

Statement of Internal Control



Statement of management responsibilities

It is the responsibility of Bank's management to:

- Establish and maintain an adequate and effective system of internal controls and procedures for an efficient working environment for obtaining desired objectives.
- Evaluate the effectiveness of the Bank's internal control system that encompasses material matters by identifying control objective, reviewing significant policies and procedures and establishing relevant control procedures.

Management evaluation of the effectiveness of the bank internal control system

During the year 2005, efforts have been made for an effective and efficient internal control system. In accordance with SBP-BSD Circular No. 7 of 2004, the Bank has established clear lines of authority and responsibility for internal control activities like creating independent risk management and compliance functions. The Bank had already made audit activities independent of line management. The control activities are being closely monitored across the bank through audit group / compliance & control, which covers all banking activities in general and key risk areas in particular. The audit

committee of BOD reviews special audit reports periodically where significant violations to the local regulations, prescribed policies and procedures occurred. The audit committee ensures their implementations through concerned group / division to mitigate identified risks to safeguard the interest of the Bank.

Internal control system in the Bank is designed to manage, rather than to eliminate the risk of failure to achieve the business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

However, it is an on going process that includes identification, evaluation and management of significant risks faced by the bank.

The Board of directors is ultimately responsible for the internal control system and the Board endorses the above management evaluation.

Khalid A. Sherwani
President