December 2025, the estimated contingent liability will not have any material impact on BNM's financial position and operations.

21.3 Commitments

Total outstanding commitments of BNM are as follows:

	Note	2025 RM million	2024 RM million
Membership with IMF	(a)		
Unpaid Quota	(i)	14,967	15,769
New Arrangement to Borrow	(ii)	3,778	3,969
Bilateral Borrowing Agreement	(iii)	1,750	1,929
Swap Arrangements	(b)		
Bilateral Swap Currency Arrangement with Other Central Banks	(i)	154,866	170,704
Chiang Mai Initiative Multilateralisation	(ii)	36,971	40,745
Repurchase Agreement with Central Banks and Monetary Authorities	(iii)	20,305	22,378
Shareholding in Bank for International Settlements	(c)	67	70
Total Outstanding Commitments		232,704	255,494

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(a) **Membership with IMF**

- (i) The Unpaid Quota represents the unpaid portion of Malaysia's quota in the IMF under the Articles of Agreement in which BNM has an obligation to pay to IMF in SDR or in other convertible currencies.
- (ii) The New Arrangements to Borrow (NAB) is a multilateral credit arrangement between BNM and the IMF to provide a supplementary source of financing to IMF for the purpose of safeguarding the stability of the international monetary system.
- (iii) The Bilateral Borrowing Agreement (BBA) involves bilateral contribution by BNM to the IMF for precautionary and financial crisis resolution purposes.

(b) **Swap Arrangements**

(i) **Bilateral Swap Arrangement (BSA)**

BNM participates in BSAs with other central banks with the objective of promoting and facilitating trade settlement and direct investment in local currency between the two countries and providing liquidity support for short-term balance of payments. BNM currently signed BSA with the People's Bank of China, Bank of Korea, Bank Indonesia, Bank of Japan and Bank of Thailand.

(ii) **Chiang Mai Initiative Multilateralisation Arrangement**

BNM participates in the Chiang Mai Initiative Multilateralisation (CMIM) which aims to provide financial support through currency swap transactions in US dollar or selected local currencies to ASEAN+3 member countries to address balance of payments and short-term liquidity difficulties in the region.

(iii) **Repurchase Agreement with Central Banks and Monetary Authorities**

BNM has entered into repurchase agreements with various central banks and monetary authorities under the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) to provide liquidity assistance in times of emergency.

(c) **Shareholding in Bank for International Settlements (BIS)**

This represents the uncalled portion of BIS shares.

22. **Financial Risk Management**

The Reserve Management Committee oversees the assessment, measurement and control of the investment risks in the management of reserves to be within acceptable levels. This is to ensure that the objectives of capital preservation, liquidity and reasonable returns are met. In undertaking this function, the major risks of the investments are:

(a) **Market Risk**

Market risk is the exposure of BNM's investments to adverse movements in market prices related to foreign exchange rates, interest rates and prices of bonds and equities. Market risk is assessed and monitored on a daily basis. A benchmark policy approved by the Board of Directors reflects the long-term objectives and acceptable risk-return profile of the investments. Investments may be made in instruments that are different from those in the benchmark. This deviation in investment is controlled through a set of risk management limits, governance arrangements and investment guidelines that are also approved by the Board of Directors.

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(b) Credit Risk

Credit risk is the risk of default of the debt issuer or failure of the counterparty to perform its contractual obligation to BNM resulting in BNM not receiving its principal and/or interest that has fallen due. A comprehensive credit risk framework governs the permissible investments and the risk appetite of BNM. The framework, which is approved by the Board of Directors, also incorporates market-based indicators and quantitative measures which supports a more forward-looking credit assessment.

(c) Operational Risk

Operational risk is the risk of financial losses due to failed internal processes, inadequate controls and procedures, or any other internal or external events that impede operations. Operational risk is mitigated through a risk governance framework and effective implementation of risk controls and limits. A comprehensive operational risk surveillance mechanism is in place to support the identification of emerging risks in BNM's operations to allow for action to be taken in managing gaps and in mitigating financial losses.

23. Bank Negara Malaysia Staff Welfare Account (Medical Fund) (termed as the 'Medical Fund Account')

The Medical Fund Account was established on 21 June 2006 under section 15(6) of the Central Bank of Malaysia Act 1958 and continue to exist under section 83(4) and (5) of the Central Bank of Malaysia Act 2009.

The Medical Fund Account is governed under the Bank Negara Malaysia Staff Welfare Account (Medical Fund) Trust Directions 2006 and Supplementary Trust Directions 2017. The objective of the Medical Fund is to assist BNM to meet the medical expenses of eligible retirees and their dependents. As stipulated in the Bank Negara Malaysia Staff Welfare Account (Medical Fund) Trust Directions 2006, the Medical Fund shall be administered by a Medical Fund Committee. The Medical Fund Account is to be maintained separately and shall be audited in the same manner as BNM's Account.

24. Related Party Transactions and Balances

Government of Malaysia

BNM is wholly-owned by the Government of Malaysia. BNM funds its own operations and maintains organisational and functional independence from the Government. In the normal course of its operations, BNM enters into transactions with related parties and significant balances are presented in these financial statements.

Significant Related Party Balances

	2025 RM million	2024 RM million
Shareholder		
Government of Malaysia		
Holdings of Malaysian Government Papers	13,420	12,805
Deposit placements from the Government	4,504	5,233

25. Approval of Financial Statements

The Board of Directors approved the annual financial statements on 25 February 2026.