

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

Name of company: **Bank Makramah Limited ('the Bank')**
(formerly known as Summit Bank Limited)

Year ended: **December 31, 2023**

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

1. The total number of Directors are seven (07) as per the following:

Male 06
Female 01

2. The composition of Board is as follows:

Category	Names
Independent Directors *** (including Female Director)	Mr. Waseem Mehdi Syed Ms. Fauzia Hasnain
Non-Executive Directors	Mr. Abdulla Nasser Abdulla Hussain Lootah** Mr. Muhammad Salman Alam Fazli* Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai
Executive Directors	Mr. Jawad Majid Khan, President & CEO

*	<i>During the financial year ended December 31, 2023, Mr. Muhammad Salman Alam Fazli had been appointed as a Non-Executive Director to fill-in the seventh (07th) slot lying vacant on the Board of Directors of the Bank whose FPT clearance was granted from the State Bank of Pakistan on April 28, 2023. Mr. Muhammad Salman Alam Fazli, immediately upon receipt of FPT clearance, started attending all Board Meetings and Board Committee Meetings.</i>
**	<i>Further, Mr. Salman Zafar Siddiqi had resigned as an Executive Director on April 27, 2023 and in his place, the Board of Directors approved the appointment of Mr. Abdulla Nasser Abdulla Hussain Lootah as the Non-Executive Director of the Bank whose FPT clearance was granted from the State Bank of Pakistan on November 28, 2023. Mr. Abdulla Nasser Abdulla Hussain Lootah, immediately upon receipt of FPT clearance, started attending all Board Meetings and Board Committee Meetings.</i>
***	<i>The current Board is composed of two (2) independent directors in accordance with the applicable regulation which is one-third (1/3) of the seven (7) board members. While calculating the one-third (1/3) of independent directors, fraction had arrived which was not rounded up to one since it was lower than one half.</i>
Note	<i>Subsequent to acquisition of majority shareholding and obtaining management control of the Bank, His Excellency Nasser Abdulla Hussain Lootah, the Sponsor Shareholder has decided to continue with the current Board of Directors in order to ensure continuity and enable effective decision making on strategic matters of the Bank. These strategic matters include, without limitation, the rebranding of products and services, revamping of branches, restructuring of the Bank through the implementation of a new business plan, sale of strategic assets, and the conversion of the entire operations of the Bank from Conventional to Islamic Banking. Thereby, the Board Members preferred to seek an exemption from the Securities and Exchange Commission of Pakistan from conducting the election of directors that was due in March 30, 2022 with simultaneous extension in the term of the existing Board of Directors until March 31, 2024.</i>

3. The directors, have confirmed that none of them is serving as a director on more than seven (07) listed companies, including the 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 significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors have transparent procedures for remuneration of directors in accordance with SBP BPRD Circular No. 03 dated August 17, 2019, Companies Act, 2017 and these Regulations.
9. The current Board of Directors of the Bank (except for two (2) of the directors representing the Sponsor Shareholder) stands compliant with the applicable requirement of the Directors' Training Program (DTP) as prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 as of December 31, 2023.
10. There have been no new appointments during the year for the positions of Company Secretary, Chief Financial Officer and Head of Internal Audit.
11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed sub-committees comprising of members detailed below:

S. No.	Board Audit Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Muhammad Salman Alam Fazli	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Mr. Wajahat Ahmed Baqai	Member

S. No.	Board Human Resource & Remuneration Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Muhammad Salman Alam Fazli	Member
4	Mr. Jawad Majid Khan	Member
5	Mr. Waseem Mehdi Syed	Member

S. No.	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Muhammad Salman Alam Fazli	Member
3	Mr. Zafar Iqbal Siddiqi	Member
4	Ms. Fauzia Hasnain	Member

S. No.	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Muhammad Salman Alam Fazli	Member
4	Mr. Jawad Majid Khan	Member
5	Mr. Waseem Mehdi Syed	Member

S. No.	Board Compliance Committee	Position
1	Mr. Waseem Mehdi Syed	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Muhammad Salman Alam Fazli	Member
4	Mr. Zafar Iqbal Siddiqi	Member
5	Mr. Wajahat Ahmed Baqai	Member

S. No.	Board Special Assets Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Abdulla Nasser Abdulla Hussain Lootah	Member
3	Mr. Muhammad Salman Alam Fazli	Member
4	Mr. Jawad Majid Khan	Member
5	Mr. Waseem Mehdi Syed	Member
6	Ms. Fauzia Hasnain	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 Board committees were as per following:

- Board Audit Committee 6 Meetings
(1 in the first quarter, 2 in the second quarter, 1 in the third quarter and 2 in the fourth quarter)
- Board Human Resource and Remuneration Committee 5 Meetings
(1 in the first quarter, 2 in the second quarter, 1 in the third quarter and 1 in the fourth quarter)
- Board Risk Management Committee 5 Meetings
(2 in the first quarter, 1 in the second quarter, 1 in the third quarter and 1 in the fourth quarter)
- Board Information Technology Committee 5 Meetings
(1 in the first quarter, 1 in the second quarter, 2 in the third quarter and 1 in the fourth quarter)
- Board Compliance Committee 4 Meetings
(1 in the first quarter, 1 in the second quarter, 1 in the third quarter and 1 in the fourth quarter)
- Board Special Assets Management Committee 2 Meetings
(1 in the third quarter and 1 in the fourth quarter)

(The Board Special Assets Management Committee was formed in 135th Board Meeting held on June 12, 2023)

15. The Board has set up an effective internal audit function that is manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank.
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 Accountants of Pakistan (ICAP) and 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

ABDULLA NASSER ABDULLA HUSSAIN LOOTAH
Chairman of the Board of Directors

JAWAD MAJID KHAN
President & CEO

Place: Karachi

Date: March 01, 2024

REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

TO THE MEMBERS OF BANK MAKRAMAH LIMITED (FORMERLY KNOWN AS SUMMIT BANK LIMITED)

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 of **Bank Makramah Limited (formerly known as Summit Bank Limited)** (the Bank) for the year ended December 31, 2023 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, 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 of Directors 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 of Directors 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, 2023.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: March 01, 2024
UDIN: CR2023100910eKqQJ4bo