

BMA CAPITAL RESEARCH GROUP PAKISTAN INVESTOR FORUM MEETINGS December 2004—February 2005

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In a pioneering initiative BMA Capital Research Group is using teleconferencing and conventional meetings to bring together leading investors to discuss key developments in Pakistan's capital markets.

This initiative has resulted in active engagement of the top investors in Pakistan, and the region, with BMA's experienced analysts and their associates ABRAAJ CAPITAL, a well-known private equity firm in the Middle East. The aim of the forum is to give investors the best analysis on important companies, capital markets and the economy in an interactive discussion, which addresses key investor concerns.

BMA Pakistan Investor Forum was launched in December 2004 with a teleconference, in which the leading 25 institutional investors took part in an interactive discussion on the future of Telecard Limited, which has acquired wireless local loop (WLL) and Long Distance International (LDI) licenses, and has recently launched these services in Pakistan. The conference provided the participants a very good opportunity of developing a clear understanding of Telecard's current activities and future plans in the telecommunication sector.

In January 2005, BMA Capital Research Group continued with its pioneering initiative by bringing together Pakistan's top institutional investors and industry experts to discuss the current outlook for the banking and telecom sectors. The banking sector keynote speaker Mr. Ali Raza, the president of the National Bank of Pakistan stated "over the next three to five years mergers are increasingly likely between smaller institutions which, though doing well financially, may not have the capital or the skills necessary to invest in technology, and be competitive in the marketplace".

The two telecom-sector keynote speakers were Mr. Awais Leghari, Minister for Information Technology and Telecommunication, and Mr. Zouhair Khaliq, the CEO of Mobilink who joined the teleconference from London. Mr. Awais Leghari responded to the question on the main challenges facing the Government over the next few years by saying that "the main challenge is to ensure that the environment the Government has brought into play is properly regulated and the interests of investors are taken care of,

along with the interests of the consumer.” Zouhair Khaliq, CEO, Mobilink commenting on the future of the cellular phone sector said “going forward is going to be an exciting experience over the next two to three years. With new players coming in, overall deregulation in telecom, and the emergence of WLL/ LDI operators, you will see a completely deregulated telecom market. This will benefit users in a big way, tele-density will increase many folds, and prices will come down to most favorable levels.”

The participants found the second BMA’s Investor Forum an effective platform for exchange of ideas, and looked forward to participating in the forum on a regular basis.

On February 7, 2005 BMA Capital Research Group held its third investor forum on Pakistan’s Investment Outlook for 2005. This was a conventional meeting, which was held in a local hotel, in front of a large audience comprising many distinguished institutional investors of Pakistan and other financial experts.

Muddassar Malik, Director, BMA Capital Management gave a paper on Investment Challenges for Fund Managers in 2005 and stated that “Pakistan’s Asset Management industry is highly under penetrated and there is a tremendous opportunity for building this industry by unlocking almost USD 500-700 billion worth of assets which are locked up in various asset classes including real estate and private equity.” He identified seven challenges namely, 1) Need to develop various asset classes and make them available for investment, 2) The need for a change in the mind set of banks from viewing themselves as asset gatherers to financial intermediaries, 3) Creation of a well developed fund management industry, 4) Creation of investor awareness regarding available savings options, 5) Creation of performance benchmarks, 6) Need for an increase in savings rates, and 7) Creation of better distribution channels.

Mr. Badr Kazmi, Country Manager, Standard Chartered Bank, also spoke at the forum on “Investments, Currency, and Interest Rates in 2005”. During the course of his presentation Mr. Kazmi commented that he expected the yields on the 6-month T-bill and 10-Year bond to rise to around 7.25% and 9.1% respectively by the end of 2005.

Dr. Ishrat Husain, Governor State Bank of Pakistan was the Chief Guest and delivered the keynote address on “Pakistan’s Islamic Bond, New Horizons and Challenges”. He said, “The launching of the Sukuk Bond is a landmark development which will allow Pakistan a greater visibility to a wider base of investors in Asia, Middle East and Europe where the bond was marketed”. He also stated “This will create a solid benchmark for pricing other securities as well as allowing foreign direct investors in Pakistan a clear measurement of risks as determined by an international and transparent benchmark”. He added, “Pakistan needs to remain fiscally responsible in order to continue to create confidence with investors.”

On this occasion the launch of Pakistan’s first Government Bond Index, BMA-PGBI, was also announced, and the Investor Forum initiative was established, as a regular monthly feature, appreciated by the local financial community. Further information about

BMA-PGBI can be obtained from Reuters Page: BMAI, Bloomberg Page: BMAM, or email: bmai@bmacapital.com.