Statement of Internal Control

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Bank's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Management assumes the responsibility of establishing and maintaining adequate internal controls and procedures while Board of Directors is ultimately responsible for the Internal Control Policy. In this connection the Bank has documented Procedures and Manuals, which incorporates the internal controls applicable while conducting any banking transaction. These procedures are revised and updated as and when required. This process has been in place for the year ended December 31, 2007 and up to the date of approval of the annual report in accordance with guidance from State Bank of Pakistan.

In addition, the Bank has implemented a Compliance & Control Self Assessment (CCSA) through which the Bank is able to identify irregularities at the branch level and is able to rectify them through a monitoring system built into CCSA.

The Audit, BRR & Investigation Group (ABIG) of the Bank reviews the adequacy and implementation of internal controls on a regular basis and deficiencies, if any, are followed up until they are rectified. Quarterly updates on unresolved significant issues highlighted by the ABIG are reviewed by the Audit Committee of the Board of Directors together with recommendations for improvements.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organization's policies, aims and objectives; it can therefore, only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls being followed by the Bank is considered adequate and sound in design and is being effectively implemented and monitored.

Jamil Iqbal
Chief Compliance Officer

Ayaz Ahmed
Chief Financial Officer

Salim Amlani
Group Executive Audit