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Corporate Information

Board of Directors

Muhammad Rashid Zahir	Chairman
Basheer A. Chowdry	Director
M. Hidayatulla Khan Khaishgi	Director
Farrukh S. Ansari	Director
Syed H. S. Mansoor Naqvi	Director
Muhammad Bilal	Director
Javed Aslam Callea	Director
Mansoor M. Khan	President / CEO

Audit Committee

Basheer A. Chowdry	Chairman
Farrukh S. Ansari	Member
Javed Aslam Callea	Member

HR Committee

M. Hidayatulla Khan Khaishgi	Chairman
Basheer A. Chowdry	Member
Syed H. S. Mansoor Naqvi	Member
Mansoor M. Khan	Member

Credit Committee

Javed Aslam Callea	Chairman
Muhammad Bilal	Member
Farrukh S. Ansari	Member
Mansoor M. Khan	Member

Risk Management Committee

Farrukh S. Ansari	Chairman
Javed Aslam Callea	Member
Syed H. S. Mansoor Naqvi	Member
Mansoor M. Khan	Member

Chief Financial Officer

Syed Majid Ali

Company Secretary

Muhammad Asghar Qureshi (Acting)

Auditors

Anjum Asim Shahid Rehman Chartered Accountants

Legal Advisors

Cornelius, Lane & Mutfi

Tax Consultant

Chairman's Message

It is my privilege to present the Thirteenth Annual Report and audited financial statements together with the Auditor's and Directors' Report of Saudi Pak Commercial Bank Limited for the year ended 31 December 2007. Saudi Pak Industrial and Agricultural Investment Company (Pvt.) Limited (SAPICO) took over the management of the bank in the last quarter of 2001. Before that a moratorium had been imposed on the bank by the State Bank of Pakistan for a period of 180 days. During the period of moratorium the bank could not carry on any business activity. This moratorium and the manner in which the bank was run by the previous management had seriously damaged the image and financial position of the Bank.

It was indeed a herculean task to uplift the bank from its fragile position in 2001. SAPICO took up this challenge with full commitment and conviction. It took a number of steps to rehabilitate the bank and make it a financially viable and profitable institution. These steps covered all facets of the management. Some of these initiatives are listed as follows:

- Improved the image of the Bank through Group's image.
- Introduction of professional management and quality Human Resources at all levels.
- Up-gradation of technology platform
- Revamping of treasury function
- Strengthening of financial controls
- Introduction of credit administration
- Streamlining deposits mobilization efforts
- Improving systems and controls

From time to time SAPICO also injected capital into the bank to support its aggressive growth strategy.

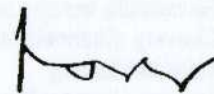
As a result of these efforts the Bank has come a long way from its precarious condition of 2001. It has been able to establish itself as a vibrant player in the financial market.

During this period the bank has grown manifold. Total assets base has grown more than five times from Rs.10 billion to Rs.54 billion. Deposits increased more than 9 times from a mere Rs.4.8 billion to over Rs.40 billion.

Lending increased from Rs.3.3 billion to over Rs.30 billion and share capital enhanced from Rs.1.5 billion to over Rs.5 billion. All this growth could not have been possible without the support of the shareholders, commitment of the Board of Directors and untiring efforts of the management and staff of the bank, for which I would like to appreciate them.

In 2007, SAPICO decided to exit from the bank and therefore looked for a suitable buyer - a buyer that could take the bank to the next level of growth. In this regard SAPICO has signed a Share Purchase Agreement with a consortium led by renowned banker Mr. Shaukat Tarin, comprising of Bank Muscat SAOG, Nomura European Investments Limited and International Finance Corporation. I am sure under the guidance of the new sponsors, the bank will prosper and all the stakeholders will benefit.

I would like to thank State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their professional guidance. My sincere appreciation is due to the Board of Directors, management and staff for their dedication and hard work.



Muhammad Rashid Zahir
Chairman

Karachi: March 6, 2008

President / CEO's Message

It is my pleasure to present a review of the bank's performance. This review is being presented at an important juncture of the bank's history. The bank is in the final stages of being acquired by a consortium comprising of Bank Muscat SOAG, Nomura European Investments Limited, and the International Finance Corporation. The consortium is headed by renowned banker - Mr. Shaukat Tarin. This is also my last review as the President & CEO of the bank. 2007 could be marked as the year of consolidation in our growth journey that we embarked upon in 2005. During this period, the bank has experienced a major transformation to be a viable and vibrant financial institution. Our two-pronged strategy of simultaneously addressing the legacy issues and pursuing selective growth has yielded positive results. Over the last three years, the bank has been able to:

- Build a core management team of quality professionals
- Develop a strategic plan, which was approved by the BoD in July 2005
- Re-launch itself with a new corporate identity and create top-of-mind awareness of the brand. The bank now has an image of a vibrant, progressive and a growing bank
- Reorganize itself on modern lines clearly segregating the functions of Business, Risk and Operations. Critical functions such as Compliance, Risk management, and Middle office were setup
- Develop policies and procedures and disseminate across the bank through extensive training. 372 training programs covering 3,882 participants were conducted during the period
- Expand the branch network from 38 to 55 branches.
- Successfully launch a suite of Products / Alternate Delivery Channels and Services with their individual identity
- Enhance / leverage the technological platform by aligning it with the business strategy
- Improve liquidity by expanding and diversifying the deposit base and making it more cost efficient
- Double the number of depositors to over 100,000/= customers in three years
- Launch specialized business units for Consumer

- Strengthen the balance sheet by providing additional provisions of approx. PKR 5 billion.

As a result of these achievements, the bank's market capitalization increased more than four times i.e. from PKR 3.4 billion to PKR 15 billion. As the major sponsors decided to realize gains and make a profitable exit, the bank elicited strong interest from buyers.

The bank now stands ready to play its role as a lead institution in the market. The new sponsors have the means and commitment to take the bank forward to the next level. I believe the bank holds great promise for all stakeholders. I wish all the best to the new sponsors and the team.

As mentioned earlier, 2007 has been the year of consolidation. Whilst sponsors were engaged in the process of sale of their shareholding, the management's focus was on preserving the franchise value. Further asset growth was subject to enhanced capital. Therefore, business efforts were directed at improving the deposit profile, while, maintaining the balance sheet size. It was also imperative to keep the HR base intact to ensure that the bank is not exposed to any undue risk. By the grace of Almighty, we have been successful in achieving these critical objectives. Though the bank remains profitable at the operating level, the reported loss is due to higher provisions against legacy NPLs necessitated by the withdrawal of FSV benefits.

In the end I would like to express my sincere gratitude to the board members for the guidance provided to me during my stay. I am also thankful to my fellow staff members for their hard work and dedication. I am also grateful to the State Bank of Pakistan, Securities and Exchange Commission and other regulators for their support.

