

STATEMENT OF INTERNAL CONTROLS

REPORTING ON INTERNAL CONTROL SYSTEM

It is the responsibility of bank's management to establish and maintain an adequate and effective system of internal control that could help in bank's endeavor to attain a professional and efficient working environment through out the bank. The Internal Control Systems comprises of control procedures and control environment.

Management ensures the efficient and effective Internal Control System by identifying control objectives, reviewing pertinent policies / procedures and establishing relevant control procedures. All policies and procedures are reviewed and compared with existing practices and necessary amendments made where required on timely basis.

Alongside this appropriate test of transactions, observation of control environment, sharing of findings on Internal Control Systems and ensuring relevant appropriate follow ups / corrective actions are also been done by the management on regular basis.

Internal Control System in the bank is designed to manage, rather than eliminate the risk of failure to achieve the business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEMS

The bank has made its efforts to ensure during the year 2004 than an effective and efficient internal control system is implemented and no compromise is made in implementing the desired control procedures and maintaining a suitable control environment in general. However it is an ongoing process that includes identification, evaluation and management of significant risks faced by the bank.

The observations and weaknesses found and identified by the auditors, both internal and external, have been taken care of and necessary steps have been taken by the management in the due time so as to ensure non-repetition of those exceptions and eliminations of such weaknesses to the maximum possible level. The management has also given timely and satisfactory response to the recommendations and suggestions made by its auditors.

We assess that the internal control system, customer services and operation has improved as compared to previous year in all areas / departments of the bank. Further due attention and focus is on to enhance competence level and knowledge of the staff.



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