



DETERMINED TO **FULL**  
**COMMITMENT**

QUARTERLY REPORT MARCH 31, 2012

*Summit* **S** *Bank*

Committed to you

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# CORPORATE INFORMATION



## Board of Directors

Mr. Nasser Abdulla Hussain Lootah  
Chairman

Mr. Husain Lawai  
President and CEO

Mr. Nasim Beg  
Director

Mr. Asadullah Khawaja  
Director

Mr. M. Farid Uddin  
Director

Dr. Ahmed Khalil Mohammad Samea Al Mutawa  
Director

Mr. Shehryar Faruque  
Director

## Audit Committee

Mr. Asadullah Khawaja  
Chairman

Mr. Nasim Beg  
Member

Mr. Shehryar Faruque  
Member

## Risk Management Committee

Mr. Nasim Beg  
Chairman

Mr. Husain Lawai  
Member

Mr. Asadullah Khawaja  
Member

## Human Resource (HR) Committee

Mr. Asadullah Khawaja  
Chairman

Mr. Husain Lawai  
Member

Mr. Shehryar Faruque  
Member

## CFO and Company Secretary

Mr. Muhammad Amin Bhoori

## Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Legal Advisors

Liaquat Merchant Associates

## Head Office

Arif Habib Centre, 23, M.T. Khan Road  
Karachi – 74000, Pakistan  
UAN: (021) 111 – 124 – 725  
Fax: (021) 32435736

## Registered Office

Plot No.6-B, F-6, Supermarket, Islamabad, Pakistan

## Share Registrar

Technology Trade (Pvt) Ltd  
Dagja House, 241 – C, Block 2, PECHS,  
Off Shahrah – e – Quaideen,  
Karachi – 74000, Pakistan  
Tel: (021) 34391316-7  
Fax: (021) 34391318

## Entity Ratings

Rated by JCR – VIS  
Medium to Long term "A-"  
Short Term "A-2"

Email: [info@summitbank.com.pk](mailto:info@summitbank.com.pk)

Website: [www.summitbank.com.pk](http://www.summitbank.com.pk)

Toll Free: 0800-24365



# VISION

To be the preferred provider of financial products & services to the markets.

## MISSION

- To be a financial institution based on Trust, Integrity and Good Governance.
- To deliver financial solutions to our customers.
- To provide equal opportunities & professional working environment to our employees.
- To provide fair return to our shareholders on their investment.
- To serve the community at large.
- To discharge corporate social responsibility.



# DIRECTORS' REPORT

On behalf of the Board of Directors of Summit Bank Limited "the Bank", I am pleased to present the un-audited financial statements of the Bank for the quarter ended March 31, 2012.

## Performance Review

Operational highlights of the Bank for the period under review are:

|   | <b>March 31, 2012</b> | <b>March 31, 2011</b> |
|---|-----------------------|-----------------------|
|   | (Unaudited)           |                       |
|   | Rupees in '000        |                       |
| Operating loss before provisions and diminution in value of investments | <b>(569,775)</b>      | (429,532)             |
| Reversal / charge of provision for non performing advances              | <b>142,253</b>        | (256,103)             |
| Reversal for diminution in value of investments                         | <b>6,250</b>          | 653                   |
| Bad debts written off directly  | <b>(39,511)</b>       | -                     |
| Profit / Loss before tax  | <b>(460,783)</b>      | (684,982)             |
| Taxation  | <b>(95,654)</b>       | 202,523               |
| Loss after tax  | <b>(556,437)</b>      | (482,459)             |
| Loss per share – Rupees   | <b>(0.52)</b>         | (0.67)                |

The Financial results for the quarter ended March 31, 2012 are a reflection of the prudent and pragmatic approach adopted by the management under the tight circumstances created by diverse factors including the global financial downturn. The Bank is, however, committed to its strategy to achieve sustainable growth whilst simultaneously remaining vigilant to the current challenging economic conditions.

The Bank subsequent to acquisition and achieving of smooth merger in the year 2011 is now focused on structurally adjusting and strengthening its business. After the successful completion of mergers the ensuing reform process is primarily geared to create synergies to enhance there venues and also rationalize costs incurred by the Bank. Simultaneously with exploring the new frontiers the Bank is currently focusing on its core target to cure its classified portfolio, reduces its cost of deposits and lifting its fee based income. This is planned to be achieved by placing emphasizes on trade business and also delivering other competitive value added services.

The Bank has incurred a pre-tax loss of Rs. 476 million during the quarter ended March 31, 2012 which is lower by Rs. 209 million as compared to quarter ended March 31, 2011. During the quarter the Bank has recovered significant amount of provisions i.e., Rs. 604 million against non-performing loans resulting in net reversal of provisions amounting Rs. 142 million for the quarter ended March 31, 2012.

During the quarter deposit size of the Bank decreased by 4.39% to Rs. 85,717 million when compared to position as of December 31, 2011. This marginal decrease in deposits is primarily due to conscious policy decision to retire high cost deposits and the management's efforts for growth in the CASA deposits. The success of the policy is evident from the downward trend witnessed in cost of deposits from 9.49% as at December 31, 2011 to 9.26% as on March 31, 2012.

Despite considerable increase in the network of the Bank from 80 to 166 branches; the fees, commission, and other income has also significantly risen from 74.285 million to 148.799 million exhibiting a growth of 74.415 million in the current quarter of 2012 over the comparable period of 2011.

## Minimum Capital Requirement

The State Bank of Pakistan (SBP) vide BSD Circular No. 7 of 2009 dated April 15, 2009 has set the minimum capital requirement for banks to Rs. 10 billion that is to be achieved in a phased manner by December 31, 2013. The minimum capital requirement (free of losses) as of December 31, 2011 was Rs. 8 billion. The paid up capital of the Bank as of March 31, 2012 amounts to Rs. 10.780 billion while the reserves and accumulated losses on the date are Rs. (1.812) billion and (Rs. 3.941) billion respectively.

## DIRECTORS' REPORT

State Bank of Pakistan, however, has granted extension in time limits to the Bank upto December 31, 2012 to meet its minimum capital requirement of Rs. 9 billion. Keeping in view the minimum capital requirements and the need to overcome the existing deficit in meeting the MCR, the Bank is planning to issue right shares during the year and also adopt other possible strategies with the approval of its Board of Directors and the Regulatory Authorities.

### Credit rating

The medium to long-term rating of the Bank rated by JCR-VIS, credit rating company, is 'A' whereas short-term rating of the Bank is 'A-2' with a 'Rating Watch-Developing' outlook.

### Future Outlook

The Bank has maintained its focus on improving and developing the level of Corporate Governance, providing state-of-the-art banking products and services and enhancing the financial position of the bank. The combinations of these initiatives are expected to lead the bank towards maintaining operational performance, diversification of income sources and also cost optimization.

Subsequent to successfully delivering a wide range of e-banking solutions the bank is now looking towards providing more innovative solutions by offering;

**Mobile Internet Banking** - Retail Internet Banking on the mobile phone allowing mobility to customers

**Prepaid Cards** – with wide range of innovative features that cater to the needs of different classes of customers

**Corporate Internet Banking** - provide SME & Corporate clients, freedom to access and manage their banking services from their desktop

The bank is also in advance stages of initiating a wealth management system that is geared to address almost every aspect of a customers' financial and intermediation needs. The bank is introducing **Wealth Management Services** that will offer a complete range of products, services and strategies that are tailored to meet the specific needs of average individuals and also the corporate customers.

### Acknowledgements

We would like to express our gratitude and thanks to the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their professional support and guidance. Our gratitude is also due to our customers for the confidence and trust that they have reposed in the Bank. We would like to thank our shareholders for their continued patronage and support; and also the management and the staff for their hard work and commitment.

### On behalf of Board of Directors

**Husain Lawai**  
President & CEO

**Dated:** June 20, 2012



**SUMMIT BANK LIMITED**

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED MARCH 31, 2012**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2012

|  |      | Unaudited<br>March 31,<br>2012 | Restated<br>December 31,<br>2011 |
|--|------|--------------------------------|----------------------------------|
|  | Note | ----- (Rupees in '000) -----   |                                  |
| <b>ASSETS</b>  |      |                                |                                  |
| Cash and balances with treasury banks                  |      | 5,549,463                      | 6,117,986                        |
| Balances with other banks                              |      | 1,404,716                      | 1,426,353                        |
| Lendings to financial institutions                     |      | 652,177                        | 1,069,757                        |
| Investments  | 8    | 36,966,445                     | 36,247,950                       |
| Advances   | 9    | 57,171,011                     | 56,017,664                       |
| Operating fixed assets                                 | 10   | 5,974,430                      | 6,061,464                        |
| Deferred tax assets - net                              | 11   | 6,220,297                      | 6,298,059                        |
| Other assets   |      | 6,080,005                      | 6,078,176                        |
|  |      | <b>120,018,544</b>             | 119,317,409                      |
| <b>LIABILITIES</b>                                     |      |                                |                                  |
| Bills payable  |      | 1,329,707                      | 900,750                          |
| Borrowings   |      | 23,329,403                     | 18,562,616                       |
| Deposits and other accounts                            | 12   | 85,716,611                     | 89,649,256                       |
| Sub-ordinated loan                                     |      | 1,500,000                      | 1,500,000                        |
| Liabilities against assets subject to finance lease    |      | -                              | -                                |
| Deferred tax liabilities                               |      | -                              | -                                |
| Other liabilities                                      |      | 2,712,176                      | 2,911,099                        |
|  |      | <b>114,587,897</b>             | 113,523,721                      |
| <b>NET ASSETS</b>                                      |      | <b>5,430,647</b>               | 5,793,688                        |
| <b>REPRESENTED BY</b>                                  |      |                                |                                  |
| Share capital  |      | 10,779,796                     | 10,779,796                       |
| Reserves   |      | (1,811,676)                    | (1,811,676)                      |
| Accumulated losses                                     |      | (3,926,297)                    | (3,372,552)                      |
|  |      | <b>5,041,823</b>               | 5,595,568                        |
| Surplus on revaluation of assets - net of deferred tax |      | 388,824                        | 198,120                          |
|  |      | <b>5,430,647</b>               | 5,793,688                        |
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The annexed notes from 1 to 18 form an integral part of these financial statements.

 \_\_\_\_\_  
 President &  
 Chief Executive

 \_\_\_\_\_  
 Director

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 Director

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 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**

FOR THE PERIOD ENDED MARCH 31, 2012

| Note   | March 31,<br>2012<br>----- (Rupees in '000) ----- | March 31,<br>2011 |
|--|---|-------------------|
| Mark-up / return / interest earned   | 2,799,115   | 1,834,242         |
| Mark-up / return / interest expensed   | <b>(2,672,349)</b>                                | (1,678,202)       |
| Net mark-up / interest income  | <b>126,766</b>                                    | 156,040           |
| Reversal/ (charge) of provision against non-performing loans and advances 9.3.1          | <b>142,253</b>                                    | (256,103)         |
| Reversal of provision for diminution in the value of investments 8.2                     | <b>6,250</b>                                      | 653               |
| Bad debts written off directly 9.4.1   | <b>(39,511)</b>                                   | -                 |
|  | <b>108,992</b>                                    | (255,450)         |
| Net mark-up / interest income / (loss) after provisions                                  | <b>235,758</b>                                    | (99,410)          |
| <b>NON MARK-UP / INTEREST INCOME</b>   |   |                   |
| Fee, commission and brokerage income   | <b>113,080</b>                                    | 65,113            |
| Dividend income  | <b>3,066</b>                                      | 4,833             |
| Gain from dealing in foreign currencies  | <b>97,138</b>                                     | 15,948            |
| Gain on sale of securities - net   | <b>35,286</b>                                     | 11,423            |
| Unrealised gain / (loss) on revaluation of investments<br>classified as held-for-trading | <b>1,771</b>                                      | (7,077)           |
| Other income   | <b>35,719</b>                                     | 9,172             |
| Total non-mark-up / interest income  | <b>286,060</b>                                    | 99,412            |
|  | <b>521,818</b>                                    | 2                 |
| <b>NON MARK-UP / INTEREST EXPENSES</b>   |   |                   |
| Administrative expenses  | <b>(979,751)</b>                                  | (682,915)         |
| Other provisions / write-offs  | <b>(470)</b>                                      | -                 |
| Other charges  | <b>(2,380)</b>                                    | (2,069)           |
| Total non-mark-up / interest expenses  | <b>(982,601)</b>                                  | (684,984)         |
|  | <b>(460,783)</b>                                  | (684,982)         |
| Extra ordinary / unusual items   | -   | -                 |
| <b>LOSS BEFORE TAXATION</b>  | <b>(460,783)</b>                                  | (684,982)         |
| <b>Taxation</b>  |   |                   |
| Current  | <b>(31,237)</b>                                   | (19,407)          |
| Prior years  | -   | -                 |
| Deferred   | <b>(64,417)</b>                                   | 221,930           |
|  | <b>(95,654)</b>                                   | 202,523           |
| <b>LOSS AFTER TAXATION</b>   | <b>(556,437)</b>                                  | (482,459)         |
| <b>Loss per share (Rupees) - basic and diluted</b>                                       | <b>(0.52)</b>                                     | (0.67)            |

The annexed notes from 1 to 18 form an integral part of these financial statements.

 President &  
Chief Executive

Director

Director

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

FOR THE PERIOD ENDED MARCH 31, 2012

|  | March 31,<br>2012            | March 31,<br>2011 |
|--|------------------------------|-------------------|
| Note   | ----- (Rupees in '000) ----- |                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                              |                   |
| <b>Loss before taxation</b>  | <b>(460,783)</b>             | (684,982)         |
| Dividend income  | (3,066)                      | (4,833)           |
|  | <b>(463,849)</b>             | (689,815)         |
| <b>Adjustments:</b>  |                              |                   |
| Depreciation   | <b>131,698</b>               | 113,404           |
| Amortisation of intangible assets and deferred cost                                      | <b>24,186</b>                | 10,173            |
| (Reversal) / charge of provision against non-performing advances                         | <b>(142,253)</b>             | 252,768           |
| Advances directly written off  | <b>39,511</b>                | -                 |
| Other provisions / write offs  | <b>470</b>                   | -                 |
| Reversal of provision for diminution in the value of investments                         | <b>(6,250)</b>               | (35,585)          |
| Unrealised (gain) / loss on revaluation of investments<br>in held-for-trading securities | <b>(1,771)</b>               | 7,951             |
| Gain on disposal of operating fixed assets   | <b>4,831</b>                 | 2,989             |
|  | <b>50,422</b>                | 351,700           |
|  | <b>(413,427)</b>             | (338,115)         |
| <b>(Increase) / decrease in operating assets</b>   |                              |                   |
| Lendings to financial institutions   | <b>417,580</b>               | (13,592,330)      |
| Investments in held-for-trading securities - net   | <b>(82,408)</b>              | (53,261)          |
| Advances   | <b>(1,050,605)</b>           | 415,242           |
| Other assets   | <b>7,391</b>                 | (2,364,301)       |
|  | <b>(708,042)</b>             | (15,594,650)      |
| <b>Increase / (decrease) in operating liabilities</b>                                    |                              |                   |
| Bills payable  | <b>428,957</b>               | 2,312,119         |
| Borrowings from financial institutions   | <b>4,766,787</b>             | 3,535             |
| Deposits and other accounts  | <b>(3,932,645)</b>           | 7,513,036         |
| Other liabilities  | <b>(190,400)</b>             | 26,432            |
|  | <b>1,072,699</b>             | 9,855,122         |
|  | <b>(48,770)</b>              | (6,077,643)       |
| Income tax paid  | <b>(27,582)</b>              | (1,003)           |
| <b>Net cash used in operating activities</b>   | <b>(76,352)</b>              | (6,078,646)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                              |                   |
| Investments in available-for-sale securities - net                                       | <b>(542,878)</b>             | 5,145,849         |
| Investments in held-to-maturity securities - net   | <b>108,208</b>               | 6,253             |
| Dividend received  | <b>3,066</b>                 | 1,743             |
| Investment in operating fixed assets   | <b>(83,171)</b>              | 34,781            |
| Sale proceeds from disposal of property and equipment                                    | <b>9,490</b>                 | 8,366             |
| <b>Net cash (used) / generated from investing activities</b>                             | <b>(505,285)</b>             | 5,196,992         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                              |                   |
| Receipts on issue of right shares  | -                            | -                 |
| Receipts on issue of subordinated loan   | -                            | -                 |
| <b>Net cash (used) / generated from investing activities</b>                             | -                            | -                 |
| Decrease in cash and cash equivalents  | <b>(581,637)</b>             | (881,654)         |
| Cash and cash equivalents acquired on acquisition  | -                            | -                 |
| Cash and cash equivalents at beginning of the period                                     | <b>7,504,682</b>             | 4,385,798         |
| <b>Cash and cash equivalents at end of the period</b>                                    | <b>6,923,045</b>             | 3,504,144         |

The annexed notes from 1 to 18 form an integral part of these financial statements.

 \_\_\_\_\_  
**President &  
Chief Executive**

 \_\_\_\_\_  
**Director**

 \_\_\_\_\_  
**Director**

 \_\_\_\_\_  
**Director**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|   | March 31,<br>2012            | March 31,<br>2011 |
|---|------------------------------|-------------------|
|   | ----- (Rupees in '000) ----- |                   |
| <b>Loss after taxation</b>                | <b>(556,437)</b>             | (482,459)         |
| <b>Components Of Comprehensive Income</b> |                              |                   |
| <b>Not Reflected In Equity</b>            |                              |                   |
| Deficit on revaluation of investments     | <b>(94,007)</b>              | (245,485)         |
| Deferred Tax on revaluation of investment | <b>64,297</b>                | 85,919            |
|   | <b>(29,710)</b>              | <b>(159,566)</b>  |
| <b>Total comprehensive loss</b>           | <b>(586,147)</b>             | (642,025)         |

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 18 form an integral part of these financial statements.

\_\_\_\_\_  
 President &  
 Chief Executive

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|  | Share capital     | Share premium    | Discount on issue of shares | Statutory reserve | Reserve arising on amalgamation | Other reserve | Accumulated losses | Total            |
|--|-------------------|------------------|-----------------------------|-------------------|---------------------------------|---------------|--------------------|------------------|
| ----- (Rupees in '000) -----   |                   |                  |                             |                   |                                 |               |                    |                  |
| <b>Balance as at January 01, 2011, as previously reported</b>  | 7,250,660         | 1,000,000        | -                           | 64,828            | (2,399,878)                     | -             | (2,321,584)        | 3,594,026        |
| Net loss transferred to equity for the quarter ended March 31, 2011  | -                 | -                | -                           | -                 | -                               | -             | (482,459)          | (482,459)        |
| <b>Balance as at March 31, 2011</b>  | 7,250,660         | 1,000,000        | -                           | 64,828            | (2,399,878)                     | -             | (2,804,043)        | 3,111,567        |
| Transfer from Surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax                                  | -                 | -                | -                           | -                 | -                               | -             | 3,078              | 3,078            |
| Issuance of right shares during the year   | 1,450,132         | -                | -                           | -                 | -                               | -             | -                  | 1,450,132        |
| Net loss transferred to equity during the period ended December 31, 2011 - Restated  | -                 | -                | -                           | -                 | -                               | -             | (571,587)          | (571,587)        |
| Issue of share capital and adjustments arising on acquisition and amalgamation of non-controlling interest in MyBank Limited (note 6.3) - Restated | 2,079,004         | -                | (1,297,298)                 | -                 | 820,672                         | -             | -                  | 1,602,378        |
| <b>Balance as at December 31, 2011</b>   | 10,779,796        | 1,000,000        | (1,297,298)                 | 64,828            | (1,579,206)                     | -             | (3,372,552)        | 5,595,568        |
| Net loss transferred to equity for the quarter ended March 31, 2012  | -                 | -                | -                           | -                 | -                               | -             | (556,437)          | (556,437)        |
| Transfer from Surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax                                  | -                 | -                | -                           | -                 | -                               | -             | 2,692              | 2,692            |
| <b>Balance as at March 31, 2012</b>  | <b>10,779,796</b> | <b>1,000,000</b> | <b>(1,297,298)</b>          | <b>64,828</b>     | <b>(1,579,206)</b>              | <b>-</b>      | <b>(3,926,297)</b> | <b>5,041,823</b> |

The annexed notes from 1 to 18 form an integral part of these financial statements.

\_\_\_\_\_  
**President & Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 Summit Bank Limited (the Bank) was incorporated in Pakistan as public company limited by shares on December 09, 2005 under the Companies Ordinance, 1984. It is listed on all the stock exchanges of Pakistan. Registered office of the Bank is situated at Plot No. 6-B, F-6, Supermarket, Islamabad, Pakistan.
- 1.2 The Bank is principally engaged in the business of banking through its 166 branches (December 31, 2011: 165 branches after amalgamation of MyBank Limited having 80 branches) in Pakistan as defined in the Banking Companies Ordinance, 1962. The medium to long-term rating of the Bank rated by JCR-VIS, credit rating company, is 'A-' whereas short-term rating of the Bank is 'A-2' with a 'Stable' outlook.
- 1.3 On March 31, 2010, 297,034,854 shares (59.41% of issued shares of the Bank) were transferred by Arif Habib Securities Limited to Suroor Investments Limited (SIL), a company incorporated in Mauritius, under the Share Purchase Agreement dated June 30, 2009 and, consequently, SIL become the parent company of the Bank. As part of change in ownership, effective from August 18, 2010, the name of the Bank was changed to 'Summit Bank Limited'.
- 1.4 Further, the SBP sanctioned a scheme of amalgamation (the scheme) under section 48 of the Banking Companies Ordinance, 1962, on December 31, 2010 by virtue of which Atlas Bank Limited (ATBL) has been merged with and into Summit Bank Limited on December 31, 2010 (at the close of business). This scheme was earlier approved by the shareholders of the Bank in their Extra Ordinary General Meeting held on November 06, 2010.

Under the above referred scheme of amalgamation, the Bank issued 225,065,982 Ordinary shares to the shareholders of ATBL at par value of Rs.10 each.

This amalgamation was accounted for in the books using "Pooling of interest" method as it was a business combination of entities under common control and not covered under the scope of IFRS-3 "Business Combinations". The difference in the net assets of ATBL, the merging entity, and the above shares issued to ATBL has been carried in the books under "Reserve arising on amalgamation".

Further, since "Pooling of interest" method assumes that both ATBL and the Bank were merged from the beginning of the earliest period presented, the issue of share capital and adjustments arising from amalgamation have been shown as at January 01, 2010.

- 1.5 On September 30, 2009, Suroor Investments Limited (SIL) entered into an agreement with a majority shareholder (MS) to sell upto 314,701,450 Ordinary shares constituting 59.34% of shareholding of MyBank Limited (MBL). Subsequently, SIL, Summit Bank Limited (the Bank) and the MS entered into a novation agreement dated February 17, 2011 wherein SIL has agreed to novate and the Bank has agreed to undertake the obligations of SIL to acquire the Ordinary shares from the MS on terms and conditions contained in the agreement.

As part of the agreement, the Bank purchased 270,482,625 shares of MBL at a price of Rs.8 per share resulting in a purchase consideration of Rs.2,163.861 million. Accordingly, MBL became a subsidiary of the Bank upon the acquisition. The Bank, consequently held 51.00% Ordinary shares in MBL as at April 01, 2011. The details of this business combination together with its accounting treatment are given in note 6 to these condensed interim financial statements.

Furthermore, in 2011, the State Bank of Pakistan (SBP) sanctioned a scheme of amalgamation (the scheme) under section 48 of the Banking Companies Ordinance, 1962, on June 20, 2011 by virtue of which MBL has been merged with and into the Bank at the close of business on June 30, 2011 (effective date). This scheme has earlier been approved by the shareholders of the Bank in their Extra Ordinary General Meeting held on January 20, 2011.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2012

In consideration for the amalgamation and as per the scheme, the Bank allotted 207,900,400 fully paid Ordinary shares of Rs.10 each to the shareholders of MBL for the acquisition of non-controlling interest which will rank pari passu with the existing shares of the Bank.

- 1.6 These condensed interim financial statements represent the separate standalone financial statements of the Bank.
- 1.7 The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion and Rs.9 billion paid-up capital (free of losses) by the end of the financial year 2011 and 2012, respectively. The paid-up capital (free of losses) of the Bank as at March 31, 2012 is Rs. 5.042 billion. Further, vide its aforesaid circular, the SBP has prescribed the banks to achieve minimum Capital Adequacy Ratio (CAR) of 10% with effect from December 31, 2009 irrespective of their CAMEL-5 rating, till further instructions.

However, the Bank has been granted an exemption till December 31, 2012 to meet the minimum capital requirement (MCR) and capital adequacy ratio (CAR) by the SBP through its letter number BSD/BAID/649/6177/2012 dated May 18, 2012. Through the above referred letter, the SBP has also requested the Bank to submit a capital plan for meeting the expected shortfall in MCR/CAR, including specific timelines and milestones.

### 2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

### 3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements of the Bank have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

### 4. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention, except that certain investments and commitments in respect of forward exchange contracts have been carried at revalued amounts. All amounts are in Pakistan Rupees which is the functional and presentation currency of the Bank.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

The preparation of condensed interim financial statements in conformity with approved accounting standards requires certain judgments, accounting estimates and assumptions. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. These estimates and associated assumptions are continually evaluated and are based on historical experience, statutory requirements and other factors considered reasonable in the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and assumptions that are expected to have a significant effect on the assets and liabilities, income and expenses have been disclosed in note 7 to these condensed interim financial statements.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 5.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.
- 5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2011.

### 6. BUSINESS COMBINATION

As stated in note 1.5, the Bank acquired the majority shareholding of 51% in MyBank Limited (MBL) for cash consideration of Rs.2,163.861 million on the acquisition date of April 01, 2011 and, hence, MBL became a subsidiary of the Bank at that date.

#### 6.1 Accounting for business combination

As required by IFRS-3, the fair values of the assets and liabilities acquired have been determined based on management's estimates to be equal to their carrying amounts at the date of acquisition as determined by the independent valuer. Accordingly, detailed valuations have been carried after taking into account reasonableness of underlying assumptions especially for assets whose values are based on future projections of earnings and related data.

The fair valuation exercise for assets and liabilities acquired is completed and the accounting treatment of fair valuation of MBL's assets and liabilities (including the contingent liabilities) in the books have been finalized and accounted for in the financial statements in accordance with the written clearance of the SBP, as per the directive received from the SBP in this regard.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

A reconciliation between the provisional amounts and final values as at March 31, 2011 in respect of the amalgamation is as under:

|   | * Provisional<br>amounts as at<br>the date of<br>amalgamation | Fair value<br>adjustments /<br>recognised | Final<br>amounts as at<br>the date of<br>amalgamation |
|---|---|---|---|
| Note  | ----- (Rs. in '000) -----                                     |   |   |
| <b>Assets</b>                                   |   |   |   |
| Cash and balances with treasury banks           | 2,206,669   | -   | 2,206,669   |
| Balances with other banks                       | 480,954   | -   | 480,954   |
| Lendings to financial institutions              | 945,584   | -   | 945,584   |
| Investments                                     | 7,510,462   | (56,727)                                  | 7,453,735   |
| Advances  | 21,512,969  | (1,168,976)                               | 20,343,993  |
| Operating fixed assets                          | 2,167,248   | 713,702                                   | 2,880,950   |
| Deferred tax assets                             | 1,475,793   | (328,270)                                 | 1,147,523   |
| Other assets                                    | 2,005,186   | 364,871                                   | 2,370,057   |
| <b>Total assets</b>                             | <b>38,304,865</b>   | <b>(475,400)</b>                          | <b>37,829,465</b>                                     |
| <b>Liabilities</b>                              |   |   |   |
| Bills payable                                   | 475,537   | -   | 475,537   |
| Borrowings                                      | 5,282,024   | -   | 5,282,024   |
| Deposits and other accounts                     | 28,026,796  | 54,663                                    | 28,081,459  |
| Other liabilities                               | 443,586   | -   | 443,586   |
| <b>Total liabilities</b>                        | <b>34,227,943</b>   | <b>54,663</b>                             | <b>34,282,606</b>                                     |
| <b>Net assets</b>                               | <b>4,076,922</b>  | <b>(530,063)</b>                          | <b>3,546,859</b>                                      |
| Cash consideration paid                         |   |   |   |
| [270,482,625 Ordinary shares @ Rs.8 each        | 1.5   | 2,163,861                                 | 2,163,861   |
| Proportionate share of non-controlling interest |   | -   | -   |
| (49% of net assets)                             | 6.3   | 1,997,692                                 | 1,737,961   |
|   |   | 4,161,553                                 | 3,901,822   |
| Intangible assets                               | 6.4   | -   | 353,712   |
| Goodwill arising on acquisition                 | 6.2   | 84,631                                    | 1,251   |

\* Balances taken from the published financial statements of MBL for the quarter ended March 31, 2011.

**6.2 Goodwill**

The goodwill recognised represents effect of expected synergies from combining operations of the Bank and its subsidiary, MBL, intangible assets that do not qualify for separate recognition and other factors. The management believes that the entire amount of goodwill is expected to be deductible for tax purposes.

**6.3 Acquisition of non-controlling interest**

As at the date of acquisition, the purchase of Non-Controlling Interest (NCI) is measured at the proportionate share of the NCI in the fair value of net assets acquired by the Bank, as allowed under IFRS 3. The management has, at the date of amalgamation, incorporated the share of NCI's post acquisition results of MBL in the proportionate share of the NCI determined as at the acquisition date of MBL (the adjusted balance).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2012

On the effective date of amalgamation (i.e. close of business on June 30, 2011), the Bank acquired the NCI by issuing 207,900,400 Ordinary shares of Rs.10 each to the shareholders of MBL (see note 1.5). The fair value of these shares (based on the published quoted price at that date) amounted to Rs.781.706 million. The excess of the fair value of the shares issued over the adjusted balance of the NCI amounting to Rs.820.672 million has been recognised as part of the equity (shown separately under 'Reserve arising on amalgamation').

| <b>6.4 Intangible assets acquired upon amalgamation</b> | <b>Note</b> | <b>Rs in '000</b> |
|---|-------------|-------------------|
| Core deposits   | 6.4.1       | 209,874           |
| Brand name  | 6.4.2       | 143,838           |
|   |             | 353,712           |

- 6.4.1** The intangible asset comprises of core deposits of Ex- Mybank and represents the funding benefit that would be available to the bank on account of availability of funding through deposit customers rather than from the whole or inter-bank markets.

Valuations of core deposits intangible asset rest on the premise that the acquired customer relationships provide a stream of future benefits to the acquirer. These benefits last until the deposit relationship terminates.

The fair value of this identifiable intangible asset has been determined using discounted cash flow method, by an independent valuer.

- 6.4.2** This intangible asset represents Bank's ability to attract new customers and generate superior returns from existing customers due to Brand recognition.

The fair value of this intangible has been determined using relief from royalty method by an independent valuer. The management estimates that the benefits from usage of Brand will be available to the Bank for the next 10 years.

## 7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

| Note  | Unaudited March 31, 2012 |                     |             | Restated December 31, 2011 |                     |             |
|---|--------------------------|---------------------|-------------|----------------------------|---------------------|-------------|
|   | Held by Bank             | Given as collateral | Total       | Held by bank               | Given as collateral | Total       |
| <b>8. INVESTMENTS</b>   | (Rupees in '000)         |                     |             |                            |                     |             |
| <b>8.1 Investments by types:</b>                                  |                          |                     |             |                            |                     |             |
| <b>Held-for-trading securities</b>                                |                          |                     |             |                            |                     |             |
| Listed Ordinary shares  | 116,742                  | -                   | 116,742     | 39,671                     | -                   | 39,671      |
| <b>Available-for-sale securities</b>                              |                          |                     |             |                            |                     |             |
| Market Treasury Bills   | 9,584,460                | 19,476,376          | 29,060,836  | 15,781,443                 | 13,937,057          | 29,718,500  |
| Pakistan Investment Bonds   | 1,620,375                | -                   | 1,620,375   | 1,289,099                  | -                   | 1,289,099   |
| Listed Ordinary shares  | 1,562,475                | -                   | 1,562,475   | 1,541,937                  | -                   | 1,541,937   |
| Preference shares   | 107,941                  | -                   | 107,941     | 37,500                     | -                   | 37,500      |
| Unlisted Ordinary shares  | 41,000                   | -                   | 41,000      | 41,000                     | -                   | 41,000      |
| Mutual fund units - open end                                      | 1,125,000                | -                   | 1,125,000   | 1,125,000                  | -                   | 1,125,000   |
| Mutual fund units - closed end                                    | 43,500                   | -                   | 43,500      | 58,000                     | -                   | 58,000      |
| Term Finance Certificates - listed                                | 488,934                  | 44,937              | 533,871     | 514,230                    | 44,937              | 559,167     |
| Term Finance Certificates - unlisted                              | 1,444,630                | -                   | 1,444,630   | 637,146                    | -                   | 637,146     |
| Sukuk Bonds   | 925,686                  | -                   | 925,686     | 931,869                    | -                   | 931,869     |
|   | 16,944,001               | 19,521,313          | 36,465,314  | 21,957,224                 | 13,981,994          | 35,939,218  |
| <b>Held to maturity</b>   |                          |                     |             |                            |                     |             |
| Pakistan Investment Bonds   | 1,128,826                | -                   | 1,128,826   | 1,237,034                  | -                   | 1,237,034   |
| <b>Subsidiaries</b>   |                          |                     |             |                            |                     |             |
| Unlisted Ordinary shares  | 396,942                  | -                   | 396,942     | 396,942                    | -                   | 396,942     |
| <b>Investment at cost</b>   | 18,586,511               | 19,521,313          | 38,107,824  | 23,630,871                 | 13,981,994          | 37,612,865  |
| Less: Provision for diminution in value of investments            | 8.2 (1,049,143)          | -                   | (1,049,143) | (1,058,828)                | -                   | (1,058,828) |
| <b>Investments - net of provisions</b>                            | 17,537,368               | 19,521,313          | 37,058,681  | 22,572,043                 | 13,981,994          | 36,554,037  |
| Surplus / (Deficit) on revaluation of held-for-trading securities | 1,771                    | -                   | 1,771       | (5,337)                    | -                   | (5,337)     |
| Deficit on revaluation of available-for-sale securities           | (93,384)                 | (623)               | (94,007)    | (286,078)                  | (14,672)            | (300,750)   |
| <b>Total investments</b>  | 17,445,755               | 19,520,690          | 36,966,445  | 22,280,628                 | 13,967,322          | 36,247,950  |

|  | Unaudited March 31, 2012     | December 31, 2011 |
|--|------------------------------|-------------------|
|  | ----- (Rupees in '000) ----- |                   |
| <b>8.2 Particulars of provision</b>                                    |                              |                   |
| Opening balance  | 1,058,828                    | 500,060           |
| Provision against investments of subsidiary at the date of acquisition | -                            | 597,647           |
| Charge for the period  | (6,250)                      | 213,430           |
| Reversal during the period   | (6,250)                      | (38,879)          |
| Reversal of provisions on disposal                                     | (3,435)                      | -                 |
| Closing balance  | 1,049,143                    | 1,058,828         |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

|  | Unaudited<br>March 31,<br>2012 | December 31,<br>2011 |
|--|--------------------------------|----------------------|
| Note   | ----- (Rupees in '000) -----   |                      |
| <b>8.3 Particulars of provision in respect of type and segment</b> |                                |                      |
| Available-for-sale securities                                      |                                |                      |
| Ordinary shares of listed companies                                | 281,740                        | 285,175              |
| Ordinary shares of unlisted companies                              | 4,210                          | 4,210                |
| Mutual Fund units  | 337,527                        | 337,527              |
| Term Finance Certificates - unlisted                               | 77,894                         | 84,144               |
| Subsidiary   | 197,772                        | 197,772              |
| Sukuk Bonds  | 150,000                        | 150,000              |
|  | <u>1,049,143</u>               | <u>1,058,828</u>     |
| <b>9. ADVANCES</b>   |                                | <b>Restated</b>      |
| Loans, cash credits, running finances, etc. - in Pakistan          |                                |                      |
| In Pakistan  | 65,153,508                     | 65,076,030           |
| Outside Pakistan   | -                              | -                    |
| Net investment in finance lease - in Pakistan                      | 9.2 342,410                    | 372,747              |
| Bills discounted and purchased (excluding Treasury Bills)          |                                |                      |
| Payable in Pakistan  | 2,441,671                      | 2,208,614            |
| Payable outside Pakistan   | 1,461,322                      | 741,682              |
|  | <u>3,902,993</u>               | <u>2,950,296</u>     |
| Advances - gross   | 69,398,911                     | 68,399,073           |
| Provision against non-performing advances                          | 9.3.1 (12,227,900)             | (12,381,409)         |
| Advances - net of provision  | <u>57,171,011</u>              | <u>56,017,664</u>    |
|  | Unaudited<br>March 31,<br>2012 | December 31,<br>2011 |
|  | ----- (Rupees in '000) -----   |                      |
| <b>9.1 Particulars of advances</b>                                 |                                |                      |
| 9.1.1 In local currency  | 67,809,235                     | 68,274,162           |
| In foreign currencies  | 1,589,676                      | 124,911              |
|  | <u>69,398,911</u>              | <u>68,399,073</u>    |
| 9.1.2 Short-term (upto one year)                                   | 58,003,817                     | 60,665,946           |
| Long-term (over one year)  | 11,395,094                     | 7,733,127            |
|  | <u>69,398,911</u>              | <u>68,399,073</u>    |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

**9.2 Net investment in finance lease - in Pakistan**

|   | Unaudited March 31, 2012 |   |                 |          | December 31, 2011       |   |                 |          |
|---|--------------------------|---|-----------------|----------|-------------------------|---|-----------------|----------|
|   | Not later than one year  | Later than one and less than five years | Over five years | Total    | Not later than one year | Later than one and less than five years | Over five years | Total    |
|   | (Rupees in '000)         |   |                 |          |                         |   |                 |          |
| Lease rentals receivable                | 97,214                   | 223,655                                 | -               | 320,869  | 118,440                 | 235,962                                 | -               | 354,402  |
| Residual value                          | 57,992                   | 21,368                                  | -               | 79,360   | 69,004                  | 15,492                                  | -               | 84,496   |
| Minimum lease payments                  | 155,206                  | 245,023                                 | -               | 400,229  | 187,444                 | 251,454                                 | -               | 438,898  |
| Financial charges for future periods    | (12,149)                 | (45,670)                                | -               | (57,819) | (13,243)                | (52,908)                                | -               | (66,151) |
| Present value of minimum lease payments | 143,057                  | 199,353                                 | -               | 342,410  | 174,201                 | 198,546                                 | -               | 372,747  |

9.3 Advances include Rs.22,164.872 million (December 31, 2011: Rs.23,964.013 million) which have been placed under non-performing status as detailed below:

| Category of classification | Unaudited March 31, 2012 |                    |                   | Restated December 31, 2011 |                    |                   |
|----------------------------|--------------------------|--------------------|-------------------|----------------------------|--------------------|-------------------|
|                            | Classified advances      | Provision required | Provision held    | Classified advances        | Provision required | Provision held    |
|                            | (Rupees in '000)         |                    |                   |                            |                    |                   |
| Substandard                | 1,070,156                | 633,010            | 633,010           | 3,520,410                  | 760,341            | 760,341           |
| Doubtful                   | 3,753,106                | 1,330,403          | 1,330,403         | 3,986,610                  | 1,179,640          | 1,179,640         |
| Loss                       | 17,341,610               | 10,263,305         | 10,263,305        | 16,456,993                 | 10,440,195         | 10,440,195        |
|                            | <b>22,164,872</b>        | <b>12,226,718</b>  | <b>12,226,718</b> | <b>23,964,013</b>          | <b>12,380,176</b>  | <b>12,380,176</b> |

**9.3.1 Particulars of provision against non-performing advances**

|  | Unaudited March 31, 2012 |              |                   | Restated December 31, 2011 |              |                   |
|--|--------------------------|--------------|-------------------|----------------------------|--------------|-------------------|
|  | Specific                 | General      | Total             | Specific                   | General      | Total             |
|  | (Rupees in '000)         |              |                   |                            |              |                   |
| Opening balance  | 12,380,176               | 1,233        | 12,381,409        | 5,719,514                  | 4,430        | 5,723,944         |
| Provision against non-performing advances of subsidiary at the date of acquisition | -                        | -            | -                 | 6,092,489                  | 570          | 6,093,059         |
| Charge for the period  | 461,909                  | -            | 461,909           | 2,855,538                  | -            | 2,855,538         |
| Reversals  | (604,111)                | (51)         | (604,162)         | (2,214,672)                | (3,767)      | (2,218,439)       |
|  | (142,202)                | (51)         | (142,253)         | 640,866                    | (3,767)      | 637,099           |
| Amount written off   | (11,256)                 | -            | (11,256)          | (72,693)                   | -            | (72,693)          |
| Closing balance  | <b>12,226,718</b>        | <b>1,182</b> | <b>12,227,900</b> | <b>12,380,176</b>          | <b>1,233</b> | <b>12,381,409</b> |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

**9.3.2 Particulars of provision against non-performing advances**

|                       | Unaudited March 31, 2012     |              |                   | Restated December 31, 2011 |         |            |
|-----------------------|------------------------------|--------------|-------------------|----------------------------|---------|------------|
|                       | Specific                     | General      | Total             | Specific                   | General | Total      |
|                       | ----- (Rupees in '000) ----- |              |                   |                            |         |            |
| In local currency     | 12,226,718                   | 1,182        | 12,227,900        | 12,380,176                 | 1,233   | 12,381,409 |
| In foreign currencies | -                            | -            | -                 | -                          | -       | -          |
|                       | <b>12,226,718</b>            | <b>1,182</b> | <b>12,227,900</b> | 12,380,176                 | 1,233   | 12,381,409 |

**9.3.3** Consistent with prior years, the Bank has availed the benefit of Forced Sale Value (FSV) and exemptions of pledged stocks, mortgaged residential and commercial properties (land and building only) held as collateral against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs.8,167 million (December 31, 2011: Rs.8,653 million). Further, the Bank has also availed the benefit of certain exemption from Prudential Regulation requiring provision against non performing loans which are given by the State Bank of Pakistan.

The FSV and exemptions benefits recognised will not be available for the distribution of cash and stock dividend to shareholders.

|   | Unaudited                    | December 31,  |
|---|------------------------------|---------------|
|   | March 31, 2012               | 2011          |
|   | ----- (Rupees in '000) ----- |               |
| <b>9.4 Particulars of write offs</b>        |                              |               |
| <b>9.4.1</b> Against provisions             | 11,256                       | 72,693        |
| Directly charged to profit and loss account | 39,511                       | -             |
|   | <b>50,767</b>                | <b>72,693</b> |

**10 OPERATING FIXED ASSETS - at cost**
**10.1 Additions**

|   |        |        |
|---|--------|--------|
| Leasehold improvements                    | 39,602 | 19,171 |
| Electrical, office and computer equipment | 37,850 | 4,804  |
| Furniture and fixtures                    | 15,266 | 1,023  |
| Computer software                         | -      | 3,933  |
| Vehicles                                  | -      | 1,934  |

**10.2 Deletions**

|   |       |        |
|---|-------|--------|
| Leasehold improvements                    | 4,198 | -      |
| Electrical, office and computer equipment | 2,527 | 15,978 |
| Furniture and fixtures                    | 1,486 | -      |
| Vehicles                                  | 8,047 | 860    |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

| Unaudited<br>March 31,<br>2012 | Restated<br>December 31,<br>2011 |
|--------------------------------|----------------------------------|
| ----- (Rupees in '000) -----   |                                  |

**11 DEFERRED TAX ASSETS - net**
**Deferred debits arising in respect of:**

Deficit on revaluation of available for sale securities  
 Deficit on revaluation of held to maturity  
 Provision against non performing loans  
 Provision for gratuity  
 Provision for compensated absences  
 Provision against other assets  
 Unused tax losses  
 Provision for impairment losses  
 Unrealised loss on revaluation of  
     investments - held-for-trading

|                  |           |
|------------------|-----------|
| <b>64,297</b>    | 77,644    |
| <b>19,855</b>    | 19,855    |
| <b>2,292,047</b> | 2,357,247 |
| <b>39,077</b>    | 36,023    |
| <b>49,781</b>    | 42,994    |
| <b>54,045</b>    | 45,821    |
| <b>4,051,220</b> | 4,053,007 |
| <b>367,200</b>   | 370,590   |
| -                | 1,868     |

|                  |           |
|------------------|-----------|
| <b>6,937,522</b> | 7,005,049 |
|------------------|-----------|

**Deferred credits arising in respect of:**

Surplus on revaluation of fixed assets  
 Difference between accounting and  
 tax written down values  
 Unrealised gain on revaluation of  
 investments - held-for-trading

|                  |           |
|------------------|-----------|
| <b>(108,065)</b> | (107,857) |
| <b>(608,540)</b> | (599,133) |
| <b>(620)</b>     | -         |
| <b>(717,225)</b> | (706,990) |
| <b>6,220,297</b> | 6,298,059 |

**11.1** As at March 31, 2012, the Bank has a deferred tax asset on provision against non performing loans amounting to Rs 3,274.353 (December 31, 2011: Rs. 3,367.496) million. However, the management has recognised the above benefit only to the extent of Rs. 2,292.047 (December 31, 2011: Rs. 2,357.247) million based on the absorption / admissibility of the provision against non-performing loans under the relevant tax laws during the forecast period.

**11.2** The Bank has an aggregate amount of deferred tax asset of Rs. 6,220.297 million which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against losses carried forward and other taxable temporary differences relating to prior years. The management of the Bank has prepared an eight year business plan which has been approved by the Board of Directors of the Bank. The business plan involves certain key assumptions underlying the estimation of future taxable profits projected in the plan. The determination of future profits is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan, etc. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Bank will be able to achieve the profits projected in the business plan and consequently the deferred tax asset will be fully realised in the future.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

**Unaudited**  
**March 31,**      **December 31,**  
**2012**              **2011**  
 ----- (Rupees in '000) -----

**12. DEPOSITS AND OTHER ACCOUNTS**
**Customers**

|                                     |                   |            |
|-------------------------------------|-------------------|------------|
| Fixed deposits                      | <b>12,797,682</b> | 34,705,837 |
| Savings deposits                    | <b>36,723,720</b> | 24,940,852 |
| Current accounts - non-remunerative | <b>24,826,934</b> | 13,031,012 |
| Margin accounts                     | <b>1,919,842</b>  | 1,680,617  |
|                                     | <b>76,268,178</b> | 74,358,318 |

**Financial institutions**

|                           |                   |            |
|---------------------------|-------------------|------------|
| Non-remunerative deposits | <b>83,116</b>     | 70,784     |
| Remunerative deposits     | <b>9,365,317</b>  | 15,220,154 |
|                           | <b>9,448,433</b>  | 15,290,938 |
|                           | <b>85,716,611</b> | 89,649,256 |

**12.1 Particulars of deposits**

|                       |                   |            |
|-----------------------|-------------------|------------|
| In local currency     | <b>81,438,075</b> | 85,668,696 |
| In foreign currencies | <b>4,278,536</b>  | 3,980,560  |
|                       | <b>85,716,611</b> | 89,649,256 |

**13. CONTINGENCIES AND COMMITMENTS**
**13.1 Direct credit substitutes**

Including guarantees and standby letters of credit serving as financial guarantees for loans and securities

|                        |                  |           |
|------------------------|------------------|-----------|
| Government             | <b>669,066</b>   | 668,995   |
| Financial institutions | <b>400,000</b>   | 400,000   |
| Others                 | <b>27,198</b>    | 287,983   |
|                        | <b>1,096,265</b> | 1,356,978 |

**13.2 Transaction-related contingent liabilities / commitments / guarantees issued favouring**

Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit favouring:

|  |                   |           |
|--|-------------------|-----------|
| Government   | <b>9,265,579</b>  | 8,675,547 |
| Banking companies and other financial institutions | <b>6,708</b>      | 4,290     |
| Others   | <b>1,052,910</b>  | 1,083,355 |
|  | <b>10,325,197</b> | 9,763,192 |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

|   | <b>Unaudited<br/>March 31,<br/>2012</b> | <b>December 31,<br/>2011</b> |
|---|---|------------------------------|
|   | ----- (Rupees in '000) -----            |                              |
| <b>13.3 Trade-related contingent liabilities</b>                                |   |                              |
| Letters of credit   | <b>6,992,112</b>                        | 6,996,529                    |
| Acceptances   | <b>1,556,520</b>                        | 1,534,857                    |
|   | <b>8,548,632</b>                        | 8,531,386                    |
| <b>13.4 Other contingencies - claims against Bank not acknowledged as debts</b> | <b>2,773,833</b>                        | 2,773,833                    |
| <b>13.5 Contingent asset</b>  |   |                              |
| There was no contingent asset as at March 31, 2012 (December 31, 2011: Nil).    |   |                              |
| <b>13.6 Commitments in respect of forward lending</b>                           |   |                              |
| Forward documentary bills   | <b>2,773,637</b>                        | 2,462,779                    |
| Commitments to extend credit  | <b>8,283,896</b>                        | 11,381,725                   |
|   | <b>11,057,533</b>                       | 13,844,504                   |
| <b>13.7 Commitments in respect of forward exchange contracts</b>                |   |                              |
| Purchase  | <b>5,645,825</b>                        | 5,487,145                    |
| Sale  | <b>4,958,595</b>                        | 4,214,578                    |
|   | <b>10,604,420</b>                       | 9,701,723                    |
| <b>13.8 Commitments for capital expenditure</b>                                 |   |                              |
| Civil works (at branches)   | <b>24,920</b>                           | 24,920                       |
| <b>13.9 Commitments in respect of purchase of rupee traveller cheques</b>       | <b>1,210</b>                            | 1,210                        |
| <b>13.10 Taxation</b>   |   |                              |

In respect of the assessment years 1997-1998 to 2002-2003 and tax year 2003, the taxation authorities apportioned / allocated administrative and financial charges against exempt income for the said years. The Bank preferred an appeal against the said action of the authorities before the Commissioner Inland Revenue (Appeals) [CIR(A)] who decided the issue in favour of the Bank. However, the department filed an appeal against the said order before the Appellate Tribunal Inland Revenue (ATIR), Karachi which through a Larger Bench disapproved the formula of apportionment of expenses between exempt capital gain and other taxable income and set aside the assessment with the direction to the assessing officer to allow expenses against exempt income by identifying their nature and relation amongst the various sources of income. The Bank contends that the jurisdiction of Larger Bench was limited only to answer a legal question related to apportionment of administrative expenses and that it could not include the financial charges as well while deciding the matter.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

The revised assessments have not been made by the tax department and, accordingly, no tax liability in respect thereof exists at the statement of financial position date nor an estimate could be made of the liability that may result from the unfavourable outcome of the matter.

Based on the opinion of the legal counsel of the Bank and considering the latest judgment of the Honourable Lahore High Court in a similar case, the management believes that the outcome of the above pending assessments would be favourable. Hence, no provision has been made in respect of the above in these condensed interim financial statements.

In respect of the tax assessments of ATBL relating to tax years 2003 to 2005 and 2008, various disallowances have been made by assessing officer including provision against non-performing advances, leasing losses, allocation of expenses against exempt income and amortisation of intangibles and deferred cost. In relation to tax year 2003, the Bank filed an appeal before ATIR in respect of disallowances of provision for non-performing advances who confirmed the order of CIR(A) against the Bank. Further, the department has filed tax references before the Honourable High Court of Sindh. In respect of tax years 2004, 2005 and 2008 the Bank has filed appeals before CIR(A) in respect of aforesaid issue. In respect of tax year 2004 the CIR(A) has confirmed the order of the officer and the Bank has preferred an appeal before ATIR. The above matters may result in reduction of claimed tax losses and have an aggregate tax impact of Rs.238.72 million. The management of the Bank is confident about the favourable outcome of the appeals and, hence, no adjustment with regard to the above matters has been made in the condensed interim financial statements.

For assessment of MBL in respect of tax years 2006, 2007, 2008 and 2009, the Taxation Officer has amended the deemed assessment under Section 122(5A) of the Income Tax Ordinance, 2001 by making various disallowances, out of which an amount of Rs.230.131 million has not been provided for in the books of account for the reason that the disallowances are based on issues which have already been decided at the higher appellate forums in Bank's favour. The Bank's appeal contesting the settled issues is awaiting disposal before the CIR(A) except in respect of the tax year 2006 wherein relief allowed on some issues has been remanded back and few disallowances made has been maintained against which second appeal before the ATIR has been preferred. Hence, the disallowances are likely to be decided as per higher appellate forums favouring Bank not requiring further tax provision.

With respect to the assessment of MBL in respect of tax years 2004 and 2005, CIR(A) has maintained the disallowances made by Taxation Officer having an aggregate amount of Rs.29.657 million. No provision has been made against the same for the reason that this relates to settled issues decided in Bank's favour by higher appellate forums. The Bank has preferred an appeal before the ATIR, where the matter is awaiting hearing.

With respect to the assessment of MBL for tax year 2003, the Bank filed an appeal against the order of ATIR before the Honourable High Court of Sindh (the Court) in Karachi. The Court, after hearing the case, vacated the order and remanded the case back to the Taxation Officer for re-adjudication of the issues strictly as per law. The Taxation Officer passed a new order ignoring the clear direction of the Court against which the Bank has filed an appeal which is presently awaiting hearing before the ATIR. The tax involved in appeal amounts to Rs.36.220 million which relates to a previously settled issue in Bank's favour and, hence, no provision has been made on this account.

### 13.11 Other Contingencies

In the year 2004, forward sale of Pakistan Investment Bonds (PIB's) with face value of Rs.250 million was entered into with Speedway Fondmetall (Private) Limited (Speedway). The deal was not honoured by Speedway on the due date and the contract was rolled over subject to receipt of Rs.6 million and mortgage of properties. Subsequent upon the failure by Speedway to honour the terms of the contract, the Bank served a final notice intimating to settle the deal within stipulated time otherwise the Bank would liquidate the deal, and claim the loss on deal by taking legal recourse. In response, Speedway filed a suit against the Bank and obtained stay order from Honourable High Court of Sindh (the Court) against the sale of PIB's which was vacated by the Court during the year 2005.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

The Bank started proceedings during the financial year 2006 to recover the loss on the deal by disposing off the mortgaged properties. However, Speedway filed another suit and obtained stay order from the Court against the sale of the properties mortgaged with the Bank, which was also dismissed as withdrawn by Speedway. Speedway filed third suit in the Banking Court No.2 against publication by which the mortgage properties were put to sale. The Bank has also filed recovery suit against Speedway in the Court. Subsequently, the Bank moved an application for transfer of the suit filed by Speedway in Banking Court No. 2 to the Court, so that the two suits are heard together in the apex Court.

During the financial year 2007, the Court passed a decree in Bank's favour for Rs.25.697 million with mark-up at the rate of 20 percent per annum from the date of filing of the suit till its realisation. The Bank has filed an execution application in the Court. In this regard, provision of Rs.10.915 million has been kept in the condensed interim financial statements as a matter of prudence against the claim receivable.

|   | <b>Unaudited<br/>March 31,<br/>2012</b> | <b>Unaudited<br/>March 31,<br/>2011</b> |
|---|---|---|
| <b>Note</b>                                   | ----- (Rupees in '000) -----            |   |
| <b>14. LOSS PER SHARE - BASIC AND DILUTED</b> |   |   |
| Loss for the period                           | <u>(556,437)</u>                        | <u>(482,459)</u>                        |
|   | ----- (Number of shares) -----          |   |
| Weighted average number of Ordinary shares    | <u>1,077,979,582</u>                    | <u>725,065,982</u>                      |
|   | ----- (Rupees) -----                    |   |
| Loss per share - Basic and diluted            | <u>(0.52)</u>                           | <u>(0.67)</u>                           |
|   | <b>Unaudited<br/>March 31,<br/>2012</b> | <b>December 31,<br/>2011</b>            |
|   | ----- (Rupees in '000) -----            |   |
| <b>15. CASH AND CASH EQUIVALENTS</b>          |   |   |
| Cash and balances with treasury banks         | <b>5,549,463</b>                        | 6,117,986                               |
| Balances with other banks                     | <b>1,404,716</b>                        | 1,426,353                               |
| Overdrawn nostro accounts                     | <u>(31,134)</u>                         | <u>(39,657)</u>                         |
|   | <u><b>6,923,045</b></u>                 | <u>7,504,682</u>                        |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED MARCH 31, 2012

**16. RELATED PARTY TRANSACTIONS**

Bank has related party transactions with its associates, parent company, subsidiary companies, employee benefit plans and its directors and executive officers (including their associates). Details of transactions with the related parties, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

|  | Key management personnel | Directors | Parent company | Subsidiaries | Associates / other related parties | Key management personnel | Directors | Parent company | Subsidiaries | Associates / other related parties |
|--|--------------------------|-----------|----------------|--------------|------------------------------------|--------------------------|-----------|----------------|--------------|------------------------------------|
|  | Unaudited March 31, 2012 |           |                |              |                                    | December 31, 2011        |           |                |              |                                    |
|  | (Rupees in '000)         |           |                |              |                                    | (Rupees in '000)         |           |                |              |                                    |
| <b>Advances</b>                                |                          |           |                |              |                                    |                          |           |                |              |                                    |
| Balance at beginning of the period             | 91,933                   | -         | -              | 18,000       | 41,699                             | 66,206                   | -         | -              | -            | 41,699                             |
| Sanctioned / granted during the period         | 1,369                    | -         | -              | 1,002        | 216,709                            | 40,028                   | -         | -              | 18,000       | 216,709                            |
| Payment received during the period             | (7,932)                  | -         | -              | (1,002)      | (246,260)                          | (14,301)                 | -         | -              | -            | (246,260)                          |
| Balance at end of the period                   | 85,370                   | -         | -              | 18,000       | 12,148                             | 91,933                   | -         | -              | 18,000       | 12,148                             |
| <b>Deposits</b>                                |                          |           |                |              |                                    |                          |           |                |              |                                    |
| Balance at beginning of the period             | 7,576                    | 67,668    | -              | 34,518       | 204,666                            | 5,972                    | 71,770    | -              | -            | 204,666                            |
| Deposits during the period                     | 33,841                   | 141,459   | -              | 417,820      | 3,390,245                          | 287,273                  | 280,430   | -              | 2,251,438    | 3,390,245                          |
| Withdrawal during the period                   | (33,756)                 | (152,602) | -              | (419,388)    | (3,547,343)                        | (285,669)                | (284,532) | -              | (2,216,920)  | (3,547,343)                        |
| Balance at end of the period                   | 7,660                    | 56,524    | -              | 32,951       | 47,568                             | 7,576                    | 67,668    | -              | 34,518       | 47,568                             |
| <b>Investment in shares / TFC's</b>            |                          |           |                |              |                                    |                          |           |                |              |                                    |
| Summit Capital (Private) Limited               | -                        | -         | -              | -            | 396,942                            | -                        | -         | -              | 396,942      | -                                  |
| Subscription of right shares                   | -                        | -         | -              | -            | 856,457                            | -                        | -         | 856,457        | -            | -                                  |
| Purchase of Investments                        | -                        | -         | -              | -            | 125,156                            | -                        | -         | -              | -            | 373,899                            |
| Disposal of investment                         | -                        | -         | -              | -            | 134,833                            | -                        | -         | -              | 37,200       | 312,504                            |
| Maturity of investment                         | -                        | -         | -              | -            | -                                  | -                        | -         | -              | -            | 6,172                              |
| Guarantees, letters of credits and acceptances | -                        | -         | -              | -            | 151,553                            | -                        | -         | -              | -            | 27,934                             |
| Contribution paid to the provident fund        | -                        | -         | -              | -            | 13,625                             | -                        | -         | -              | -            | 37,664                             |
| Contribution paid to the gratuity fund         | -                        | -         | -              | -            | 2,524.84                           | -                        | -         | -              | -            | -                                  |
| Other receivable                               | -                        | -         | 27,000         | -            | 11                                 | -                        | -         | 27,000         | -            | 11                                 |
| Other payable                                  | -                        | -         | -              | 11,702       | 1,192                              | -                        | -         | -              | 287          | 1,192                              |
| Mark-up payable                                | 75                       | -         | -              | 254          | 233                                | 22                       | -         | -              | 236          | 353                                |
| Mark-up receivable                             | -                        | -         | -              | 672          | 322                                | -                        | -         | -              | -            | 527                                |
|  | Unaudited March 31, 2012 |           |                |              |                                    | Unaudited March 31, 2011 |           |                |              |                                    |
|  | (Rupees in '000)         |           |                |              |                                    | (Rupees in '000)         |           |                |              |                                    |
| <b>Profit / expense for the period</b>         |                          |           |                |              |                                    |                          |           |                |              |                                    |
| Brokerage expenses paid - equity securities    | -                        | -         | -              | 303          | -                                  | -                        | -         | -              | 2,028        | -                                  |
| Capital gain / (loss)                          | -                        | -         | -              | -            | 5,308                              | -                        | -         | -              | -            | 16,881                             |
| Dividend income                                | -                        | -         | -              | -            | -                                  | -                        | -         | -              | -            | 7,904                              |
| Mark-up earned                                 | 1,198                    | -         | -              | 672          | 322                                | 3,146                    | -         | -              | 2,964        | 1,663                              |
| Mark-up expensed                               | 176                      | 3,216     | -              | 847          | 513                                | 1,292                    | 3,213     | -              | 4,531        | 11,003                             |
| Mark-up paid                                   | 101                      | 3,216     | -              | 593          | 280                                | 1,271                    | 3,213     | -              | 4,295        | 10,650                             |

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on June 20, 2012 by the Board of Directors of the Bank.

**18. GENERAL**

**18.1** Figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation.

**18.2** The figures in the condensed interim financial statements have been rounded off to the nearest thousand.

 President &  
Chief Executive

Director

Director

Director

**SUMMIT BANK LIMITED**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED MARCH 31, 2012**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2012

|  |      | Unaudited<br>March 31,<br>2012 | Restated<br>December 31,<br>2011 |
|--|------|--------------------------------|----------------------------------|
|  | Note | ----- (Rupees in '000) -----   |                                  |
| <b>ASSETS</b>  |      |                                |                                  |
| Cash and balances with treasury banks                  |      | 5,549,472                      | 6,117,998                        |
| Balances with other banks                              |      | 1,404,903                      | 1,433,614                        |
| Lendings to financial institutions                     |      | 652,177                        | 1,069,757                        |
| Investments  | 8    | 36,810,685                     | 36,077,690                       |
| Advances   | 9    | 57,153,489                     | 55,999,664                       |
| Operating fixed assets                                 | 10   | 6,055,289                      | 6,165,043                        |
| Deferred tax assets - net                              | 11   | 6,171,896                      | 6,249,658                        |
| Other assets   |      | 6,172,977                      | 6,123,167                        |
|  |      | <b>119,970,888</b>             | <b>119,236,591</b>               |
| <b>LIABILITIES</b>                                     |      |                                |                                  |
| Bills payable  |      | 1,329,707                      | 900,750                          |
| Borrowings   |      | 23,329,403                     | 18,562,616                       |
| Deposits and other accounts                            | 12   | 85,683,660                     | 89,614,738                       |
| Sub-ordinated loan                                     |      | 1,500,000                      | 1,500,000                        |
| Liabilities against assets subject to finance lease    |      | -                              | -                                |
| Deferred tax liabilities                               |      | -                              | -                                |
| Other liabilities                                      |      | 2,776,319                      | 2,938,294                        |
|  |      | <b>114,619,089</b>             | <b>113,516,398</b>               |
| <b>NET ASSETS</b>                                      |      | <b>5,351,799</b>               | <b>5,720,193</b>                 |
| <b>REPRESENTED BY</b>                                  |      |                                |                                  |
| Share capital  |      | 10,779,796                     | 10,779,796                       |
| Reserves   |      | (1,811,676)                    | (1,811,676)                      |
| Accumulated losses                                     |      | (4,005,145)                    | (3,446,047)                      |
|  |      | <b>4,962,975</b>               | <b>5,522,073</b>                 |
| Surplus on revaluation of assets - net of deferred tax |      | 388,824                        | 198,120                          |
|  |      | <b>5,351,799</b>               | <b>5,720,193</b>                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                   | 13   |                                |                                  |

The annexed notes from 1 to 18 form an integral part of these financial statements.

 President &  
Chief Executive

Director

Director

Director

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|  | March 31,<br>2012            | March 31,<br>2011 |
|--|------------------------------|-------------------|
| Note   | ----- (Rupees in '000) ----- |                   |
| Mark-up / return / interest earned   | <b>2,798,798</b>             | 1,834,457         |
| Mark-up / return / interest expensed   | <b>(2,671,518)</b>           | (1,677,097)       |
| Net mark-up / interest income  | <b>127,280</b>               | 157,360           |
| Reversal/ (charge) of provision against non-performing loans and advances                | 9.3.1 <b>142,253</b>         | (256,103)         |
| Reversal of provision for diminution in the value of investments                         | 8.2 <b>6,250</b>             | 653               |
| Bad debts written off directly   | 9.4.1 <b>(39,511)</b>        | -                 |
|  | <b>108,992</b>               | (255,450)         |
| Net mark-up / interest income / (loss) after provisions                                  | <b>236,272</b>               | (98,090)          |
| <b>NON MARK-UP / INTEREST INCOME</b>   |                              |                   |
| Fee, commission and brokerage income   | <b>118,842</b>               | 71,913            |
| Dividend income  | <b>3,066</b>                 | 4,833             |
| Gain from dealing in foreign currencies  | <b>97,138</b>                | 15,948            |
| Gain on sale of securities - net   | <b>35,286</b>                | 11,423            |
| Unrealised gain / (loss) on revaluation of investments<br>classified as held-for-trading | <b>1,771</b>                 | (7,077)           |
| Other income   | <b>36,359</b>                | 9,704             |
| Total non-mark-up / interest income  | <b>292,462</b>               | 106,744           |
|  | <b>528,734</b>               | 8,654             |
| <b>NON MARK-UP / INTEREST EXPENSES</b>   |                              |                   |
| Administrative expenses  | <b>(991,435)</b>             | (694,345)         |
| Other provisions / write-offs  | <b>(470)</b>                 | -                 |
| Other charges  | <b>(2,380)</b>               | (2,069)           |
| Total non-mark-up / interest expenses  | <b>(994,285)</b>             | (696,414)         |
|  | <b>(465,551)</b>             | (687,760)         |
| Extra ordinary / unusual items   | -                            | -                 |
| <b>LOSS BEFORE TAXATION</b>  | <b>(465,551)</b>             | (687,760)         |
| <b>Taxation</b>  |                              |                   |
| Current  | <b>(31,822)</b>              | (20,099)          |
| Prior years  | -                            | -                 |
| Deferred   | <b>(64,417)</b>              | 221,930           |
|  | <b>(96,239)</b>              | 201,831           |
| <b>LOSS AFTER TAXATION</b>   | <b>(561,790)</b>             | (485,929)         |
| <b>Loss per share (Rupees) - basic and diluted</b>                                       | 14 <b>(0.52)</b>             | (0.67)            |

The annexed notes from 1 to 18 form an integral part of these financial statements.

\_\_\_\_\_  
**President &  
 Chief Executive**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

FOR THE PERIOD ENDED MARCH 31, 2012

| Note   | March 31,<br>2012<br>----- (Rupees in '000) ----- | March 31,<br>2011<br>----- |
|--|---|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |                            |
| <b>Loss before taxation</b>  | <b>(465,551)</b>                                  | (687,760)                  |
| Dividend income  | <u>(3,066)</u>                                    | <u>(4,833)</u>             |
|  | <b>(468,617)</b>                                  | (692,593)                  |
| <b>Adjustments:</b>  |   |                            |
| Depreciation   | <b>131,698</b>                                    | 114,646                    |
| Amortisation of intangible assets and deferred cost                                      | <b>24,186</b>                                     | 10,173                     |
| (Reversal) / charge of provision against non-performing advances                         | <b>(142,253)</b>                                  | 252,768                    |
| Advances directly written off  | <b>39,511</b>                                     | -                          |
| Other provisions / write offs  | <b>470</b>  | -                          |
| (Reversal of provision) / provision for diminution in the value of investments           | <b>(6,250)</b>                                    | (96,783)                   |
| Unrealised (gain) / loss on revaluation of investments<br>in held-for-trading securities | <b>(1,771)</b>                                    | 7,951                      |
| Gain on disposal of operating fixed assets   | <b>4,831</b>                                      | 2,989                      |
|  | <u><b>50,422</b></u>                              | <u>291,744</u>             |
|  | <b>(418,195)</b>                                  | (400,849)                  |
| <b>(Increase) / decrease in operating assets</b>   |   |                            |
| Lendings to financial institutions   | <b>417,580</b>                                    | (13,592,330)               |
| Investments in held-for-trading securities - net   | <b>(82,408)</b>                                   | (53,261)                   |
| Advances   | <b>(1,051,083)</b>                                | 433,034                    |
| Other assets   | <b>11,070</b>                                     | (2,274,691)                |
|  | <u><b>(704,841)</b></u>                           | <u>(15,487,248)</u>        |
| <b>Increase / (decrease) in operating liabilities</b>                                    |   |                            |
| Bills payable  | <b>428,957</b>                                    | 2,312,119                  |
| Borrowings from financial institutions   | <b>4,766,787</b>                                  | (14,465)                   |
| Deposits and other accounts  | <b>(3,931,078)</b>                                | 7,522,236                  |
| Other liabilities  | <b>(190,400)</b>                                  | 47,451                     |
|  | <u><b>1,074,266</b></u>                           | <u>9,867,341</u>           |
|  | <b>(48,770)</b>                                   | (6,020,756)                |
| Income tax paid  | <b>(27,582)</b>                                   | (1,926)                    |
| <b>Net cash used in operating activities</b>   | <u><b>(76,352)</b></u>                            | <u>(6,022,682)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |                            |
| Investments in available-for-sale securities - net                                       | <b>(542,878)</b>                                  | 5,207,047                  |
| Investments in held-to-maturity securities - net   | <b>108,208</b>                                    | 6,253                      |
| Dividend received  | <b>3,066</b>                                      | 1,743                      |
| Investment in operating fixed assets   | <b>(83,171)</b>                                   | (48,433)                   |
| Sale proceeds from disposal of property and equipment                                    | <b>9,490</b>                                      | 8,388                      |
| <b>Net cash (used) / generated from investing activities</b>                             | <u><b>(505,285)</b></u>                           | <u>5,174,998</u>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |                            |
| Receipts on issue of right shares  | -   | -                          |
| Receipts on issue of subordinated loan   | -   | -                          |
| <b>Net cash (used) / generated from investing activities</b>                             | <u>-</u>  | <u>-</u>                   |
| Decrease in cash and cash equivalents  | <b>(581,637)</b>                                  | (847,684)                  |
| Cash and cash equivalents acquired on acquisition  | -   | -                          |
| Cash and cash equivalents at beginning of the period                                     | <b>7,504,682</b>                                  | 4,385,798                  |
| <b>Cash and cash equivalents at end of the period</b>                                    | <b>15</b> <u><b>6,923,045</b></u>                 | <u>3,538,114</u>           |

The annexed notes from 1 to 18 form an integral part of these financial statements.

 President &  
Chief Executive

Director

Director

Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|   | March 31,<br>2012            | March 31,<br>2011 |
|---|------------------------------|-------------------|
|   | ----- (Rupees in '000) ----- |                   |
| <b>Loss after taxation</b>                | <b>(561,790)</b>             | (485,929)         |
| <b>Components Of Comprehensive Income</b> |                              |                   |
| <b>Not Reflected In Equity</b>            |                              |                   |
| Deficit on revaluation of investments     | <b>(94,007)</b>              | (245,485)         |
| Deferred Tax on revaluation of investment | <b>64,297</b>                | 85,919            |
|   | <b>(29,710)</b>              | <b>(159,566)</b>  |
| <b>Total comprehensive loss</b>           | <b>(591,500)</b>             | (645,495)         |

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 18 form an integral part of these financial statements.

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**President &  
 Chief Executive**

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**Director**

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**Director**

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**Director**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|  | Share capital     | Share premium    | Discount on issue of shares | Statutory reserve | Reserve arising on amalgamation | Other reserve | Accumulated losses | Total            |
|--|-------------------|------------------|-----------------------------|-------------------|---------------------------------|---------------|--------------------|------------------|
|  | (Rupees in '000)  |                  |                             |                   |                                 |               |                    |                  |
| <b>Balance as at January 01, 2011, as previously reported</b>  | 7,250,660         | 1,000,000        | -                           | 64,828            | (2,399,878)                     | -             | (2,321,584)        | 3,594,026        |
| Net loss transferred to equity for the quarter ended March 31, 2011  | -                 | -                | -                           | -                 | -                               | -             | (485,929)          | (485,929)        |
| <b>Balance as at March 31, 2011</b>  | 7,250,660         | 1,000,000        | -                           | 64,828            | (2,399,878)                     | -             | (2,807,513)        | 3,108,097        |
| Transfer from Surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax                                  |                   | -                | -                           | -                 | -                               | -             | 3,078              | 3,078            |
| Issuance of right shares during the year   | 1,450,132         | -                | -                           | -                 | -                               | -             | -                  | 1,450,132        |
| Net loss transferred to equity during the period ended December 31, 2011 - Restated  | -                 | -                | -                           | -                 | -                               | -             | (641,612)          | (641,612)        |
| Issue of share capital and adjustments arising on acquisition and amalgamation of non-controlling interest in MyBank Limited (note 6.3) - Restated | 2,079,004         | -                | (1,297,298)                 | -                 | 820,672                         | -             | -                  | 1,602,378        |
| <b>Balance as at December 31, 2011</b>   | 10,779,796        | 1,000,000        | (1,297,298)                 | 64,828            | (1,579,206)                     | -             | (3,446,047)        | 5,522,073        |
| Net loss transferred to equity for the quarter ended March 31, 2012  | -                 | -                | -                           | -                 | -                               | -             | (561,790)          | (561,790)        |
| Transfer from Surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax                                  | -                 | -                | -                           | -                 | -                               | -             | 2,692              | 2,692            |
| <b>Balance as at March 31, 2012</b>  | <b>10,779,796</b> | <b>1,000,000</b> | <b>(1,297,298)</b>          | <b>64,828</b>     | <b>(1,579,206)</b>              | <b>-</b>      | <b>(4,005,145)</b> | <b>4,962,975</b> |

The annexed notes from 1 to 18 form an integral part of these financial statements.

\_\_\_\_\_  
**President &  
 Chief Executive**

\_\_\_\_\_  
**Director**

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**Director**

\_\_\_\_\_  
**Director**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 The Group comprises of Summit Bank Limited - the holding company (the Bank) and Summit Capital (Private) Limited (SCPL) - a wholly owned subsidiary. The ultimate holding company of the Group is Suroor Investments Limited, (SIL) a company incorporated in Mauritius.
- 1.2 Summit Bank Limited (the Bank) was incorporated in Pakistan as public company limited by shares on December 09, 2005 under the Companies Ordinance, 1984. It is listed on all the stock exchanges of Pakistan. Registered office of the Bank is situated at Plot No. 6-B, F-6, Supermarket, Islamabad, Pakistan.
- 1.3 The Bank is principally engaged in the business of banking through its 166 branches (2011: 165 branches after amalgamation of MyBank Limited having 80 branches) in Pakistan as defined in the Banking Companies Ordinance, 1962. The medium to long-term rating of the Bank rated by JCR-VIS, credit rating company, is 'A-' whereas short-term rating of the Bank is 'A-2' with a 'Stable' outlook.
- 1.4 SCPL, the subsidiary company, was incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984. The subsidiary company is a corporate member of Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited). The principal activities of the subsidiary company are equity and money market brokerage, advisory and consultancy services. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.
- 1.5 On March 31, 2010, 297,034,854 shares (59.41% of issued shares of the Bank) were transferred by Arif Habib Securities Limited to Suroor Investments Limited (SIL), a company incorporated in Mauritius, under the Share Purchase Agreement dated June 30, 2009 and, consequently, SIL become the parent company of the Bank. As part of change in ownership, effective from August 18, 2010, the name of the Bank was changed to 'Summit Bank Limited'.
- 1.6 Further, the SBP sanctioned a scheme of amalgamation (the scheme) under section 48 of the Banking Companies Ordinance, 1962, on December 31, 2010 by virtue of which Atlas Bank Limited (ATBL) has been merged with and into Summit Bank Limited on December 31, 2010 (at the close of business). This scheme was earlier approved by the shareholders of the Bank in their Extra Ordinary General Meeting held on November 06, 2010.

Under the above referred scheme of amalgamation, the Bank issued 225,065,982 Ordinary shares to the shareholders of ATBL at par value of Rs.10 each.

This amalgamation was accounted for in the books using "Pooling of interest" method as it was a business combination of entities under common control and not covered under the scope of IFRS-3 "Business Combinations". The difference in the net assets of ATBL, the merging entity, and the above shares issued to ATBL has been carried in the books under "Reserve arising on amalgamation".

Further, since "Pooling of interest" method assumes that both ATBL and the Bank were merged from the beginning of the earliest period presented, the issue of share capital and adjustments arising from amalgamation have been shown as at January 01, 2010.

- 1.7 On September 30, 2009, Suroor Investments Limited (SIL) entered into an agreement with a majority shareholder (MS) to sell upto 314,701,450 Ordinary shares constituting 59.34% of shareholding of MyBank Limited (MBL). Subsequently, SIL, Summit Bank Limited (the Bank) and the MS entered into a novation agreement dated February 17, 2011 wherein SIL has agreed to novate and the Bank has agreed to undertake the obligations of SIL to acquire the Ordinary shares from the MS on terms and conditions contained in the agreement.

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

As part of the agreement, the Bank purchased 270,482,625 shares of MBL at a price of Rs.8 per share resulting in a purchase consideration of Rs.2,163.861 million. Accordingly, MBL became a subsidiary of the Bank upon the acquisition. The Bank, consequently held 51.00% Ordinary shares in MBL as at April 01, 2011. The details of this business combination together with its accounting treatment are given in note 6 to these consolidated condensed interim financial statements.

Furthermore, in 2011, the State Bank of Pakistan (SBP) sanctioned a scheme of amalgamation (the scheme) under section 48 of the Banking Companies Ordinance, 1962, on June 20, 2011 by virtue of which MBL has been merged with and into the Bank at the close of business on June 30, 2011 (effective date). This scheme has earlier been approved by the shareholders of the Bank in their Extra Ordinary General Meeting held on January 20, 2011.

In consideration for the amalgamation and as per the scheme, the Bank allotted 207,900,400 fully paid Ordinary shares of Rs.10 each to the shareholders of MBL for the acquisition of non-controlling interest which will rank pari passu with the existing shares of the Bank.

- 1.8** These consolidated condensed interim financial statements represent the consolidated financial statements of the Group.
- 1.9** The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion and Rs.9 billion paid-up capital (free of losses) by the end of the financial year 2011 and 2012, respectively. The paid-up capital (free of losses) of the Bank as at March 31, 2012 is Rs. 4.963 billion. Further, vide its aforesaid circular, the SBP has prescribed the banks to achieve minimum Capital Adequacy Ratio (CAR) of 10% with effect from December 31, 2009 irrespective of their CAMEL-S rating, till further instructions.

However, the Bank has been granted an exemption till December 31, 2012 to meet the minimum capital requirement (MCR) and capital adequacy ratio (CAR) by the SBP through its letter number BSD/BAID/649/6177/2012 dated May 18, 2012. Through the above referred letter, the SBP has also requested the Bank to submit a capital plan for meeting the expected shortfall in MCR/CAR, including specific timelines and milestones.

## 2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

## 3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements of the Group have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

### 4. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain investments and commitments in respect of forward exchange contracts have been carried at revalued amounts. All amounts are in Pakistan Rupees which is the functional and presentation currency of the Group.

The preparation of consolidated condensed interim financial statements in conformity with approved accounting standards requires certain judgments, accounting estimates and assumptions. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. These estimates and associated assumptions are continually evaluated and are based on historical experience, statutory requirements and other factors considered reasonable in the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and assumptions that are expected to have a significant effect on the assets and liabilities, income and expenses have been disclosed in note 7 to these consolidated condensed interim financial statements.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 5.1** The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2011.
- 5.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2011.

### 6. BUSINESS COMBINATION

As stated in note 1.5, the Group acquired the majority shareholding of 51% in MyBank Limited (MBL) for cash consideration of Rs.2,163.861 million on the acquisition date of April 01, 2011 and, hence, MBL became a subsidiary of the Bank at that date.

#### 6.1 Accounting for business combination

As required by IFRS-3, the fair values of the assets and liabilities acquired have been determined based on management's estimates to be equal to their carrying amounts at the date of acquisition as determined by the independent valuer. Accordingly, detailed valuations have been carried after taking into account reasonableness of underlying assumptions especially for assets whose values are based on future projections of earnings and related data.

The fair valuation exercise for assets and liabilities acquired is completed and the accounting treatment of fair valuation of MBL's assets and liabilities (including the contingent liabilities) in the books have been finalized and accounted for in the consolidated condensed interim financial statements in accordance with the written clearance of the SBP, as per the directive received from the SBP in this regard.

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

A reconciliation between the provisional amounts and final values as at March 31, 2011 in respect of the amalgamation is as under:

| Note  | * Provisional amounts as at the date of amalgamation | Fair value adjustments / recognised | Final amounts as at the date of amalgamation |
|---|--|-------------------------------------|--|
|   | (Rs. in '000)  |                                     |  |
| <b>Assets</b>                                   |  |                                     |  |
| Cash and balances with treasury banks           | 2,206,669  | -                                   | 2,206,669                                    |
| Balances with other banks                       | 480,954  | -                                   | 480,954                                      |
| Lendings to financial institutions              | 945,584  | -                                   | 945,584                                      |
| Investments                                     | 7,510,462  | (56,727)                            | 7,453,735                                    |
| Advances  | 21,512,969   | (1,168,976)                         | 20,343,993                                   |
| Operating fixed assets                          | 2,167,248  | 713,702                             | 2,880,950                                    |
| Deferred tax assets                             | 1,475,793  | (328,270)                           | 1,147,523                                    |
| Other assets                                    | 2,005,186  | 364,871                             | 2,370,057                                    |
| <b>Total assets</b>                             | <b>38,304,865</b>                                    | <b>(475,400)</b>                    | <b>37,829,465</b>                            |
| <b>Liabilities</b>                              |  |                                     |  |
| Bills payable                                   | 475,537  | -                                   | 475,537                                      |
| Borrowings                                      | 5,282,024  | -                                   | 5,282,024                                    |
| Deposits and other accounts                     | 28,026,796   | 54,663                              | 28,081,459                                   |
| Other liabilities                               | 443,586  | -                                   | 443,586                                      |
| <b>Total liabilities</b>                        | <b>34,227,943</b>                                    | <b>54,663</b>                       | <b>34,282,606</b>                            |
| <b>Net assets</b>                               | <b>4,076,922</b>                                     | <b>(530,063)</b>                    | <b>3,546,859</b>                             |
| Cash consideration paid                         |  |                                     |  |
| [270,482,625 Ordinary shares @ Rs.8 each        | 1.5  | 2,163,861                           | 2,163,861                                    |
| Proportionate share of non-controlling interest |  | -                                   | -  |
| (49% of net assets)                             | 6.3  | (259,731)                           | 1,737,961                                    |
|   |  | 4,161,553                           | 3,901,822                                    |
|   |  | (259,731)                           | 3,901,822                                    |
| Intangible assets                               | 6.4  | -                                   | 353,712                                      |
| Goodwill arising on acquisition                 | 6.2  | 84,631                              | 1,251  |
|   |  | 270,332                             | 1,251  |

\* Balances taken from the published financial statements of MBL for the quarter ended March 31, 2011.

### 6.2 Goodwill

The goodwill recognised represents effect of expected synergies from combining operations of the Bank and its subsidiary, MBL, intangible assets that do not qualify for separate recognition and other factors. The management believes that the entire amount of goodwill is expected to be deductible for tax purposes.

### 6.3 Acquisition of non-controlling interest

As at the date of acquisition, the purchase of Non-Controlling Interest (NCI) is measured at the proportionate share of the NCI in the fair value of net assets acquired by the Bank, as allowed under IFRS 3. The management has, at the date of amalgamation, incorporated the share of NCI's post acquisition results of MBL in the proportionate share of the NCI determined as at the acquisition date of MBL (the adjusted balance).

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

On the effective date of amalgamation (i.e. close of business on June 30, 2011), the Group acquired the NCI by issuing 207,900,400 Ordinary shares of Rs.10 each to the shareholders of MBL (see note 1.5). The fair value of these shares (based on the published quoted price at that date) amounted to Rs.781.706 million. The excess of the fair value of the shares issued over the adjusted balance of the NCI amounting to Rs.820.672 million has been recognised as part of the equity (shown separately under 'Reserve arising on amalgamation').

| 6.4 Intangible assets acquired upon amalgamation | Note  | Rs in '000     |
|--|-------|----------------|
| Core deposits                                    | 6.4.1 | 209,874        |
| Brand name                                       | 6.4.2 | 143,838        |
|  |       | <u>353,712</u> |

- 6.4.1** The intangible asset comprises of core deposits of Ex- Mybank and represents the funding benefit that would be available to the Group on account of availability of funding through deposit customers rather than from the whole or inter-bank markets.

Valuations of core deposits intangible asset rest on the premise that the acquired customer relationships provide a stream of future benefits to the acquirer. These benefits last until the deposit relationship terminates.

The fair value of this identifiable intangible asset has been determined using discounted cash flow method, by an independent valuer.

- 6.4.2** This intangible asset represents Group's ability to attract new customers and generate superior returns from existing customers due to Brand recognition.

The fair value of this intangible has been determined using relief from royalty method by an independent valuer. The management estimates that the benefits from usage of Brand will be available to the Group for next 10 years.

## 7. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for significant accounting estimates and judgments adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2011.



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

| Note  | Unaudited March 31, 2012     |                     |                   | Restated December 31, 2011 |                     |                   |
|---|------------------------------|---------------------|-------------------|----------------------------|---------------------|-------------------|
|   | Held by Bank                 | Given as collateral | Total             | Held by bank               | Given as collateral | Total             |
| <b>8. INVESTMENTS</b>   | ----- (Rupees in '000) ----- |                     |                   |                            |                     |                   |
| <b>8.1 Investments by types:</b>                                  |                              |                     |                   |                            |                     |                   |
| <b>Held-for-trading securities</b>                                |                              |                     |                   |                            |                     |                   |
| Listed Ordinary shares  | 116,742                      | -                   | 116,742           | 39,671                     | -                   | 39,671            |
| <b>Available-for-sale securities</b>                              |                              |                     |                   |                            |                     |                   |
| Market Treasury Bills   | 9,584,460                    | 19,476,376          | 29,060,836        | 15,781,443                 | 13,937,057          | 29,718,500        |
| Pakistan Investment Bonds   | 1,620,375                    | -                   | 1,620,375         | 1,289,099                  | -                   | 1,289,099         |
| Listed Ordinary shares  | 1,562,475                    | -                   | 1,562,475         | 1,541,937                  | -                   | 1,541,937         |
| Preference shares   | 107,941                      | -                   | 107,941           | 37,500                     | -                   | 37,500            |
| Unlisted Ordinary shares  | 41,000                       | -                   | 41,000            | 41,000                     | -                   | 41,000            |
| Mutual fund units - open end                                      | 1,125,000                    | -                   | 1,125,000         | 1,125,000                  | -                   | 1,125,000         |
| Mutual fund units - closed end                                    | 43,500                       | -                   | 43,500            | 58,000                     | -                   | 58,000            |
| Term Finance Certificates - listed                                | 488,934                      | 44,937              | 533,871           | 514,230                    | 44,937              | 559,167           |
| Term Finance Certificates - unlisted                              | 1,444,630                    | -                   | 1,444,630         | 637,146                    | -                   | 637,146           |
| Sukuk Bonds   | 925,686                      | -                   | 925,686           | 931,869                    | -                   | 931,869           |
|   | <b>16,944,001</b>            | <b>19,521,313</b>   | <b>36,465,314</b> | <b>21,957,224</b>          | <b>13,981,994</b>   | <b>35,939,218</b> |
| <b>Held to maturity</b>   |                              |                     |                   |                            |                     |                   |
| Pakistan Investment Bonds   | 1,128,826                    | -                   | 1,128,826         | 1,237,034                  | -                   | 1,237,034         |
| <b>Associate</b>  |                              |                     |                   |                            |                     |                   |
| Unlisted Ordinary shares  | 43,410                       | -                   | 43,410            | 28,910                     | -                   | 28,910            |
| <b>Investment at cost</b>   | <b>18,232,979</b>            | <b>19,521,313</b>   | <b>37,754,292</b> | <b>23,262,839</b>          | <b>13,981,994</b>   | <b>37,244,833</b> |
| Less: Provision for diminution in value of investments            | 8.2 (851,371)                | -                   | (851,371)         | (861,056)                  | -                   | (861,056)         |
| <b>Investments - net of provisions</b>                            | <b>17,381,608</b>            | <b>19,521,313</b>   | <b>36,902,921</b> | <b>22,401,783</b>          | <b>13,981,994</b>   | <b>36,383,777</b> |
| Surplus / (Deficit) on revaluation of held-for-trading securities | 1,771                        | -                   | 1,771             | (5,337)                    | -                   | (5,337)           |
| Deficit on revaluation of available-for-sale securities           | (93,384)                     | (623)               | (94,007)          | (286,078)                  | (14,672)            | (300,750)         |
| <b>Total investments</b>  | <b>17,289,995</b>            | <b>19,520,690</b>   | <b>36,810,685</b> | <b>22,110,368</b>          | <b>13,967,322</b>   | <b>36,077,690</b> |

| 8.2 Particulars of provision   | Unaudited                    |                   |
|--|------------------------------|-------------------|
|  | March 31, 2012               | December 31, 2011 |
|  | ----- (Rupees in '000) ----- |                   |
| Opening balance  | 861,056                      | 400,060           |
| Provision against investments of subsidiary at the date of acquisition | -                            | 597,647           |
| Charge for the period  | (6,250)                      | 115,658           |
| Reversal during the period   | (6,250)                      | (136,651)         |
| Reversal of provisions on disposal                                     | (3,435)                      | -                 |
| Closing balance  | <b>851,371</b>               | 861,056           |

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|  | Unaudited<br>March 31,<br>2012 | December 31,<br>2011 |
|--|--------------------------------|----------------------|
| Note   | ----- (Rupees in '000) -----   |                      |
| <b>8.3 Particulars of provision in respect of type and segment</b> |                                |                      |
| Available-for-sale securities                                      |                                |                      |
| Ordinary shares of listed companies                                | 281,740                        | 285,175              |
| Ordinary shares of unlisted companies                              | 4,210                          | 4,210                |
| Mutual Fund units  | 337,527                        | 337,527              |
| Term Finance Certificates - unlisted                               | 77,894                         | 84,144               |
| Sukuk Bonds  | 150,000                        | 150,000              |
|  | <u>851,371</u>                 | <u>861,056</u>       |
| <b>9. ADVANCES</b>   |                                |                      |
|  |                                | <b>Restated</b>      |
| Loans, cash credits, running finances, etc. - in Pakistan          |                                |                      |
| In Pakistan  | 65,135,986                     | 65,058,030           |
| Outside Pakistan   | -                              | -                    |
| Net investment in finance lease - in Pakistan                      | 342,410                        | 372,747              |
| Bills discounted and purchased (excluding Treasury Bills)          |                                |                      |
| Payable in Pakistan  | 2,441,671                      | 2,208,614            |
| Payable outside Pakistan   | 1,461,322                      | 741,682              |
|  | <u>3,902,993</u>               | <u>2,950,296</u>     |
| Advances - gross   | 69,381,389                     | 68,381,073           |
| Provision against non-performing advances                          | (12,227,900)                   | (12,381,409)         |
| Advances - net of provision  | <u>57,153,489</u>              | <u>55,999,664</u>    |
|  | <b>Unaudited</b>               | <b>December 31,</b>  |
|  | <b>March 31,</b>               | <b>2011</b>          |
|  | ----- (Rupees in '000) -----   |                      |
| <b>9.1 Particulars of advances</b>                                 |                                |                      |
| <b>9.1.1</b> In local currency                                     | 67,791,713                     | 68,256,162           |
| In foreign currencies  | 1,589,676                      | 124,911              |
|  | <u>69,381,389</u>              | <u>68,381,073</u>    |
| <b>9.1.2</b> Short-term (upto one year)                            | 57,986,295                     | 60,647,946           |
| Long-term (over one year)  | 11,395,094                     | 7,733,127            |
|  | <u>69,381,389</u>              | <u>68,381,073</u>    |

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

**9.2 Net investment in finance lease - in Pakistan**

|   | Unaudited March 31, 2012 |   |                 | December 31, 2011 |                         |   |                 |          |
|---|--------------------------|---|-----------------|-------------------|-------------------------|---|-----------------|----------|
|   | Not later than one year  | Later than one and less than five years | Over five years | Total             | Not later than one year | Later than one and less than five years | Over five years | Total    |
|   | (Rupees in '000)         |   |                 |                   |                         |   |                 |          |
| Lease rentals receivable                | 97,214                   | 223,655                                 | -               | 320,869           | 118,440                 | 235,962                                 | -               | 354,402  |
| Residual value                          | 57,992                   | 21,368                                  | -               | 79,360            | 69,004                  | 15,492                                  | -               | 84,496   |
| Minimum lease payments                  | 155,206                  | 245,023                                 | -               | 400,229           | 187,444                 | 251,454                                 | -               | 438,898  |
| Financial charges for future periods    | (12,149)                 | (45,670)                                | -               | (57,819)          | (13,243)                | (52,908)                                | -               | (66,151) |
| Present value of minimum lease payments | 143,057                  | 199,353                                 | -               | 342,410           | 174,201                 | 198,546                                 | -               | 372,747  |

9.3 Advances include Rs.22,164.872 million (December 31, 2011: Rs.23,964.013 million) which have been placed under non-performing status as detailed below:

| Category of classification | Unaudited March 31, 2012 |                    |                | Restated December 31, 2011 |                    |                |
|----------------------------|--------------------------|--------------------|----------------|----------------------------|--------------------|----------------|
|                            | Classified advances      | Provision required | Provision held | Classified advances        | Provision required | Provision held |
|                            | (Rupees in '000)         |                    |                |                            |                    |                |
| Substandard                | 1,070,156                | 633,010            | 633,010        | 3,520,410                  | 760,341            | 760,341        |
| Doubtful                   | 3,753,106                | 1,330,403          | 1,330,403      | 3,986,610                  | 1,179,640          | 1,179,640      |
| Loss                       | 17,341,610               | 10,263,305         | 10,263,305     | 16,456,993                 | 10,440,195         | 10,440,195     |
|                            | 22,164,872               | 12,226,718         | 12,226,718     | 23,964,013                 | 12,380,176         | 12,380,176     |

**9.3.1 Particulars of provision against non-performing advances**

|  | Unaudited March 31, 2012 |         |            | Restated December 31, 2011 |         |             |
|--|--------------------------|---------|------------|----------------------------|---------|-------------|
|  | Specific                 | General | Total      | Specific                   | General | Total       |
|  | (Rupees in '000)         |         |            |                            |         |             |
| Opening balance  | 12,380,176               | 1,233   | 12,381,409 | 5,719,514                  | 4,430   | 5,723,944   |
| Provision against non-performing advances of subsidiary at the date of acquisition | -                        | -       | -          | 6,092,489                  | 570     | 6,093,059   |
| Charge for the period  | 461,909                  | -       | 461,909    | 2,855,538                  | -       | 2,855,538   |
| Reversals  | (604,111)                | (51)    | (604,162)  | (2,214,672)                | (3,767) | (2,218,439) |
|  | (142,202)                | (51)    | (142,253)  | 640,866                    | (3,767) | 637,099     |
| Amount written off   | (11,256)                 | -       | (11,256)   | (72,693)                   | -       | (72,693)    |
| Closing balance  | 12,226,718               | 1,182   | 12,227,900 | 12,380,176                 | 1,233   | 12,381,409  |

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

**9.3.2 Particulars of provision against non-performing advances**

|                       | Unaudited March 31, 2012     |              |                   | Restated December 31, 2011 |         |            |
|-----------------------|------------------------------|--------------|-------------------|----------------------------|---------|------------|
|                       | Specific                     | General      | Total             | Specific                   | General | Total      |
|                       | ----- (Rupees in '000) ----- |              |                   |                            |         |            |
| In local currency     | 12,226,718                   | 1,182        | 12,227,852        | 12,380,176                 | 1,233   | 12,381,409 |
| In foreign currencies | -                            | -            | -                 | -                          | -       | -          |
|                       | <b>12,226,718</b>            | <b>1,182</b> | <b>12,227,852</b> | 12,380,176                 | 1,233   | 12,381,409 |

**9.3.3** Consistent with prior years, the Group has availed the benefit of Forced Sale Value (FSV) and exemptions of pledged stocks, mortgaged residential and commercial properties (land and building only) held as collateral against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Group, the specific provision against non-performing advances would have been higher by Rs.8,167 million (December 31, 2011: Rs.8,653 million). Further, the Group has also availed the benefit of certain exemption from Prudential Regulation requiring provision against non performing loans which are given by the State Bank of Pakistan.

The FSV and exemptions benefits recognised will not be available for the distribution of cash and stock dividend to shareholders.

|   | Unaudited                    | December 31, |
|---|------------------------------|--------------|
|   | March 31,<br>2012            | 2011         |
|   | ----- (Rupees in '000) ----- |              |
| <b>9.4 Particulars of write offs</b>        |                              |              |
| <b>9.4.1</b> Against provisions             | 11,256                       | 72,693       |
| Directly charged to profit and loss account | 39,511                       | -            |
|   | <b>50,767</b>                | 72,693       |

**10 OPERATING FIXED ASSETS - at cost**
**10.1 Additions**

|   |        |        |
|---|--------|--------|
| Leasehold improvements                    | 39,602 | 19,171 |
| Electrical, office and computer equipment | 38,309 | 4,804  |
| Furniture and fixtures                    | 15,266 | 1,023  |
| Computer software                         | -      | 3,933  |
| Vehicles                                  | -      | 1,934  |

**10.2 Deletions**

|   |       |        |
|---|-------|--------|
| Leasehold improvements                    | 4,198 | -      |
| Electrical, office and computer equipment | 2,527 | 15,978 |
| Furniture and fixtures                    | 1,486 | -      |
| Vehicles                                  | 8,047 | 860    |

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

| Unaudited<br>March 31,<br>2012 | Restated<br>December 31,<br>2011 |
|--------------------------------|----------------------------------|
| ----- (Rupees in '000) -----   |                                  |

**11 DEFERRED TAX ASSETS - net**
**Deferred debits arising in respect of:**

|  |                  |           |
|--|------------------|-----------|
| Deficit on revaluation of available for sale securities          | 64,297           | 77,644    |
| Deficit on revaluation of held to maturity                       | 19,855           | 19,855    |
| Provision against non performing loans                           | 2,292,047        | 2,357,247 |
| Provision for gratuity   | 39,972           | 36,918    |
| Provision for compensated absences                               | 49,781           | 42,994    |
| Provision against other assets                                   | 54,045           | 45,821    |
| Unused tax losses  | 4,072,619        | 4,074,406 |
| Provision for impairment losses                                  | 297,980          | 301,370   |
| Unrealised loss on revaluation of investments - held-for-trading | -                | 1,868     |
|  | <b>6,890,596</b> | 6,958,123 |

**Deferred credits arising in respect of:**

|  |                  |           |
|--|------------------|-----------|
| Surplus on revaluation of fixed assets                           | (108,065)        | (107,857) |
| Difference between accounting and tax written down values        | (610,015)        | (600,608) |
| Unrealised gain on revaluation of investments - held-for-trading | (620)            | -         |
|  | <b>(718,700)</b> | (708,465) |
|  | <b>6,171,896</b> | 6,249,658 |

- 11.1** As at March 31, 2012, the Group has a deferred tax asset on provision against non performing loans amounting to Rs 3,274.353 (December 31, 2011: Rs. 3,367.496) million. However, the management has recognised the above benefit only to the extent of Rs. 2,292.047 (December 31, 2011: Rs. 2,357.247) million based on the absorption / admissibility of the provision against non-performing loans under the relevant tax laws during the forecast period.
- 11.2** The Group has an aggregate amount of deferred tax asset of Rs. 6,171.896 million which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Group would be able to set off the profits earned in those years against losses carried forward and other taxable temporary differences relating to prior years. The management of the Group has prepared an eight year business plan which has been approved by the Board of Directors of the Group. The business plan involves certain key assumptions underlying the estimation of future taxable profits projected in the plan. The determination of future profits is most sensitive to certain key assumptions such as cost to income ratio of the Group, deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan, etc. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Group will be able to achieve the profits projected in the business plan and consequently the deferred tax asset will be fully realised in the future.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|   | Unaudited<br>March 31,<br>2012 | December 31,<br>2011 |
|---|--------------------------------|----------------------|
|   | ----- (Rupees in '000) -----   |                      |
| <b>12. DEPOSITS AND OTHER ACCOUNTS</b>  |                                |                      |
| <b>Customers</b>  |                                |                      |
| Fixed deposits  | 12,797,682                     | 34,705,837           |
| Savings deposits  | 36,690,769                     | 24,906,334           |
| Current accounts - non-remunerative   | 24,826,934                     | 13,031,012           |
| Margin accounts   | 1,919,842                      | 1,680,617            |
|   | <b>76,235,227</b>              | 74,323,800           |
| <b>Financial institutions</b>   |                                |                      |
| Non-remunerative deposits   | 83,116                         | 70,784               |
| Remunerative deposits   | 9,365,317                      | 15,220,154           |
|   | <b>9,448,433</b>               | 15,290,938           |
|   | <b>85,683,660</b>              | 89,614,738           |
| <b>12.1 Particulars of deposits</b>   |                                |                      |
| In local currency   | 81,405,124                     | 85,634,178           |
| In foreign currencies   | 4,278,536                      | 3,980,560            |
|   | <b>85,683,660</b>              | 89,614,738           |
| <b>13. CONTINGENCIES AND COMMITMENTS</b>  |                                |                      |
| <b>13.1 Direct credit substitutes</b>   |                                |                      |
| Including guarantees and standby letters of credit serving as financial guarantees for loans and securities                   |                                |                      |
| Government  | 669,066                        | 668,995              |
| Financial institutions  | 400,000                        | 400,000              |
| Others  | 27,198                         | 287,983              |
|   | <b>1,096,265</b>               | 1,356,978            |
| <b>13.2 Transaction-related contingent liabilities / commitments / guarantees issued favouring</b>                            |                                |                      |
| Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit favouring: |                                |                      |
| Government  | 9,265,579                      | 8,675,547            |
| Banking companies and other financial institutions  | 6,708                          | 4,290                |
| Others  | 1,052,910                      | 1,083,355            |
|   | <b>10,325,197</b>              | 9,763,192            |

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
 FOR THE PERIOD ENDED MARCH 31, 2012

|   | Unaudited<br>March 31,<br>2012<br>----- (Rupees in '000) ----- | December 31,<br>2011 |
|---|--|----------------------|
| <b>13.3 Trade-related contingent liabilities</b>                                |  |                      |
| Letters of credit   | 6,992,112  | 6,996,529            |
| Acceptances   | 1,556,520  | 1,534,857            |
|   | 8,548,632  | 8,531,386            |
| <b>13.4 Other contingencies - claims against Bank not acknowledged as debts</b> | 2,773,833  | 2,773,833            |
| <b>13.5 Contingent asset</b>  |  |                      |
| There was no contingent asset as at March 31, 2012 (December 31, 2011: Nil).    |  |                      |
| <b>13.6 Commitments in respect of forward lending</b>                           |  |                      |
| Forward documentary bills   | 2,773,637  | 2,462,779            |
| Commitments to extend credit  | 8,283,896  | 11,381,725           |
|   | 11,057,533   | 13,844,504           |
| <b>13.7 Commitments in respect of forward exchange contracts</b>                |  |                      |
| Purchase  | 5,645,825  | 5,487,145            |
| Sale  | 4,958,595  | 4,214,578            |
|   | 10,604,420   | 9,701,723            |
| <b>13.8 Commitments for capital expenditure</b>                                 |  |                      |
| Civil works (at branches)   | 24,920   | 24,920               |
| <b>13.9 Commitments in respect of purchase of rupee traveller cheques</b>       | 1,210  | 1,210                |
| <b>13.10 Taxation</b>   |  |                      |

In respect of the assessment years 1997-1998 to 2002-2003 and tax year 2003, the taxation authorities apportioned / allocated administrative and financial charges against exempt income for the said years. The Group preferred an appeal against the said action of the authorities before the Commissioner Inland Revenue (Appeals) [CIR(A)] who decided the issue in favour of the Group. However, the department filed an appeal against the said order before the Appellate Tribunal Inland Revenue (ATIR), Karachi which through a Larger Bench disapproved the formula of apportionment of expenses between exempt capital gain and other taxable income and set aside the assessment with the direction to the assessing officer to allow expenses against exempt income by identifying their nature and relation amongst the various sources of income. The Group contends that the jurisdiction of Larger Bench was limited only to answer a legal question related to apportionment of administrative expenses and that it could not include the financial charges as well while deciding the matter.

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

The revised assessments have not been made by the tax department and, accordingly, no tax liability in respect thereof exists at the statement of financial position date nor an estimate could be made of the liability that may result from the unfavourable outcome of the matter.

Based on the opinion of the legal counsel of the Group and considering the latest judgment of the Honourable Lahore High Court in a similar case, the management believes that the outcome of the above pending assessments would be favourable. Hence, no provision has been made in respect of the above in these consolidated condensed interim financial statements.

In respect of the tax assessments of ATBL relating to tax years 2003 to 2005 and 2008, various disallowances have been made by assessing officer including provision against non-performing advances, leasing losses, allocation of expenses against exempt income and amortisation of intangibles and deferred cost. In relation to tax year 2003, the Group filed an appeal before ATIR in respect of disallowances of provision for non-performing advances who confirmed the order of CIR(A) against the Group. Further, the department has filed tax references before the Honourable High Court of Sindh. In respect of tax years 2004, 2005 and 2008 the Group has filed appeals before CIR(A) in respect of aforesaid issue. In respect of tax year 2004 the CIR(A) has confirmed the order of the officer and the Group has preferred an appeal before ATIR. The above matters may result in reduction of claimed tax losses and have an aggregate tax impact of Rs.238.72 million. The management of the Group is confident about the favourable outcome of the appeals and, hence, no adjustment with regard to the above matters has been made in the consolidated condensed interim financial statements.

For assessment of MBL in respect of tax years 2006, 2007, 2008 and 2009, the Taxation Officer has amended the deemed assessment under Section 122(5A) of the Income Tax Ordinance, 2001 by making various disallowances, out of which an amount of Rs.230.131 million has not been provided for in the books of account for the reason that the disallowances are based on issues which have already been decided at the higher appellate forums in Group's favour. The Group's appeal contesting the settled issues is awaiting disposal before the CIR(A) except in respect of the tax year 2006 wherein relief allowed on some issues has been remanded back and few disallowances made has been maintained against which second appeal before the ATIR has been preferred. Hence, the disallowances are likely to be decided as per higher appellate forums favouring Group not requiring further tax provision.

With respect to the assessment of MBL in respect of tax years 2004 and 2005, CIR(A) has maintained the disallowances made by Taxation Officer having an aggregate amount of Rs.29.657 million. No provision has been made against the same for the reason that this relates to settled issues decided in Group's favour by higher appellate forums. The Group has preferred an appeal before the ATIR, where the matter is awaiting hearing.

With respect to the assessment of MBL for tax year 2003, the Group filed an appeal against the order of ATIR before the Honourable High Court of Sindh (the Court) in Karachi. The Court, after hearing the case, vacated the order and remanded the case back to the Taxation Officer for re-adjudication of the issues strictly as per law. The Taxation Officer passed a new order ignoring the clear direction of the Court against which the Group has filed an appeal which is presently awaiting hearing before the ATIR. The tax involved in appeal amounts to Rs.36.220 million which relates to a previously settled issue in Group's favour and, hence, no provision has been made on this account.

### 13.11 Other Contingencies

In the year 2004, forward sale of Pakistan Investment Bonds (PIB's) with face value of Rs.250 million was entered into with Speedway Fondmetall (Private) Limited (Speedway). The deal was not honoured by Speedway on the due date and the contract was rolled over subject to receipt of Rs.6 million and mortgage of properties. Consequent upon the failure by Speedway to honour the terms of the contract, the Group served a final notice intimating to settle the deal within stipulated time otherwise the Group would liquidate the deal, and claim the loss on deal by taking legal recourse. In response, Speedway filed a suit against the Group and obtained stay order from Honorable High Court of Sindh (the Court) against the sale of PIB's which was vacated by the Court during the year 2005.



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
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The Group started proceedings during the financial year 2006 to recover the loss on the deal by disposing off the mortgaged properties. However, Speedway filed another suit and obtained stay order from the Court against the sale of the properties mortgaged with the Group, which was also dismissed as withdrawn by Speedway. Speedway filed third suit in the Grouping Court No.2 against publication by which the mortgage properties were put to sale. The Group has also filed recovery suit against Speedway in the Court. Subsequently, the Group moved an application for transfer of the suit filed by Speedway in Grouping Court No. 2 to the Court, so that the two suits are heard together in the apex Court.

During the financial year 2007, the Court passed a decree in Group's favour for Rs.25.697 million with mark-up at the rate of 20 percent per annum from the date of filing of the suit till its realisation. The Group has filed an execution application in the Court. In this regard, provision of Rs.10.915 million has been kept in the consolidated condensed interim financial statements as a matter of prudence against the claim receivable.

|   | <b>Unaudited<br/>March 31,<br/>2012</b> | <b>Unaudited<br/>March 31,<br/>2011</b> |
|---|---|---|
|   | ----- (Rupees in '000) -----            |   |
| <b>14. LOSS PER SHARE - BASIC AND DILUTED</b> |   |   |
| Loss for the period                           | <u>(561,790)</u>                        | <u>(485,929)</u>                        |
|   | ----- (Number of shares) -----          |   |
| Weighted average number of Ordinary shares    | <u>1,077,979,582</u>                    | <u>725,065,982</u>                      |
|   | ----- (Rupees) -----                    |   |
| Loss per share - Basic and diluted            | <u>(0.52)</u>                           | <u>(0.67)</u>                           |

|                                       | <b>Unaudited<br/>March 31,<br/>2012</b> | <b>December 31,<br/>2011</b> |
|---------------------------------------|---|------------------------------|
|                                       | ----- (Rupees in '000) -----            |                              |
| <b>15. CASH AND CASH EQUIVALENTS</b>  |   |                              |
| Cash and balances with treasury banks | 5,549,463                               | 6,117,986                    |
| Balances with other banks             | 1,404,716                               | 1,426,353                    |
| Overdrawn nostro accounts             | <u>(31,134)</u>                         | <u>(39,657)</u>              |
|                                       | <u>6,923,045</u>                        | <u>7,504,682</u>             |

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2012

### 16. RELATED PARTY TRANSACTIONS

Group has related party transactions with its associates, parent company, subsidiary companies, employee benefit plans and its directors and executive officers (including their associates). Details of transactions with the related parties, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

|  | Key management personnel | Directors | Parent company | Associates / other related parties | Key management personnel | Directors | Parent company | Associates / other related parties |
|--|--------------------------|-----------|----------------|------------------------------------|--------------------------|-----------|----------------|------------------------------------|
|  | Unaudited March 31, 2012 |           |                |                                    | December 31, 2011        |           |                |                                    |
|  | (Rupees in '000)         |           |                |                                    | (Rupees in '000)         |           |                |                                    |
| <b>Advances</b>                                |                          |           |                |                                    |                          |           |                |                                    |
| Balance at beginning of the period             | 91,933                   | -         | -              | 41,699                             | 66,206                   | -         | -              | 41,699                             |
| Sanctioned / granted during the period         | 1,369                    | -         | -              | 216,709                            | 40,028                   | -         | -              | 216,709                            |
| Payment received during the period             | (7,932)                  | -         | -              | (246,260)                          | (14,301)                 | -         | -              | (246,260)                          |
| Balance at end of the period                   | 85,370                   | -         | -              | 12,148                             | 91,933                   | -         | -              | 12,148                             |
| <b>Deposits</b>                                |                          |           |                |                                    |                          |           |                |                                    |
| Balance at beginning of the period             | 7,576                    | 67,668    | -              | 204,666                            | 5,972                    | 71,770    | -              | 204,666                            |
| Deposits during the period                     | 33,841                   | 141,459   | -              | 3,390,245                          | 287,273                  | 280,430   | -              | 3,390,245                          |
| Withdrawal during the period                   | (33,756)                 | (152,602) | -              | (3,547,343)                        | (285,669)                | (284,532) | -              | (3,547,343)                        |
| Balance at end of the period                   | 7,660                    | 56,524    | -              | 47,568                             | 7,576                    | 67,668    | -              | 47,568                             |
| <b>Investment in shares / TFC's</b>            |                          |           |                |                                    |                          |           |                |                                    |
| Summit Capital (Private) Limited               | -                        | -         | -              | 396,942                            | -                        | -         | -              | -                                  |
| Subscription of right shares                   | -                        | -         | -              | 856,457                            | -                        | -         | 856,457        | -                                  |
| Purchase of Investments                        | -                        | -         | -              | 411,289                            | -                        | -         | -              | 373,899                            |
| Disposal of investment                         | -                        | -         | -              | 343,754                            | -                        | -         | -              | 312,504                            |
| Maturity of investment                         | -                        | -         | -              | 6,789                              | -                        | -         | -              | 6,172                              |
| Guarantees, letters of credits and acceptances | -                        | -         | -              | 151,553                            | -                        | -         | -              | 27,934                             |
| Contribution paid to the provident fund        | -                        | -         | -              | 37,664                             | -                        | -         | -              | 37,664                             |
| Contribution paid to the gratuity fund         | -                        | -         | -              | -                                  | -                        | -         | -              | -                                  |
| Other receivable                               | -                        | -         | 27,000         | 11                                 | -                        | -         | 27,000         | 11                                 |
| Other payable                                  | -                        | -         | -              | 1,192                              | -                        | -         | -              | 1,192                              |
| Mark-up payable                                | 75                       | -         | -              | 233                                | 22                       | -         | -              | 353                                |
| Mark-up receivable                             | -                        | -         | -              | 322                                | -                        | -         | -              | 527                                |
|  | Unaudited March 31, 2012 |           |                |                                    | Unaudited March 31, 2011 |           |                |                                    |
|  | (Rupees in '000)         |           |                |                                    | (Rupees in '000)         |           |                |                                    |
| <b>Profit / expense for the period</b>         |                          |           |                |                                    |                          |           |                |                                    |
| Brokerage expenses paid - equity securities    | -                        | -         | -              | -                                  | -                        | -         | -              | -                                  |
| Capital gain / (loss)                          | -                        | -         | -              | 18,569                             | -                        | -         | -              | 16,881                             |
| Dividend income                                | -                        | -         | -              | 8,694                              | -                        | -         | -              | 7,904                              |
| Mark-up earned                                 | 1,198                    | -         | -              | 322                                | 3,146                    | -         | -              | 1,663                              |
| Mark-up expensed                               | 176                      | 3,216     | -              | 513                                | 1,292                    | 3,213     | -              | 11,003                             |
| Mark-up paid                                   | 101                      | 3,216     | -              | 280                                | 1,271                    | 3,213     | -              | 10,650                             |

### 17. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on June 20, 2012 by the Board of Directors of the Group.

### 18. GENERAL

**18.1** Figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation.

**18.2** The figures in the consolidated condensed interim financial statements have been rounded off to the nearest thousand.

President &  
Chief Executive

Director

Director

Director

## BRANCH NETWORK

### KARACHI

#### I. I. Chundrigar Road Branch

Uni Towers, I.I. Chundrigar Road - Karachi  
Tel: 021-32466410-413  
Fax: 021-32466500

#### Ranchore Line Branch

R.C. 11, Old Survey # E-7/143, Ranchore Line, New Lakhpati Hotel-Karachi.  
Tel: 021-32767234-5  
Fax: 021-32767236

#### Karachi Stock Exchange Branch

Office No. 52, 52-A, 52-B, (1st Floor) KSE Building-Karachi  
Tel: 021-32462850,021-32462844-9  
Fax: 021-32462843

#### Atrium Mall Branch

Shop No. 6 and 21 Ground floor, Plot No. 249, Atrium Mall, Staff Lines, Zaibunissa Street, Saddar - Karachi  
Tel: 021-35641000-5  
Fax: 021-35641008

#### Bahadurabad Branch

Plot # C-23, Shop # 1&2 Block-3, BMC Commercial Area Bahadurabad - Karachi.  
Tel: 021-34913447 -49  
Fax: 021-34913453

#### Soldier Bazar Branch

Shop # 4,5 & 6, Plot No 14, Survey # 13-B-2, Soldier Bazar Quarters-Karachi.  
Tel: 021-32231559-60  
Fax: 021-32231556

#### Gulshan-e-Iqbal Branch

Ground Floor, Hasan Center, Block-16, Main University Road - Karachi.  
Tel: 021-34829024-27  
Fax: 021-34829023

#### Gulistan-e-Jauhar Branch

Plot # 118/A-B, Shop # 02,03,04 Ground Floor Ruffi Paradise Block-18 Gulistan-e-Jauhar - Karachi  
Tel: 021-34621281-3  
Fax: 021-34621285

#### Adamjee Nagar Branch

115-A/Z, Block 7/8, Tipu sultan Road - Karachi.  
Tel: 021-"34312984-9"  
Fax: 021-34312980

#### Manzoor Colony Branch

Plot No. 23, Sector I, Street No. 02, Manzoor Colony, Jamshed Town - Karachi  
Tel: 021-35393829-31  
Fax: 021-35393832

#### Korangi Industrial Area Branch

33/1, Sector-15, Korangi Industrial Area, Karachi  
Tel: 021-35114290, 35121294, 35122231-32  
Fax: 021-35114282

#### Jami Commercial, DHA Branch

64 C, Jami Commercial Phase VII, 7th Street, DHA - Karachi.  
Tel: 021-35316200-07  
Fax: 021-35316199

#### Dolmen City Branch

Ground Floor Harbor Front, Triangular Towers, Dolmen City Marine Drive Phase IV, Clifton - Karachi.  
Tel: 021-35297611-15  
Fax: 021-35297610

#### Hyderi Branch

D-10 Block-F, North Nazimabad, Hyderi - Karachi.  
Tel: 021-36724992-4  
Fax: 021-36724972

#### Karimabad Branch

Plot No BS-16, Block 1, FB Area, Karimabad-Karachi  
Tel: 021- 36826646-47-48  
Fax: 021-36826649

#### M. A. Jinnah Road Branch

Mezzanine & Ground Floor, Plot Survey # 19, Street # R.B.6. Shop # 3,4, Ram Bagh Quarters 166 M.A. Jinnah Road - Karachi  
Tel: 021- 32218395, 32218409, 32218428  
Fax: 021-32218376

#### Abdullah Haroon Road Sub-Branch

Shop No 1 & 2, Plot # 19, Ghafoor Chambers, Preedy Quarters, Saddar - Karachi.  
Tel: 021-32711614-7  
Fax: 021-32716113

#### Jodia Bazar Branch

A/25/28 Darayalal Street, Jodia Bazar - Karachi.  
Tel: 021-32500121-5  
Fax: 021-32500128

#### Khayaban-e-Shahbaz Branch

Plot No. 21-C Khayaban-e-Shahbaz, Phase VI, DHA - Karachi.  
Tel: 021-35344952 & 35344957  
Fax: 021-35344942

#### Saeedabad Branch

Plot # 1004/1 & 1004-A/1 (5G/102-A & 5G/012-A/2), Saeedabad, Baldia, Mahajir Camp - Karachi.  
Tel: 021-32815092-94  
Fax: 021-32815096

#### Burns Road Branch

Plot No. 55-A, Survey Sheet A.M., Artillery Maidan Quarters (Burns Road) - Karachi.  
Tel: 021-32215174-75  
Fax: 021-32215289

#### Cloth Market Branch (2)

41, Saleh Muhammad Street, Cloth Market - Karachi.  
Tel: 021-32461601-03  
Fax: 021-32461604

#### Truck Stand Branch

Truck Stand, K-28, Hawksbay Road, Trans Lyari-Karachi.  
Tel: 021-35428829 & 30  
Fax: 021-37671962

#### Shahra-e-Faisal Branch

44/A-Nice Trade Orbit, Shop 8, Blk-6, PECHS, Shahra-e-Faisal - Karachi.  
Tel: 021-34328426-7  
Fax: 021-34386180

**BRANCH NETWORK**
**Shershah Branch**

Plot # D-175, Industrial Trading Estate Area, Trans Lyari Qtrrs, Shershah - Karachi  
Tel: 021-32588191-193  
Fax: 021-32588195

**Nazimabad(Gole Market) Branch**

Plot # 7, Sub Block 'E', in Block # III (III-E-7), Nazimabad (Gole Market) - Karachi  
Tel: 021-36620261-63  
Fax: 021-36620264

**Khayaban-e-Tanzeem Branch**

C 4-C, Tauheed Commercial, Khayaban-e-Tanzeem, Phase-5, DHA - Karachi.  
Tel: 021-35869147-35869207-35871640  
Fax: 021-35869342

**Zaibunnisa Street Branch**

B-6/16-A, Sadar Bazar Quarters, Zaibun Nisa Street - Karachi.  
Tel: 021-35210084,35660613, 35660611,35215033  
Fax: 021-35224762

**Clifton Branch**

Pearl Heaven Apartments, Khayaban-e-Roomi, Block No-5, Clifton - Karachi.  
Tel: 021-35823469, 35824171,35823619, 35824180  
Fax: 021-35821463

**DHA Phase IV Branch**

Plot # 129, 9th Commercial Street, Phase IV, DHA - Karachi  
Tel: 21-35313068-70  
Fax: 21-35313071

**Jodia Bazar Branch**

Ram Bharti Street, Ismail Trade Centre - Karachi  
Tel: 021-32437991-3 - 32471120  
Fax: 021-32437994

**North Napier Road Branch**

18-19, North Napier Road - Karachi.  
Tel: 021-32766477 & 32766755  
Fax: 021-32766487

**New Challi Branch**

Ground Floor, Trade Tower, Altaf Hussain Road, New Challi - Karachi  
Tel: 021-32422071,32422027, 32422096, 32422069  
Fax: 021-32422051

**Paper Market Branch**

Al-Abbas Centre, Paper Market, Shahrah-e-Liaquat - Karachi.  
Tel: 021-32639671-2  
Fax: 021-32639670

**Abdullah Haroon Road Branch**

282/3, Abdullah Haroon Road, Area, Saddar - Karachi.  
Tel: 021-35685269, 35685393,35685940  
Fax: 021-35683991

**Water Pump Branch**

Lateef Square. Block-16, Federal 'B' Area, Main Water Pump Market - Karachi  
Tel: 021-36321387, 36314817  
Fax: 021-36314848

**Bahadur Shah Center Branch**

Bahadur Shah Center, Urdu Bazar, Off: M.A. Jinnah Road - Karachi.  
Tel: 021-32768547, 32768559  
Fax: 021-32765083

**I. I. Chundrigar Road Branch**

5-Business & Finance Centre, Opp: State Bank of Pakistan - Karachi.  
Tel: 021-32438212, 32472176, 32471796  
Fax: 021-32438218

**North Karachi Industrial Area Branch**

Plot No. R-14, Gabol Town, North Karachi Industrial Area - Karachi.  
Tel: 021-32015919 -20 , 36995925  
Fax: 021-36975919

**Garden East Branch**

Shop No. 4,5 & 6, Jumani Centre Plot No. 177-B, Garden East - Karachi  
Tel: 021-32243311-13  
Fax: 021-32243314

**S.I.T.E. Branch**

B/9-B/3, Near Metro Chowrangi S.I.T.E., Area - Karachi.  
Tel: 021-32586801-4, 32587166-8  
Fax: 021-32586806

**Plaza Quarters Branch**

Al-Shafi Building Noman Street, Off: M.A. Jinnah Road - Karachi  
Tel: 021-32771515-16-18  
Fax: 021-32771517

**Muhammad Ali Society Branch**

Plot# 4-C Commercial Area Muhammad Ali Co-Operative Housing Society - Karachi.  
Tel: 021-34168036-37  
Fax: 021-34186045

**Timber Market Branch**

Siddique Wahab Road, Timber Market - Karachi.  
Tel: 021-32732729, 32766995  
Fax: 021-32733214

**Gulshan-e-Iqbal Branch**

B-44, Block 13/A, Main University Road, Gulshan-e-Iqbal - Karachi.  
Tel: 021-34987688, 34987739-40  
Fax: 021-34987689

**Tariq Road Branch**

C-51, Central Commercial Area, Near KFC Tariq Road, P.E.C.H.S. - Karachi.  
Tel: 021-34556486, 34556682  
Fax: 021-34555478

**Barkat-e- Hyderi Branch**

Almas Square, Block-G, North Nazimabad - Karachi.  
Tel: 021-36628931, 36706896-7  
Fax: 021-36723165

**Shahrah-e-Faisal Branch**

Business Avenue Block-6, P.E.C.H.S. - Karachi.  
Tel: 021-34386417-18  
Fax: 021-34531819

**Defence Branch**

55-C, Phase-II, D.H.A, Opp Toyota Motors, Main Korangi Road - Karachi.  
Tel: 021-35387809-35396263 - 35312592  
Fax: 021-35387810

**BRANCH NETWORK**
**Badar Commercial Branch**

Plot No. 41-C, Badar Commercial,  
Street No. 10, Phase-V Extension, DHA  
- Karachi  
Tel: 021-35348501, 35348502,  
35348503  
Fax: 021-35348504

**Steel Market Branch**

Ground Floor, Shop #. G-13, 14, 32, 33  
Steel Market, Ranchorelines Quarters -  
Karachi  
Tel: 021-32763001-07  
Fax: 021-32462550

**Gulistan-e-Jauhar Branch**

Shop No. 5,6,7 & Office No. D-2,  
Farhan Centre Block No. 1. Gulistan-e-  
Jauhar - Karachi  
Tel: 021-34022259, 34613674,  
34016488-9  
Fax: 021-34022639

**Rizvia Society Branch**

B-12, Rizvia Cooperative Society,  
Nazimabad - Karachi  
Tel: 021-36600956-57  
Fax: 021-36600958

**Jamshed Quarters Branch**

Showroom no. 3 & 4 AB Arcade Plot #.  
714-6-1 Block A, New M.A. Jinnah  
Road - Karachi  
Tel: 021-34860422-23, 34860425  
Fax: 021-34860424

**Dhoraji Branch**

Plot No. 133, Block No. 7 & 8 Dhoraji  
Colony, C.P & Berar Co- operative  
Housing Society - Karachi  
Tel: 021-34860773-75  
Fax: 021-34860772

**DHA Phase I Branch**

101-C, Commercial Area 'B', Phase-1  
DHA - Karachi.  
Tel: 021-  
35314063,35314065,35314067  
Fax: 021-35314070

**NOORIABAD**
**Nooriabad Branch**

Ground Floor, SITE Office Bldg  
Nooriabad, Dist. Jamshoro, Sindh  
Tel: 025-4670433  
Fax: 025-4670434

**HYDERABAD**
**Hyderabad Branch**

41/364, Saddar, Bori Bazar -  
Hyderabad  
Tel: 022-2730911-14  
Fax: 022-2730910

**Latifabad No. 7. Branch**

Latifabad # 7, 5/D Unit # 7 -  
Hyderabad  
Tel: 022-3810524, 3810525  
Fax: 022-3810515

**Market Chowk Branch**

Shop CS # A/2772/2, Ward -A, Market  
Road - Hyderabad  
Tel: 022-2638451-54  
Fax: 022-2638450

**Qasimabad Branch**

Shop No. 23, 24 & 25, Rani Arcade,  
Qasimabad - Hyderabad  
Tel: 022-2650742-43  
Fax: 022-2650745

**MIRPURKHAS**
**Khipro Bus Stand Branch**

Plot # 92-93, Samanabad, Khipro  
District, Ghumanabad Chowk, Khipro  
Bus Stand - Mirpurkhas  
Tel: 0233-876384  
Fax: 0233-875925

**Mirpurkhas Branch**

Plot No : 988 to 991, Umerkot  
Gharibabad - Mirpur Khas  
Tel: 0233- 875115-7  
Fax: 0233-875118

**LAHORE**
**DHA Y Block Branch**

163, Block Y, Phase III, DHA Lahore  
Cantt - Lahore  
Tel: 042-35692531-36  
Fax: 042-3589 4682

**Gulberg Branch**

132-E/1 Main Boulevard,Gulberg-III -  
Lahore  
Tel: 042-35870832-3, 042-35870975-6  
Fax: 042-35870834

**Lahore Stock Exchange Branch**

Office No. 5, LSE Building, 19, Aiwan e  
Iqbal Road - Lahore  
Tel: 042-36280853-56  
Fax: 042-36280851

**Ferozpur Road Branch**

Siza Farmer Factory, Sufiabad,  
Ferozpur Road - Lahore  
Tel: 042-35800092-93 &96  
Fax: 042-35800094

**Multan Road Sub-Branch**

Plot # 9/A, Scheme more Corner,  
Allama Iqbal Town Multan Road -  
Lahore  
Tel: 042-37497451-54  
Fax: 042-37497450

**Circular Road Branch**

Babar Centre, 51, Circular Road -  
Lahore  
Tel: 042-37379371 - 74  
Fax: 042-37379370

**Ichhra More, Ferozpur Road Branch**

House # 146, Muhallah Ferozpur Road,  
Ichhra More - Lahore  
Tel: 042-37572091-93  
Fax: 042-37572089

**Faisal Town Branch**

853/D, Akbar Chowk, Faisal Town -  
Lahore  
Tel: 042-35204101-3  
Fax: 042-35204104

**Azam Cloth Market Branch**

285-286, Punjab Block, Azam Cloth  
Market - Lahore  
Tel: 042-37661686 / 37654320  
/37642344  
Fax: 042-37661863

**Z Block DHA Branch**

323-Z, DHA, Phase-3 - Lahore  
Tel: 042-35693112-15  
Fax: 042-35693117

**New Garden Town Branch**

19-A, Ali Block, New Garden Town -  
Lahore  
Tel: 042-35911361-4  
Fax: 042-35911365

**BRANCH NETWORK**
**Mall Road Branch**

56, Ground Floor, Sh-e-Quaid-e-Azam  
(The Mall) - Lahore  
Tel: 042-36284801-3  
Fax: 042-36284805

**Model Town Branch, Lahore**

14-15, Central Commercial Market,  
Model Town - Lahore  
Tel: 042-35915540-49  
Fax: 042-35915549

**Cantt Branch**

Day building 1482/A, Abdul Rehman  
Road, Lahore Cantt.  
Tel: 042- 36603061-63  
Fax: 042-36603065

**Passco House Branch**

PASSCO House,11, Kashmir Road,  
Adjacent LDA Plaza - Lahore  
Tel: 042-36300670-1  
Fax: 042-36310362

**DHA G Block Branch**

Plot # 13 G, Commercial Zone DHA,  
Phase-I - Lahore  
Tel: 042-35691173-78  
Fax: 042-35691171

**Liberty Market Branch**

26/C, Commercial Zone, Liberty  
Market, Gulberg - Lahore, Lahore.  
Tel: 042-111-692-265, 35717273,  
35763308  
Fax: 042-35763310

**Badami Bagh Branch**

25 - Peco Road Badami Bagh - Lahore  
Tel: 042-37724583, 37720382,  
37705036  
Fax: 042-37730867

**Ravi Road Branch**

Plot # 48-J, Ravi Road - Lahore  
Tel: 042-37722903 - 04  
Fax: 042-37722905

**Shahalam Gate Branch**

12-A, ShahAlam Gate - Lahore  
Tel: 042-37666854 - 57  
Fax: 042-37663488

**Johar Town Branch**

Plot # 85, Block G/1, M.A Johar Town -  
Lahore  
Tel: 042-35291172-74  
Fax: 042-35171047

**Egerton Road Branch**

27-Ajmal House, Egerton Road -  
Lahore  
Tel: 042-36364522, 36364532  
Fax: 042-36364542

**Allama Iqbal Town Branch**

56/12, Karim Block, Allama Iqbal Town  
- Lahore  
Tel: 042-35434160-61,35434163  
Fax: 042-35434164

**Darogawala Branch**

Near Shalimar garden G.T.Road  
Darogawala - Lahore  
Tel: 042-36520681 - 83  
Fax: 042-36520684

**Wahdat Road Branch**

Mauza Ichra, Wahdat Road - Lahore  
Tel: 042-37503001  
Fax: 042-37503004

**Kamahan Branch**

Kamahan, Mauza Jhatool - Lahore  
Tel: 042-35921487  
Fax: 042-35921489

**Samanabad Branch**

Plot No.855,Poonch Road, Samanabad  
- Lahore  
Tel: 042-37568831, 37568844  
Fax: 042-37568854

**Airport Road Branch**

M. M. Arcade, 192-B, New Air Port  
Road - Lahore  
Tel: 042-35700336, 35700338-9  
Fax: 042-35700323

**Booth at Doctor's Hospital**

152-A, G1, Canal Bank, Johar Town -  
Lahore  
Tel: 042-35314640  
Fax: 042-35314642

**Booth at Lahore Medical College**

Lahore Medical & Dental College  
Tulsapura, Canal Bank - Lahore  
Tel: 042-36583305  
Fax: 042-36583305

**ISLAMABAD**
**Super Market Branch**

Plot No. 6B, F-6, Super Market -  
Islamabad  
Tel: 051-2279168-70, 051-2824533-34  
Fax: 051-2279166

**Islamabad Stock Exchange Sub-Branch**

Plot # 109, East F-7/G-7, Jinnah  
Avenue, Blue Area - Islamabad  
Tel: 051-2806281-83  
Fax: 051-2806284

**Bahria Town Branch**

Plot # 3-4, Express Way, Sufiyani Plaza,  
Phase VII, Bahria Town - Islamabad  
Tel: 051- 5707360 – 63 (0345-5078789  
OPS MG)  
Fax: 051-5707358

**F-6 Markaz Branch**

2-Fateh Plaza, Block C, Super Market,  
F-6 Markaz - Islamabad  
Tel: 051-2601701-3  
Fax: 051-2601710

**F-10 Markaz Branch**

Plot No. 08, Maroof Hospital, F-10  
Markaz - Islamabad  
Tel: 051-2222860-62  
Fax: 051-2222863

**F-11 Markaz Branch**

Plot # 29, Select Center, F-11 Markaz -  
Islamabad  
Tel: 051-2228027 – 28  
Fax: 051-2228365

**Blue Area Branch**

20 - Al Asghar Plaza, Blue Area -  
Islamabad  
Tel: 051-111-692-265  
2823204,2872913  
Fax: 051-2274276

## BRANCH NETWORK

### Barah Koh Branch

Murree Road, Tehsil / District - Islamabad  
Tel: 051-2231344, 2233136  
Fax: 051-2231345

### G-11 Markaz Branch

Shop #. 25-34, Plot #. 23, Sajid Sharif plaza, G-11 Markaz - Islamabad  
Tel: 051-2220973-6  
Fax: 051-2220977

### RAWALPINDI

#### Rawalpindi Branch (2)

60, Bank Road - Rawalpindi.  
Tel: 051-5564123, 051-5120778-80  
Fax: 051-5528148

#### Bank Road Branch

Saddar Bazar - Rawalpindi Cantt.  
Tel: 051-5523840-41  
Fax: 051-5523837

#### Raja Bazar Branch

Raja Bazar - Rawalpindi.  
Tel: 051-5534173-5557244  
Fax: 051-5559544

#### Murree Road Branch

DD/29, Shamsabad Murree Rd., Ojri Kalan - Rawalpindi.  
Tel: 051-4854400, 4854401-03  
Fax: 051-4854404

### FAISALABAD

#### Susan Road Branch

Chak No. 213/RB Susan Road - Faisalabad  
Tel: 041-8502367-69  
Fax: 041-8502371

#### Liaquat Road Branch

Liaquat Road, Chak # 212 - Faisalabad  
Tel: 041-2541257-59  
Fax: 041-2541255

#### Kotwali Road Branch

P-12, Kotwali Road - Faisalabad  
Tel: 041-2412151-52-53  
Fax: 041-2412154

### Jail Road Branch

House No. P-62, opposite Punjab Medical College, Jail Road - Faisalabad  
Tel: 041-8813541-43  
Fax: 041-8813544

### Aminpur Bazar Branch

Plot # 183, Street No. 2, Between Aminpur Bazar & Chiniot Bazar, Faisalabad  
PABX No.: 041-2636783 & 2626783  
Fax No.: 041-2611363

### MULTAN

#### Abdali Road Branch

Plot No. 66-A & 66-B/9, Abdali Road - Multan  
Tel: 061-4500108, 4500110, 4500115, 4500116  
Fax: 061-4516762

#### Vehari Road Ghalla Mandi Branch

PU # 2227-A, Shrh Chowk Shah Abbas, Vehari Road - Multan  
Tel: 061-6241015-17  
Fax: 061-6241014

#### Qadafi Chowk Sub-Branch

Plot # 43, Block T, New Multan Road, Qadafi Chowk - Multan  
Tel: 061-6770882-84  
Fax: 061-6770889

#### Hussain Agahi Branch

2576, Hussain Agahi Road - Multan  
Tel: 061-4548083-4583268-4583168  
Fax: 061-4543794

### SUKKUR

#### Sukkur Branch

B - 885, March Bazar - Sukkur  
Tel: 071-5627781  
Fax: 071-5627755

#### Shikarpur Road Branch

Shop # D-195, Ward D, Near A Section Police Station Shikarpur Road - Sukkur.  
Tel: 071-5617142-143-144  
Fax: 071-5617145

### Workshop Road Branch

City Survey #. 3403/2/1 and C.s # 3403/2M/6, Ward-B Tooba Tower Workshop Road - Sukkur  
Tel: 071-5616663, 5616664, 5616582  
Fax: 071-5624317

### GUJRANWALA

#### Wapda Town Branch

Plot # B - III, MM - 53, Hamza Centre, Wapda Town - Gujranwala  
Tel: 055-4800204 - 06  
Fax: 055-4800203

#### GT Road Branch

B/11-57/103, G. T. Road - Gujranwala  
Tel: 055-3842751-3842729  
Fax: 055-3842890

#### Gujranwala Branch

G.T. Rd., Opp. General Bus Stand - Gujranwala.  
Tel: 055-3820401-3  
Fax: 055-3820404

### GUJRAT

#### Gujrat Branch

Main GT Road Tehsil & Distt - Gujrat  
Tel: 053-3517051-054  
Fax: 053-3516756

#### GT Road Branch

Small Estate, G. T. Road (Next to Mybank) - Gujrat  
Tel: 053-3533926 - 3534208 - 3533934  
Fax: 053-3533995

#### Katchery Chowk Branch

Shop #. 1263 & 1270 B-II, Katchery Chowk, Opp. Zahoor Elahi Stadium, Near New Narala Bakers - Gujrat  
Tel: 053-3601021-24  
Fax: 053-525108

### PESHAWAR

#### Deans Trade Center Branch

Deans Trade Centre, Islamia Road - Peshawar  
Tel: 91-5253081-85  
Fax: 91-5253080

## BRANCH NETWORK

### Main University Road Branch

Tehkal Payan, Main University Road - Peshawar  
Tel: 091-5850540-41  
Fax: 091-5850546

### Fruit Market Branch

Near Fruit Market, G.T. Road - Peshawar  
Tel: 091-2260375  
Fax: 091-2260374

### Milad Chowk Branch

Milad Chowk, New Gate - Peshawar  
Tel: 091-2550477, 2550466, 2217131  
Fax: 091-2550488

## QUETTA

### M. A. Jinnah Road Branch

Ground Floor, Malik Plaza, Near Adara-e-Saqafat, M.A. Jinnah Road - Quetta  
Tel: 081-2865590-95  
Fax: 081-2865587

### Fatima Jinnah Road Branch

Plot No. Khasra No.134 & 138, Ward No. 19, Urban # 1, Fatima Jinnah Road - Quetta  
Tel: 081-2301094, 2301095  
Fax: 081-2301096

### Jinnah Road Branch

Regal Chowk, Jinnah Road - Quetta  
Tel: 081-2837028-29  
Fax: 081-2825065

### Liaquat Bazar Branch

Ainuddin Street - Quetta  
Tel: 081-2837300-1  
Fax: 081-2837302

## SADIQABAD

### Sadiqabad Branch

Mozzah Khuda Bux Dehar, Macchi Goth, KLP Road - Sadiqabad  
Tel: 068-5786791-3  
Fax: 068-5786300

## SIALKOT

### Kashmir Road Branch

Block 'A', ZHC, Kashmir Road - Sialkot  
Tel: 052-3573304 to 07 (4 lines)  
Fax: 052-3573310

### Paris Road Branch

B1,16S, 71/A/1, Paris Road - Sialkot  
Tel: 052-4602712-16  
Fax: 052-4598849

### Small Industrial Area Branch

Plot No. 32 / A, S.I.E -1, Small Industrial Estate, UGOKE Road - Sialkot  
Tel: 052-3242690 - 92  
Fax: 052-3242695

## GUJAR KHAN

### Gujar Khan Branch

Hammad Plaza, G.T Road - Gujar Khan  
Tel: 051-3516431-2  
Fax: 051-3516435

## AZAD KASHMIR

### Mirpur Azad Kashmir Branch

NS Tower 119 F/1, Kotli Road Mirpur - Azad Kashmir  
Tel: 05827-437193-97  
Fax: 05827-437193

### Mirpur Azad Kashmir Branch (2)

Ghazi Archade, 6-B/3, Part II, Allama Iqbal Road, Mirpur - Azad Kashmir  
Tel: 05827-446406-9  
Fax: 05827-446405

### Shaheed Chowk Branch

Deen Plaza, Shaheed Chowk, Kotli - Azad Kashmir  
Tel: 05826-448453-54  
Fax: 05826-448455

### Dadyal Branch

Choudhary Centre, Ara Jattan, Dadyal - Azad Kashmir  
Tel: 05827-463475  
Fax: 05827-465316

## SARGODHA

### Satellite Town Branch

Satellite Town Branch, Ground Floor, Afzal Towers, Plot # 302-A, Main Satellite Town - Sargodha  
Tel: 048-3221027-28  
Fax: 048-3221029

### Sargodha Branch

Prince Cinema Market, Railway Road - Sargodha  
Tel: 048-3768113-5  
Fax: 048-3768116

## ATTOCK

### Fateh Jang Branch

Main Rawalpindi Road, Mouza & Tehsil Fateh Jang Distt - Attock  
Tel: 057-2210321-23  
Fax: 057-2210324

### Attock Branch

Hamam Road - Attock  
Tel: 057-2703120  
Fax: 057-2703117

## KAMOKI

### GT Road Branch

Madni Trade Centre, G.T Road - Kamoki  
Tel: 055-6815175-76  
Fax: 055-6815184

## RABWAH

### Rabwah Branch

Plot No-9-10, Block-14, Darul Sadar, Gol Bazar, (Chenab Nagar) - Rabwah  
Tel: 047-621 3795-96  
Fax: 047-621 3797

## HARIPUR

### Haripur Branch

Ground Floor, Akbar Arcade, Main G.T. Road - Haripur  
Tel: 0995-610832 - 33  
Fax: 0995-610829

## SWABI

### Swabi Branch

Property bearing No. 3361, Main Mardan Road - Swabi  
Tel: 0938-222968 - 69  
Fax: 0938-221572



**BRANCH NETWORK**
**HAZRO**
**Hazro Branch**

Plot # B -386, 386-A, Dawood Centre,  
Bank Square, Ziaul Haq Road - Hazro  
Tel: 057-2313283 - 85  
Fax: 057-2313286

**JHELUM**
**Jhelum Sub-Branch**

Plot # 89, Mehfooz Plaza, Kazim Kamal  
Road - Jhelum Cantt.  
Tel: 0544-720216 - 18  
Fax: 0544-720219

**TURBAT**
**Main Bazar Branch**

Main Bazar - Turbat.  
Tel: 0852-413874  
Fax: 0852-414048

**GAWADAR**
**Gawadar Branch**

Airport Road, Khasra No. 430, Khewat  
No. 192, Khatoni No. 192 - Gawadar  
Tel: 0864-212144- 212146  
Fax: 0864-212147

**MURIDKE**
**Muridke Branch**

774, G.T. Road - Muridke  
Tel: 042-37950456,37994711-12  
Fax: 042-37994713

**KASUR**
**Kasur Branch**

Near Pul Qatal Gahri, Kutchery Road -  
Kasur.  
Tel: 049-2721993  
Fax: 049-2721994

**SAHIWAL**
**Sahiwal Branch**

558/8-1, Navid, Plaza, High Street -  
Sahiwal  
Tel: 040-4229247, 4221615,4229247  
Fax: 040-4460960

**OKARA**
**Okara Branch**

23/A, Ravi Road - Okara  
Tel: 044-2528755, 2525355  
Fax: 044-2525356

**RAHIM YAR KHAN**
**Rahim Yar Khan Branch**

31/34 Shahi Road - Rahimyar Khan  
Tel: 068-5877821-5883876  
Fax: 068-5876776

**MANDI BAHAUDDIN**
**Mandi Bahauddin Branch**

Khasra # 143/112, Chak #51, Bank Rd.,  
Off Railway Rd., (Ghalla Mandi) -  
Mandi Bahauddin.  
Tel: 0546-600901, 600903-4-5  
Fax: 0546-600902

**NAROWAL**
**Katchery Road-Narowal**

Katchery Road - Narowal  
Tel: 0542-414105-7  
Fax: 0542-414089

**CHAK GHANIAN**
**Chak Ghanian Branch**

Khewat No. 478/1 Khatooni No.  
1457/60. Chak Ghanian, Post Office -  
Sarai Alamgir  
Tel: 0544-654402-03, 655155  
Fax: 0544-654401

**CHAKWAL**
**Chakwal Branch**

Al- Noor Plaza Sabzi Mandi, Talagang  
Road - Chakwal  
Tel: 0543-554796,540650-51  
Fax: 0543-554797

**Dalwal Branch**

Village & Post Office Dalwal, Tehsil  
Choha, Saidan Shah, Distt - Chakwal  
Tel: 0543-582834  
Fax: 0543-582842

**LALAMUSA**
**Lalamusa Branch**

G. T. Road - Lalamusa  
Tel: 053-7515694,7515699,  
7515697,7519977  
Fax: 053-7515685

**WAH CANTT**
**Wah Cantt Branch**

Plot No. 17/37, Civic Center, Aslam  
Market - Wah Cantt  
Tel: 051-4542157, 4542167, 4542279  
Fax: 051-4542144

**DINA**
**Dina Branch**

Mian G.T. Road - Dina  
Tel: 0544-634471 -3  
Fax: 0544-636675

**MARDAN**
**Mardan Branch**

Plot # 337, 337-A, The Mall, Mardan  
Tel: 0937-865344-45  
Fax: 0937-865342

**MANSEHRA**
**Mansehra Branch**

Al- Hadeed Corporation Market  
Shahrah Resham - Mansehra  
Tel: 0997-303186, 303180  
Fax: 0997-303135