

30<sup>th</sup> August, 2005

**SBP DECLARES RS.31.4 BILLION PROFIT.**

The Central Board of Directors of State Bank of Pakistan met at Muzaffarabad today under the Chairmanship of the Governor, State Bank of Pakistan, Dr. Israt Husain, and approved the annual audited accounts of the Bank for the year ended 30<sup>th</sup> June, 2005. The Board expressed its deep appreciation at the attainment of exceptionally high level of net profit of Rs.31.4 billion. Profits earned in 2003-04 were only Rs.6.2 billion. The Board decided to transfer Rs.21.4 billion out of these profits to the Government of Pakistan and Rs.10 billion to Reserve Fund. Gross income during the year was Rs.48.5 billion. The over all expenditure of the SBP was contained to Rs.9.2 billion which included Rs.3.2 billion on establishment expenses.

The Board noted with satisfaction that the State Bank of Pakistan's strategy to place part of its foreign exchange reserves with external fund managers and strengthen its own internal capacity to manage these reserves has proved successful. As against the interest income of Rs.6.9 billion earned last year on the foreign reserves, the SBP was able to earn Rs.15.0 billion this year on its foreign exchange reserves – an increase of 117 percent. Net interest income earned by the SBP this year was Rs.17.5 billion against Rs.4.8 billion last year. The SBP also made exchange gains of Rs.13.8 billion in the year mainly due to 2.5% depreciation of U.S. dollar against the Pak. rupee.

It may be recalled that the cumulative profits earned by the SBP during the last six years have amounted to Rs.114.8 billion.

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