

Statement of Compliance with the Code of Corporate Governance For the year ended December 31, 2016

This Statement is being presented to comply with the Code of Corporate Governance ("the CCG") contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited ("PSX"), for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

MCB Bank Limited ("the Bank") has applied the principles contained in the CCG in the following manner:

- The Bank encourages representation of independent directors, non-executive directors and directors representing minority interests on its board of directors. At present the Board includes:

| Category | Names |
|-------------------------|--|
| Independent Directors | 1. Mr. Ahmad Alman Aslam 2. Mr. Samir Iqbal Saigol 3. Mr. Irfan Ahmed Hashmi |
| Executive Director | Mr. Imran Maqbool |
| Non-Executive Directors | 1. Mian Mohammad Mansha 2. Mr. S. M. Muneer 3. Mr. Tariq Rafi 4. Mr. Shahzad Saleem 5. Mian Umer Mansha 6. Mrs. Iqraa Hassan Mansha 7. Mr. Mohd Suhail Amar Suresh 8. Mr. Muhammad Ali Zeb 9. Mr. Nor Hizam Bin Hashim |

The Independent Directors meet the criteria of independence under clause 5.19.1. (b) of the Rule Book of PSX.

- The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including the Bank (excluding the listed subsidiaries of the Bank).
- All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- Following casual vacancies occurred during the year 2016 on the Board of Directors and were subsequently filled up by the directors as hereunder;

| Sr. No | Name of Director | Date of occurrence of casual vacancy | Casual vacancy filled with | Date of filling the casual vacancy | Days taken to fill the casual vacancy |
|--------|----------------------------|--------------------------------------|----------------------------|------------------------------------|---------------------------------------|
| 1 | Mr. Sarmad Amin | March 15, 2016 | Mr. Irfan Ahmed Hashmi | July 14, 2016 | 121* |
| 2 | Mian Raza Mansha | May 03, 2016 | Mrs. Iqraa Hassan Mansha | May 03, 2016 | - |
| 3 | Dato' Seri Ismail Shahudin | July 30, 2016 | Mr. Nor Hizam Bin Hashim | September 06, 2016 | 38 |
| 4 | Mr. Aftab Ahmad Khan | December 29, 2016 | Mr. Samir Iqbal Saigol | December 29, 2016 | - |

*(SECP has granted relaxation from Clause 5.19.3 of the Rule Book of PSX vide its letter No. SMD/SE/2(10)/2002 dated June 28, 2016 for filling up the causal vacancy within 90 days).

- The Bank has prepared a Code of Conduct for employees and Code of Conduct & Ethical Standards for Directors 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 approved a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies, along with the dates on which they were approved or amended has been maintained.

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7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by the Vice Chairman or a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board members either have minimum education and experience, as required for exemption from Directors' Training Program or have already completed Directors' Training Program pursuant to clause 5.19.7 of the Rule Book of PSX, except for two out of four newly appointed Board members during 2016.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of four non-executive directors and is chaired by an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter, prior to approval of interim and final results of the Bank and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of four members including the CEO, two including the Chairman are non-executive directors, whereas, one is an Independent Director.
18. The Board has set up an effective internal audit function which is staffed by suitably qualified and experienced persons for the purpose and conversant with the policies and procedures of the Bank.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors



Mian Mohammad Mansha

Chairman

Lahore

February 08, 2017