



REPUBLIC OF THE PHILIPPINES  
COMMISSION ON AUDIT  
Corporate Government Sector  
Cluster I – Financial A

**STATE AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

**The Monetary Board**  
Bangko Sentral ng Pilipinas  
Pasay City


We have audited the accompanying balance sheet of the Bangko Sentral ng Pilipinas as of December 31, 2006, and the related statements of income and expenses, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted state auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bangko Sentral ng Pilipinas as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with applicable generally accepted state accounting principles in the Philippines.

As presented in item No. 32 of the Notes to Financial Statements, the profit for distribution is computed based on Sections 43 and 132(b) of R.A. 7653, the New Central Bank Act. The computation shows that reserves are deducted from the profit for the year to arrive at the amount of profit for distribution. However, we believe that said computation is contrary to Section 2(d) of R.A. 7656, an Act requiring GOCCs to declare dividends under certain conditions to the National Government and for other purposes, which provides that no deduction from the net earnings for reserve shall be allowed.

**FOR THE COMMISSION ON AUDIT:**

  
**RODULFO J. ARIESGA**  
Director IV  
Cluster Director

August 13, 2007