

## **STATEMENT ON INTERNAL CONTROLS 2024**

The Bank's management is primarily responsible for the establishment and maintenance of an adequate and sound system of internal controls. The Internal Control System comprises of control environment, policies, procedures, processes and systems that enable the Bank to attain its objectives in an effective and efficient manner.

The management ensures the efficiency and effectiveness of the Internal Control System by identifying control objectives, reviewing pertinent policies and establishing relevant control procedures. The Board has approved significant policies / manuals of the Bank, while some policies and procedures are being compared with existing practices and necessary amendments / additions in policies / manuals are in progress.

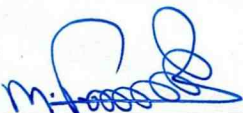
The Bank strived that internal control system is effectively implemented to ensure that any significant / material issues are prevented or timely detected to redress it in an effective manner. However, it is an ongoing process that continue throughout the Bank for managing significant risks being faced by the Bank.

Bank's internal control system involves different levels of monitoring activities, i.e. line management, Compliance Division and Internal Audit Division. Compliance Division ensures regulatory compliance across the bank on continuous basis and actively monitors implementation of the corrective measures for regulatory compliance to ensure that identified risks are mitigated. Internal Audit Division performs audit and review activities to evaluate implementation of controls and assess adequacy of control environment across the bank.

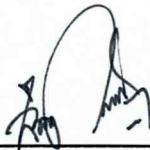
The significant observations and weaknesses pointed out by the compliance, internal audit, external auditors and regulators are being addressed on priority basis, and necessary steps are being taken by the management to minimize recurrence of those exceptions and elimination of such weaknesses, as far as possible.

Efforts are underway to further strengthen the internal controls. The Board, with assistance of its Sub-Committees including the Audit Committee and Board Risk and Compliance Committee, provides supervision and overall guidance in improving the effectiveness of risk management and internal control system.

While internal control system is being effectively implemented and monitored; however, due to inherent limitations, internal control system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against misstatement or loss.



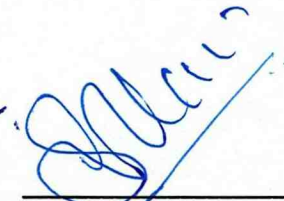
**Chief Financial Officer**



**Chief Compliance Officer**



**Chief Internal Auditor**



**President & Chief Executive**

**Date:**

**Place: Karachi**