

Statement of Compliance with the Code of Corporate Governance for year ended June 30, 2006

This statement is being presented to comply with the Code of corporate Governance contained in regulation no. 37 chapter XIII and XI of listing regulations of Karachi and Islamabad Stock Exchange (Guarantee) limited respectively, for the purpose of establishing a framework of good governance, whereby a listed company is in compliance with the best practices of corporate governance.

1. The Company encourages representation of non-executive directors on its Board of Directors. At present the Board includes three non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a Company, a DFI or a NBFIs or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. No causal vacancy of directors has occurred during the year.
5. The Company has prepared a Statement of Ethics and Business Practices for directors & employees. It has been signed by the directors and by employees of the Bank. During the year, It has been circulated as required under the code.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met atleast once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated. The company secretary and Chief Financial Officer (CFO) attend the meetings of the Board of Directors.
9. The orientation courses for directors have not been arranged in the past. However, appropriate arrangements shall be made in future as and when required.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

13. The Company has complied with all the corporate and financial reporting requirements.
14. The Board has formed an audit committee. It comprises of 3 members, of whom two are non-executive directors including the Chairman of the Committee.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has set up an internal audit function.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

HABIB ULLAH

Chief Executive

HUSSAIN AHMED QURESHI

Director

Rawalpindi

Date: 27 September, 2006