

29th September, 2003.

State Bank's Clarification

A report appearing in a section of the press today says that the Central Board of Directors of the State Bank of Pakistan has approved the proposal for maintaining a \$ 5.8 billion portfolio for monetary policy intervention and allocated \$ 3.2 billion for external management by internationally known investment management firms. The report further says that the State Bank has also selected some Fund Managers for handling \$ 300 to \$ 400 million individually. The report is factually incorrect.

It is clarified that the Central Board of Directors of the State Bank did meet in Islamabad on 27th September, 2003 and inter alia considered the foreign exchange investment policy and strategy proposal but no final decision has so far been taken regarding selection of the Fund Managers in the meeting. The State Bank will follow a transparent process and exercise due diligence in selecting the Fund Managers. Final decision in this respect will be taken prudently after the whole process is completed.