

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

YEAR ENDED 31 DECEMBER 2022

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

- The total number of Directors is eight (8) including the President and Chief Executive Officer as per the following:

Male	07
Female	01

- The composition of Board is as follows:

Category	Names
Independent Directors**	Mr. Jamil Hassan Hamdani Ms. Navin Salim Merchant
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Ahmed A. Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed (NIT Nominee)
Executive Directors*	Mr. Muhtashim Ahmad Ashai (President & Chief Executive Officer)
Female Directors	Ms. Navin Salim Merchant

\* He is a deemed Director as per the criteria given under Clause 3 of Section 188 of the Companies Act, 2017 ("the Act").

\*\*The Independent Directors meet the criteria of independence as laid down under Section 166 of the Act.

\*\*Fraction arrived at while calculating the one-third of Independent Directors was not rounded up to one since it was lower than one-half.

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Bank.
- 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.
- The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Bank. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
- 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.
- 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 the minutes of the meeting of the Board.
- The Board of Directors has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
- The Board has arranged Directors' Training program for the following:

#### a) Directors' Training

Name of Directors	Category	Directors' Training Program
Mr. Alauddin J. Feerasta	Chairman/Non-Executive Director	Certificate of Director Education conducted by Pakistan Institute of Corporate Governance ("PICG")
Mr. Ahmed A. Feerasta	Non-Executive Director	
Mr. Jamil Hassan Hamdani	Independent Director	
Mr. Manzoor Ahmed	Non-Executive Director	
Ms. Navin Salim Merchant	Independent Director	Directors' Training Program conducted by the Institute of Business Administration ("IBA")



Further, the Directors, namely Mr. Nooruddin Feerasta and Mr. Muhammad Rashid Zahir, duly comply with the exemption criteria provided under Clause 2 of Regulation 19 of the CCG.

Additionally, our Directors have also attended various workshops, seminars and courses. Mr. Alauddin J. Feerasta, Chairman and Mr. Nooruddin Feerasta, Director participated in a three-day workshop on "Corporate Governance & Duties Excellence" held in Malaysia. Mr. Muhammad Rashid Zahir also attended a week-long course at the Institute of Directors, UK, held by PICG.

#### b) Executives' Training

Names of Executives	Designation	Directors' Training Program
Mr. Muhtashim Ahmad Ashai	President & CEO	Directors' Training Program by ICAP
Mr. Amin A. Feerasta	Deputy CEO	Certificate of Director Education by PICG
Mr. Muhammad Altaf Butt	Company Secretary	Certificate in Company Direction (International) by Institute of Directors, UK

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the 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 as given below:

#### a) Audit Committee of the Board

Names of Directors	Position
Mr. Jamil Hassan Hamdani	Chairman
Mr. Nooruddin Feerasta	Member
Mr. Muhammad Rashid Zahir	Member
Ms. Navin Salim Merchant	Member

#### b) Credit Committee of the Board

Names of Directors	Position
Mr. Nooruddin Feerasta	Chairman
Mr. Alauddin Feerasta	Member
Mr. Muhtashim Ahmad Ashai	Member
Mr. Muhammad Rashid Zahir	Member
Mr. Manzoor Ahmed	Member

#### c) Human Resource and Remuneration Committee of the Board\*

Names of Directors	Position
Mr. Manzoor Ahmed	Chairman
Mr. Jamil Hassan Hamdani	Member
Ms. Navin Salim Merchant	Member

\*The committee has majority of independent directors, however considering extensive experience of a Non-Executive Director related to Human Resource and Remuneration matters, Non-Executive director has been appointed as Chairman, which is also in line with the revised Guidelines on Remuneration Practices 2017 issued by the State Bank of Pakistan.

#### d) Risk & Compliance Committee of the Board

Names of Directors	Position
Mr. Manzoor Ahmed	Chairman
Mr. Muhtashim Ahmad Ashai	Member
Mr. Jamil Hassan Hamdani	Member
Mr. Ahmed A. Feerasta	Member



e) Committee of Independent Directors of the Board

Names of Directors	Position
Mr. Jamil Hassan Hamdani	Chairman
Ms. Navin Salim Merchant	Member

f) IT Committee of the Board

Names of Directors	Position
Mr. Ahmed A. Feerasta	Chairman
Mr. Manzoor Ahmed	Member
Mr. Jamil Hassan Hamdani	Member
Mr. Muhtashim Ahmad Ashai	Member

g) Cost Rationalisation Committee of the Board

Names of Directors	Position
Mr. Jamil Hassan Hamdani	Chairman
Mr. Nooruddin Feerasta	Member
Mr. Manzoor Ahmed	Member
Mr. Ahmed Feerasta	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 the meetings (quarterly/half yearly/yearly) of the Committees were as per the following:

Board's Committees	Frequency
Audit Committee	At least once every quarter of the financial year
Credit Committee	
Human Resource & Remuneration Committee	
Risk Management Committee	
*IT Committee	
Committee of Independent Directors	Once every financial year
Cost Rationalisation Committee	As and when deemed necessary (special person committee)

\*Frequency of holding the meeting quarterly was approved by the Board in its 194th meeting convened on 27 October 2022 (previously frequency was to convene the meeting on a half yearly basis).

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 company.
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 the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants' (IFAC) guidelines on the 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, dependant 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 the requirements of regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.

MUHTASHIM AHMAD ASHAI  
President & Chief Executive Officer

ALAUDDIN FEERASTA  
Chairman

22 February 2023

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS



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 Soneri Bank Limited ("the Bank") for the year ended 31 December 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 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 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 the 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 31 December 2022.

Further, we highlight below the instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Reference to the Statement of Compliance	Description
12(c)	Based on the extensive experience of Non-Executive Director related to Human Resource and Remuneration matters, Non-Executive Director has been appointed as Chairman of the Human Resource and Remuneration Committee who is not an Independent Director, as required under the regulations.

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Karachi: 05 March 2023

UDIN: CR202210188VEg5h4UpG