

Statement of Compliance

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

Name of Bank: The Bank of Khyber

Year ended: December 31, 2024

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

1. The total number of directors as at December 31, 2024 are nine (9) as per the following:

Male: Eight (8)

Female: One (1)

2. The composition of the Board is as follows:

Category	Name
Independent Directors	(a) Syed Asad Ali Shah (a) Mr. Tahir Jawaaid (a) Muhammed Shahid Sadiq (b) Mr. Abid Sattar (b) Ms. Natasha Jehangir Khan (c) Mr. Osman Asghar Khan
Non-Executive Directors	(d) Mr. Ikramullah Khan (Government Nominee Ex-Officio) Mr. Amer Sultan Tareen (Government Nominee Ex-Officio)
Executive Director	(e) Mr. Hassan Raza (Managing Director)

(a) Muhammed Shahid Sadiq has been appointed as an independent director on March 4, 2024. Further, Syed Asad Ali Shah, Mr. Tahir Jawaaid and Mr. Muhammed Shahid Sadiq were re-elected as directors in Extraordinary General Meeting held on May 31, 2024.

(b) Nominated by GoKP under section 11 of the Bank of Khyber (Amendment) Act, 2022, having requisite background in banking and finance, and fulfilling the criteria prescribed for independent directors, nominated by the Chief Minister, for a period of three years and may be re-appointed for another three years term only, however, the Chief Minister may remove them at any time. Mr. Abid Sattar joined the Board on January 30, 2023 after getting clearance from State Bank of Pakistan (SBP) as an independent director. Further, Dr. Aliya Hashmi Khan ceased to be director from July 5, 2024 and was replaced by Ms. Natasha Jehangir Khan on September 5, 2024 after getting clearance from SBP as an independent director.

(c) Nominated by GoKP under section 11 of the Bank of Khyber (Amendment) Act, 2022, having requisite background in the banking and finance, as independent director, until a director is nominated by a foreign or local institution, by virtue of their shares in the Bank. Mr. Osman Asghar Khan joined the Board on July 3, 2023, after getting clearance from SBP as an independent director.

(d) Syed Imtiaz Hussain Shah was replaced by Mr. Ikramullah Khan on September 14, 2024.

(e) Muhammad Ali Gulfaraz ceased to be the Managing Director of the Bank on January 3, 2024 and Mr. Irfan Saleem Awan was appointed as Managing Director (Acting) who was replaced by Mr. Hassan Raza on November 11, 2024.

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;

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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. During the year, the Board arranged Director's Training program for Mr. Muhammed Shahid Sadiq from Pakistan Institute of Corporate Governance (PICG).

It is to be noted that Mr. Hassan Raza, Mr. Tahir Jawaaid, Mr. Abid Sattar and Mr. Osman Asghar Khan have already completed their Director's Training programs. Syed Asad Ali Shah meets the exemption requirement of the Director's Training program.

Further, the Bank intends to arrange Director's Training program for Mr. Ikramullah Khan, Mr. Amer Sultan Tareen and Ms. Natasha Jehangir Khan, at the earliest.

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. Amer Sultan Tareen	Member
		3. Mr. Abid Sattar	Member
		4. Muhammed Shahid Sadiq	Member
		5. Mr. Osman Asghar Khan	Member
2	Human Resource & Remuneration Committee	6. Mr. Abid Sattar	Chairman
		7. Ms. Natasha Jehangir Khan	Member
		8. Mr. Osman Asghar Khan	Member
		9. Mr. Tahir Jawaaid	Member
3	Risk Management Committee	10. Mr. Abid Sattar	Chairman
		11. Mr. Amer Sultan Tareen	Member
		12. Muhammed Shahid Sadiq	Member
		13. Mr. Hassan Raza	Member
4	I.T. Steering Committee	14. Mr. Osman Asghar Khan	Chairman
		15. Mr. Tahir Jawaaid	Member
		16. Ms. Natasha Jehangir Khan	Member
		17. Mr. Hassan Raza	Member
		18. Syed Asad Ali Shah	Member
5.	Compliance Committee	19. Muhammed Shahid Sadiq	Chairman
		20. Mr. Amer Sultan Tareen	Member
		21. Ms. Natasha Jehangir Khan	Member
		22. Mr. Hassan Raza	Member

The Board committees have the required diversity, experience and skills to function effectively.

23. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

24. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following,-

	Committee	No. of meetings held during the year
a)	Board Audit Committee	8
b)	Human Resource & Remuneration Committee	14
c)	Risk Management Committee	6
d)	I.T. Steering Committee	4
e)	Compliance Committee	6

25. 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;

26. 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;

27. 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;

28. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

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

Sr. No.	Requirement	Explanation	Regulation No.
1	Constitution of Nomination committee	The broad functions of Nomination Committee are being performed by the Board of Directors. A separate Nomination committee is not required.	29
2	The Directors shall attend its AGM and EOGM	Seven (7) directors attended the 33rd Annual General Meeting (AGM) of the Bank. Remaining directors provided reasonable cause for not attending the AGM. Four (4) directors attended the Extra-ordinary General Meeting (EOGM) of the Bank held on May 31, 2024. Remaining directors provided reasonable cause for not attending the EOGM.	10(6)



HASSAN RAZA
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

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 The Bank of Khyber (the Bank) for the year ended December 31, 2024 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, 2024.

Further, we highlight the content of para no. 2 (b) and 2 (c) in respect of directors appointed by the Government of Khyber Pakhtunkhwa.



Chartered Accountants

Islamabad

Date: March 6, 2025

UDIN: CR202410050IT9BaNXsQ