

**STATEMENT OF COMPLIANCES WITH THE CODE OF CORPORATE GOVERNANCE  
YEAR ENDED DECEMBER 31, 2004**

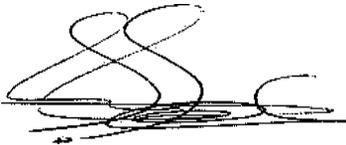
This statement is being presented to comply with the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan and made applicable by the State Bank to banks in June 2002 to the extent of applicability under Prudential Regulation XXIX and BSD Circular No. 15 dated June 13, 2002 for the purpose of establishing a framework of good governance, to manage a Bank in compliance with the best practices of corporate governance.

The Board of Directors has adopted the Code of Corporate Governance and applied the principles contained in the Code in the following manner:

- 1 Except for the Chief Executive Officer, all other directors, including its Chairman and Deputy Chairman are non-executive directors.
- 2 The directors have confirmed that none of them is serving as a director in more than ten listed companies.
- 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 banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 No casual vacancy occurred in the Board during the year.
- 5 The Bank has prepared a "Statement of Ethics and Business Practices" which was adopted by the Board of Directors, which is being circulated for signatures by all the employees of the Bank.
- 6 The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. A set of significant policies are maintained by the Bank.
- 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 CEO have been taken by the Board.
- 8 The meetings of the Board were presided over by the Chairman and, in his absence, by the Deputy 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 CFO attend the meetings of the Board of Directors.
- 9 The Board has been notified of the approval of the Board's Human Resources and Compensation Committee for the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. Copies of the employment contracts were circulated to the Board of Directors.
- 10 The Board arranged orientation course for its directors to apprise them of their duties and responsibilities.
- 11 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.
- 12 The financial statements of the Bank were duly endorsed by the CEO and CFO before approval of the Board.
- 13 The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
- 14 The Bank has complied with all the corporate and financial reporting requirements.
- 15 The Board has formed an audit committee. It comprises of 3 members, all of whom are non-executive directors including the Chairman of the Committee.

- 16 The meetings of the audit committee are held at least once every quarter prior to approval of interim and final results of the Bank and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
- 17 The Board has set-up an effective internal audit function. Personnel of the Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank and they are involved in the internal audit function on a full time basis.
- 18 The statutory auditors of the Bank 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 Bank 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 the Institute of Chartered Accountants of Pakistan.
- 19 The statutory auditors or the persons associated with them have not been appointed to provide services other than approved services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 20 We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board of Directors



Nahayan Mabarak Al Nahayan  
Chairman

Abu Dhabi

Dated: January 31, 2005