

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Bank: The Bank of Khyber

Year ended: December 31, 2022

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

1. The total number of directors are six (6) as per the following,-
 - a. Male: Six (6)
 - b. Female: Nil (0) *
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Syed Asad Ali Shah Mr. Tahir Jawaid Mir Javed Hashmat
Non-Executive Directors	Mr. Shahab Ali Shah (Government Nominee Ex-Officio) Mr. Ikramullah Khan (Government Nominee Ex-Officio)
Executive Directors	Mr. Muhammad Ali Gulfaraz (Managing Director)

*Ms. Saleha Asif, Director tendered her resignation, which was accepted on December 21, 2022. Subsequent to the year end, her casual vacancy was filled by Dr. Aliya Hashmi Khan.

Further, Mir Javed Hashmat was co-opted against a vacant seat available after the resignation of previous Directors and joined the Board on May 6, 2022. Furthermore, the Chairman sent out a letter to Mir Javed Hashmat setting out his roles and responsibilities as a Director on the Board.

Mr. Rashid Ali Khan on completing the maximum term allowed under the Regulations, left the Board on March 7, 2022.

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 Act and these Regulations;
7. The meetings of the Board were 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 meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board could not arrange Directors' Training program during the year. However, the Bank intends to arrange Director's Training Program for the new Directors at the earliest.

It is to be noted that Mir Javed Hashmat and Mr Tahir Jawaid has already completed the Director's Training Program through Pakistan Institute of Corporate Governance.

10. The Board has approved appointment of chief financial officer, 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;
12. The Board has formed committees comprising of members given below:

S #	Name Of Committee	Current Membership		
1	Board Audit Committee	1. Syed Asad Ali Shah	-	Chairman
		2. Mr. Ikramullah Khan	-	Member
		3. Mir Javed Hashmat	-	Member
2	Human Resource & Remuneration Committee	1. Ms. Saleha Asif *	-	Chairperson
		2. Mr. Tahir Jawaid	-	Member
		3. Mr. Ikramullah Khan	-	Member
3	Risk Management Committee	1. Mr. Ikramullah Khan	-	Chairman
		2. Syed Asad Ali Shah	-	Member
		3. Mr Muhammad Ali Gulfaraz	-	Member
4	I.T. Steering Committee	1. Syed Asad Ali Shah	-	Chairman
		2. Mr. Tahir Jawaid	-	Member
		3. Mr. Muhammad Ali Gulfaraz	-	Member
5.	Compliance Committee	1. Mr. Tahir Jawaid	-	Chairman
		2. Syed Asad Ali Shah	-	Member
		3. Mir Javed Hashmat	-	Member
		4. Mr. Muhammad Ali Gulfaraz	-	Member

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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 (quarterly/half yearly/yearly) of the committees were as per following,-

	Committee	No. of meetings held during the year
a)	Audit Committee	8
b)	Human Resource & Remuneration Committee	8
c)	Risk Management Committee	4
d)	I.T. Steering Committee	5
e)	Compliance Committee	7

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15. The Board has set up an effective internal audit function. The concerned staff is considered suitably qualified and experienced for the purpose and 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 and registered with Audit Oversight Board of Pakistan, that they and all their 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 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, 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

- i) The board functions of Nomination Committee are being performed by the Board of Directors. A separate Nomination committee is not required.
- ii) Written notices to the 175th Board meeting was not circulated at least seven days prior to the meeting as required by Regulation No 11 since the same was held at short notice for resolution of adjourned matters left unresolved in preceding meeting.
- iii) Significant policies are not published on website of the Bank as required by Regulation 35. A separate portal for all policies, notices and manuals exists. However, access to the same is only available to employees of the Bank. The Bank is making efforts to ensure that access to the same is available publicly.



MUHAMMAD ALI GULFARAZ
Managing Director



IKRAMULLAH KHAN
Chairman

Independent Auditor's Review Report

To the members of The Bank of Khyber

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

Opinion

We have audited the annexed financial statements of The Bank of Khyber (the Bank), which comprise the statement of financial position as at December 31, 2022, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 17 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Chartered Accountants

Islamabad

Date: March 8, 2023

UDIN: CR202210050p5onHtwJD