

Annexure 'A'

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (Code of Corporate Governance) Regulations, 2019 (the Regulations)

Name of company: **Apna Microfinance Bank Limited.**

Year ending: **December 31, 2022**

The company has complied with the requirements of the Regulations in the following manner:

1. The total numbers of director are 9 as per the following:

- a) Male: 8
- b) Female: 1

2. The composition of the Board of Directors (the Board) is as follows:

Category	Number of Directors	Names
a) Independent Directors	2	Mr. Abdul Aziz Khan Ms. Tahira Raza
b) Non-Executive Directors	6	Mian M. A. Shahid Mr. Imad Mohammad Tahir Syed Rahat Ali Shah Mr. Muhammad Saleem Shaikh Mr. Mohammad Asghar Mr. Shahid Hassan
c) Executive Director	1	Mr. Wajahat malik
d) Female Director	1	Ms. Tahira raza

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations.
7. The meetings of the Board are presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board of directors has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has arranged Directors' Training Program (DTP) for the following directors:
 - Mr. Muhammad Akram Shahid
 - Mr. M Saleem Sheikh
 - Mr. Syed Rahat Ali Shah
 - Mr. Mohammad Asghar
 - Ms. Tahira Raza
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

12. The Board has formed committees comprising of members given below:

a) Audit Committee	
Mr. Abdul Aziz Khan	Chairman
Mr. Muhammad Asghar	Member
Mr. Imad Mohammad Tahir	Member
Mr. Muhammad Saleem Shaikh	Member
Syed Rahat Ali Shah	Member
b) HR and Remuneration Committee	
Ms. Tahira Raza	Chairperson
Mr. Wajahat Malik	Member
Mr. Imad Mohammad Tahir	Member
Syed Rahat Ali Shah	Member
Mr. Muhammad Saleem Shaikh	Member
c) Risk Management Committee	
Mr. Muhammad Asghar	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Wajahat Malik	Member
Mr. Abdul Aziz Khan	Member
Syed Rahat Ali Shah	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees above referred was as under,
- | | |
|----------------------------------|-------------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Half yearly |
| c) Risk Management Committee | Half yearly |
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Board.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, company secretary or director of the Bank;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3,7,8,27,32,33 and 36 of the Regulations have been complied with except that the number of independent directors of the Bank are less than one third of the total number of directors.
19. Explanation for non-compliance with some requirements, other than Regulations 3,6,8,27,32,33 and 36 is as under;
- Certain remaining policies will be developed in due course;
 - Formation of nomination committee is under consideration;
 - Directors Training Program will be arranged in due course for remaining directors; and
 - The post of Head of Internal Audit vacant from March 2022 will be fulfilled in due course.

For Apna Microfinance Bank Ltd.

Muhammad Akram Shahid
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Apna Microfinance Bank Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of Apna Microfinance Bank Limited (the Bank) for the year ended December 31, 2022 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2022.

Further, we highlight below an instance of non-compliance with a requirement of the Regulations as reflected in the paragraph reference mentioned below where the same is stated in the Statement of Compliance:

Sr. No.	Paragraph Description	Reference
1.	18	The number of independent directors were less than one third of total number of directors.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Engagement partner: Syed Naveed Abbas

Place: Lahore

Date: June 10, 2023

UDIN: CR2022102391Wm53xbXf