

# Contents

Corporate Information	02
Vision & Mission	03
Directors' Report	04
Balance Sheet	08
Profit & Loss	09
Statement of comprehensive income	10
Statement of changes in equity	11
Cash flow statement	12
Notes to the financial statement	14
Branch network	23

# Corporate Information

## BOARD OF DIRECTORS

Mr. Nasser Abdullah Hussain Lootah  
Chairman

Mr. Husain Lawai  
President & 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. Husain Lawai  
Member

Mr. Asadullah Khawaja  
Member

Mr. Nasim Beg  
Member

## HUMAN RESOURCE (HR) COMMITTEE

Mr. Husain Lawai  
Member

Mr. Asadullah Khawaja  
Member

Mr. Shehryar Faruque  
Member

## CFO AND COMPANY SECRETARY

Mr. Muhammad Amin Bhoori

## AUDITORS

M. Yousuf Adil Salim & Co.  
Chartered Accountants

## LEGAL ADVISORS

Liaquat Merchant Associates

## HEAD OFFICE

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

## REGISTERED OFFICE

2/1, R.Y.16, Old Queens Road,  
Karachi – 74000

## 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"

**E-mail:** [info@summitbank.com.pk](mailto:info@summitbank.com.pk)

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

**Toll free:** 0800 24252

# Vision & Mission

## 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 TO THE MEMBERS

On behalf of the Board of Directors of Summit Bank Limited (Formerly Arif Habib Bank Limited) "the Bank", I am pleased to present the un-audited financial statements of the Bank for the nine months ended September 30, 2010.

### Financial Highlights

Financial Highlights of the Bank for the period under review are as follows:

	September 30, 2010 Unaudited	December 31, 2009 Audited
	(Rupees in '000)	
Pre-tax (Loss) for the period	(551,091)	(2,285,586)
Equity	3,752,846	4,065,941
Paid-up-capital	5,000,000	5,000,000
Deposits	31,136,654	31,307,488
Advances (Net of provisions)	21,032,810	18,503,815
Investments	11,735,222	12,446,033
Basic and Diluted (Loss) per share	(0.63)	(4.13)

During the period under review, the total assets of the Bank grew by 8.4% to Rs. 41.4 billion with advances (net of provisions) showing a growth of 13.7% to Rs. 21.0 billion. Despite significant repayment of high cost money to the institutional depositors, with some roll-overs at lower rates, the Bank was able to maintain its deposits base upto September 30, 2010. Now, the focus is on to mobilize deposits in the Current and Saving Accounts (CASA). In the process, the Bank was also able to reduce the cost of deposits from 9.9 % in December 2009 to 9.5% for the nine months ended September 30, 2010.

As a matter of policy the Bank continued to maintain a high level of liquidity, with total investments of Rs. 11.7 billion, of which SLR eligible investments were Rs. 9.5 billion against an SLR requirement of only Rs. 3.8 billion, as at September 30, 2010, i.e. a surplus liquidity of Rs. 5.7 billion.

During the nine months ended, the Bank incurred a pre-tax loss of Rs. 551.1 million due to additional provisions of Rs. 568.9 million made against the NPLs, which were primarily due to the downgrading of existing NPLs and addition of a few more accounts as at September 30, 2010. The Bank has made concentrated efforts for recovery against the NPLs. There has been some success, and the current NPLs stand at Rs. 4,716.1 million as opposed to Rs. 5,016.8 million as at December 31, 2009, despite some additions during the period. Administrative expenses increased by 19.2 % to Rs. 910.8 million as compared to the corresponding period of last year. This was mainly due to an increase in the branch network from 34 branches last year to 40 branches at the present time.

### Economic Overview

The recent terrible floods have worsened the delicate macroeconomic conditions and have exerted pressures over the stability and growth prospects of Pakistan's economy for the current fiscal year. Despite a GDP growth estimated at 4.1%, up from 1.2% as compared to the last year, fiscal deficit has been raised to the level of 6.3% of GDP due to high inflationary conditions prevailing in the country. The catastrophic floods in the country lead to a steep rise in CPI / WPI due to spike in food prices which is expected to continue in the FY11.

These challenges would be met by mobilizing additional domestic revenues and foreign aid resources from friendly countries of Pakistan. There are many proposals under consideration with Ministry of Finance to generate additional resources for rehabilitation of flood victims and will be unveiled during the current quarter of the year.

The position of credit to private sector businesses was slightly better during the third quarter of 2010, compared to that in corresponding months of the last year. However, Banks' excess cash reserves with SBP have increased considerably during September 2010 which was mainly due to increase in overall deposits of the banking system. The Country has attained the foreign exchange reserves of US\$17.0 billion

Foreign trade of the country continues to grow on year to year basis. Exports during the nine months of 2010 stood at US\$ 15.6 billion, whereas Import during the period was US\$ 24.2 billion. The balance of trade may deteriorate if the growth of export does not keep pace with that of import during the fiscal year. Foreign remittances from expatriate Pakistani continue to grow during the nine months 2010 i.e., US\$ 7.0 billion as compared to US\$ 6.5 billion for the same period last year. As State Bank of Pakistan under "Pakistan Remittance Initiative Programme" has provided many incentives, it is expected that remittances from expatriate Pakistani will continue to grow during the coming months and will have a positive impact on the current account.

To alleviate the risks to macroeconomic stability, the State Bank has raised the policy rate by 50 basis points which resulted in upward trend in the yield curve along with the hike in KIBOR. Although, this would help to provide some form of stability to our rapidly declining economy, on the other hand the risks to the banking sector will be added in the form of increase in NPLs.

Regardless the downward trend in the macroeconomic conditions capital market has shown progress during September 2010 against the previous months, following international capital markets which have shown some recovery during the past few weeks. The foreign investors continue to invest in Pakistan market during the period as they have hold now almost 33% of liquid shares of major companies listed on stock exchanges of Pakistan.

### Branch Network & Business

As at September 30, 2010, the Bank was operating with 40 branches across the country, with a presence in all the provinces of Pakistan and Azad Jammu & Kashmir.

The Bank is focusing mainly on Trade and fee-based business. The Bank handled Rs. 34.0 billion of Trade Business during the period as compared to Rs. 22.0 billion in the comparable period last year. Tie ups have been executed with reputable international exchange companies under the Pakistan Remittance Initiative of the SBP. Volume of home remittance business is recording growth every month and will help in increasing fee based income and customer deposit of the bank in the future.

The Bank has entered the consumer finance market by providing secured personal loans to its customers, which will be important niche market for future business growth.

During the period, the bank commenced offering Bancassurance products at selected branches which will improve and diversify revenue stream. Many more saving products and financial services will be introduced during the last quarter of 2010 to broaden the customer base and reduce the cost of deposit. Alternate Delivery Channel (ADC) services have been launched via Summit Bank's ATM network, incorporating Utility Bills and Credit Card Bill Payment along with Inter Bank Fund Transfer Services to all customers and account holders. Recently the Bank has further strengthened its services to its customers by introducing Utility Bill Payment Service (UBP) from Call Center & from Mobile (via SMS). With this service in place, the Bank now becomes the first bank in Pakistan to offer UBP Service from SMS channel to its customers.

#### Credit Rating

JCR-VIS has maintained the credit ratings of the Bank, 'A' for medium to long-term, and 'A 2' for the short term.

#### Minimum Capital Requirement

In view of some unforeseen delays in effecting the merger of the three banks, the Bank is presently short on its Minimum Capital Requirement (MCR) prescribed by the State Bank of Pakistan (SBP), which was earlier expected to be made good by March 31, 2010. SBP has approved Joint Management and Common Board of Directors for Atlas Bank upto November 01, 2010 or Merger whichever is earlier, owing to acquisition of Majority Shares in Atlas Bank by the Sponsors of the Bank. EOGM has been scheduled on November 06, 2010 for approval of the Scheme of Merger Atlas Bank with and into Summit Bank. The Bank has applied to SBP for further extension upto December 31, 2010 for the Joint Management and Board due to fulfillment of necessary regulatory procedures required for completion of merger.

#### Outlook

To facilitate the customers and enhance the presence in the market the Bank is planning to introduce asset and liability products with distinguishable features. Free Financing Account, Family Saving Account and Advantage Account will soon be in the market to manifest the commitment of the Bank. Further, the bank is looking to put new features to its Visa Debit Card during the next 6 months. The bank is also focusing more on value added services for its customers through technological advancement.

The new management has formulated a strategy for Atlas Bank Limited to curtail cost and improve efficiency by reorganizing operational and IT infrastructure, human resource by introducing golden hand shake scheme, and relocate branches for the merged entity. Further, the bank is looking towards strengthening the collection and recovery efforts to reshape the lending picture positively. The measures taken have already brought in encouraging results which will be more evident in the near future when the historical impact will begin to trim down.

#### Acknowledgments

The Board would like to appreciate and thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities for their continuous guidance and support. The Board is grateful to our valued customers for their continued patronage and is committed to improving the quality of service and the experience they share with the bank.

The Board would also like to place on record its appreciation for the employees of the bank for their professionalism, commitment, and dedication to make Summit Bank one of the best banks of the country.

On Behalf of the Board of Directors



Husain Lawal  
President & CEO  
October 25, 2010



SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2010

		(Unaudited) September 30, 2010	(Audited) December 31, 2009
	Note	Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		1,847,917	1,923,526
Balances with other banks		168,915	724,802
Lendings to financial institutions		2,567,000	1,433,817
Investments	7	11,735,222	12,446,033
Advances	8	21,032,810	18,503,815
Operating fixed assets	9	1,600,984	1,570,754
Deferred tax assets		797,747	381,016
Other assets		1,631,592	1,189,612
		41,382,187	38,173,375
<b>LIABILITIES</b>			
Bills payable		286,010	213,209
Borrowing from financial institutions		5,578,945	1,554,801
Deposits and other accounts		31,136,654	31,307,488
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		969,581	1,043,477
		37,971,190	34,118,975
<b>NET ASSETS</b>			
		3,410,997	4,054,400
<b>REPRESENTED BY</b>			
Share capital		5,000,000	5,000,000
Reserves		1,064,828	1,064,828
Accumulated loss		(2,311,982)	(1,998,887)
		3,752,846	4,065,941
Deficit on revaluation of assets - net of tax		(341,849)	(11,541)
		3,410,997	4,054,400
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements

  
PRESIDENT AND CHIEF EXECUTIVE

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)  
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2010

	Nine Months ended September 30, 2010	Nine Months ended September 30, 2009	Quarter ended September 30, 2010	Quarter ended September 30, 2009
	Rupees in '000'			
Mark-up / return / interest earned	3,343,517	2,578,201	1,150,396	872,838
Mark-up / return / interest expensed	(2,584,906)	(2,091,998)	(898,435)	(750,230)
Net mark-up / interest income	758,611	486,203	251,961	122,608
Provision against non-performing loans and advances - net	(568,922)	(708,335)	(133,933)	(205,820)
Provision for diminution in the value of investments	(133,542)	(161,970)	-	(4,838)
Bad debts written off directly	-	-	-	-
	(702,464)	(870,305)	(133,933)	(210,658)
Net mark-up / interest income after provisions	56,147	(384,102)	118,028	(88,050)
<b>NON MARK UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	195,470	76,416	49,075	29,940
Dividend income	20,543	20,562	8,346	4,840
Income from trading in government securities	1,955	12,564	379	(565)
Gain on sale of securities - net	57,355	40,321	10,033	9,279
Income / (loss) from dealing in foreign currencies	21,213	11,071	6,868	1,539
Unrealized (loss) / Gain on revaluation of investments classified as held for trading	(7,286)	(4,571)	15,090	11,663
Other income	14,302	9,397	3,946	6,582
Total non-mark-up / interest income	303,552	165,760	93,737	63,278
	359,699	(218,342)	211,765	(24,772)
<b>NON MARK UP / INTEREST EXPENSES</b>				
Administrative expenses	(907,145)	(753,429)	(312,991)	(263,206)
Other provisions / write-offs	-	-	-	-
Other charges	(3,645)	(10,471)	(1,291)	(741)
Total non mark-up / interest expenses	(910,790)	(763,900)	(314,282)	(263,947)
	(551,091)	(982,242)	(102,517)	(288,719)
Extra ordinary / unusual items	-	-	-	-
<b>LOSS BEFORE TAXATION</b>	(551,091)	(982,242)	(102,517)	(288,719)
Taxation - Current	(63,277)	(16,432)	(39,248)	(2,645)
- Deferred	301,273	133,153	20,688	(5,970)
	237,996	116,721	(18,560)	(8,615)
<b>(LOSS) / PROFIT AFTER TAXATION</b>	(313,095)	(865,521)	(121,077)	(297,334)
(Loss) per share (Rupee)	(0.63)	(1.73)	(0.24)	(0.59)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements

  
PRESIDENT AND CHIEF EXECUTIVE

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2010

	Nine Months ended September 30, 2010	Nine Months ended September 30, 2009	Quarter ended September 30, 2010	Quarter ended September 30, 2009
-----Rupees in '000'-----				
(Loss) after tax for the period	(313,095)	(865,521)	(121,077)	(297,334)
Other comprehensive income:	-	-	-	-
<b>Comprehensive (loss) transferred to equity</b>	<b>(313,095)</b>	<b>(865,521)</b>	<b>(121,077)</b>	<b>(297,334)</b>
<b>Components of comprehensive income not reflected in equity</b>				
Deficit on revaluation of investments	(445,549)	(206,090)	(293,577)	105,436
Deferred tax on revaluation of investments	103,700	72,129	72,969	(35,905)
	(341,849)	(133,961)	(220,608)	69,531
<b>Total comprehensive loss for the period</b>	<b>(654,944)</b>	<b>(999,482)</b>	<b>(341,685)</b>	<b>(228,803)</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements

  
PRESIDENT AND CHIEF EXECUTIVE

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

	Capital Reserves			Revenue Reserve		Total
	Share capital	Share premium	Statutory reserve	General reserve	Accumulated loss	
-----Rupees in '000'-----						
Balance at January 01, 2009	5,000,000	1,000,000	64,828	250,000	(182,097)	6,132,731
Comprehensive loss transferred to equity for the nine months ended September 30, 2009	-	-	-	-	(865,521)	(865,521)
<b>Balance at September 30, 2009</b>	<b>5,000,000</b>	<b>1,000,000</b>	<b>64,828</b>	<b>250,000</b>	<b>(1,047,618)</b>	<b>5,267,210</b>
Comprehensive loss transferred to equity for the quarter ended December 31, 2009	-	-	-	-	(1,201,269)	(1,201,269)
Transferred from general reserve	-	-	-	(250,000)	250,000	-
<b>Balance at December 31, 2009</b>	<b>5,000,000</b>	<b>1,000,000</b>	<b>64,828</b>	<b>-</b>	<b>(1,998,887)</b>	<b>4,065,941</b>
Comprehensive loss transferred to equity for the nine months ended September 30, 2010	-	-	-	-	(313,095)	(313,095)
<b>Balance at September 30, 2010</b>	<b>5,000,000</b>	<b>1,000,000</b>	<b>64,828</b>	<b>-</b>	<b>(2,311,982)</b>	<b>3,752,846</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements

  
PRESIDENT AND CHIEF EXECUTIVE

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

	September 30, 2010	September 30, 2009
-----Rupees in '000'-----		
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(551,091)	(982,242)
Less: Dividend income	(20,543)	(20,562)
	(571,634)	(1,002,804)
<b>Adjustments:</b>		
Depreciation	115,616	63,111
Amortization	22,195	20,771
Unrealized loss on revaluation of investment classified as held for trading	7,286	4,571
Provision for diminution in value of investments	133,542	161,970
Provision against non-performing loans and advances	568,922	708,335
Gain on sale of operating fixed assets	(123)	(34)
Income from trading in government securities - net	1,955	-
Income on sale of securities - net	57,355	-
Loss on sale of non banking asset acquired in satisfaction of claims	(78)	-
Provision for compensated absences	668	7,448
Provision for gratuity	2,602	5,357
	909,939	971,529
	338,305	(31,275)
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(1,133,183)	31,457
Investments	(48,530)	(183,726)
Advances	(3,097,917)	(2,560,618)
Others assets	(876,615)	(104,914)
	(5,156,244)	(2,817,801)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	72,801	310,527
Borrowing from financial institutions	3,956,571	504,669
Deposits and other accounts	(170,834)	10,103,296
Other liabilities	162,865	415,663
	4,021,403	11,334,155
	(796,536)	8,485,079
Compensated absences paid	-	(445,549)
Income tax paid	(2,034)	11,551
<b>Net cash generated from operating activities</b>	(798,578)	8,051,081

**B. CASH FLOWS FROM INVESTING ACTIVITIES**

Net investments in available-for-sale securities	228,896	(7,506,331)
Dividend received	15,269	20,662
Investment in operating fixed assets	(171,621)	(697,620)
Sale proceed from disposal of non-banking assets in satisfaction of claim	23,256	-
Sale proceed from disposal of operating fixed assets	3,702	177
<b>Net cash used in investing activities</b>	99,501	(8,183,112)
(Decrease) / increase in cash and cash equivalents (A+B)	(699,069)	313,517
Cash and cash equivalents at beginning of the period	2,648,328	1,415,229
<b>Cash and cash equivalents at end of the period *</b>	1,949,259	1,728,746

\*It is net off overdrawn nostro balance amounting to Rs. 67.573 million (September 30, 2009: Nil).

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements



PRESIDENT AND CHIEF EXECUTIVE



CHAIRMAN



DIRECTOR



DIRECTOR

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 Summit Bank Limited (Formerly Arif Habib Bank Limited) "the Bank" was incorporated in Pakistan as a public limited company on December 09, 2005 under the Companies Ordinance, 1984. Its registered office is situated at 2/1 R.Y. 16, Old Queens Road, Karachi in the Province of Sindh. It is listed on all the Stock Exchanges of Pakistan.
- 1.2 The Bank is principally engaged in the business of banking, through its 40 branches (December 31, 2009: 40 branches), 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' with a positive outlook. Short term rating of the Bank is 'A-2'.
- 1.3 At March 31, 2010, 297,034,854 shares (59.41% of issued shares of the Bank) were transferred by Arif Habib Securities Limited to Suror Investments Limited (SIL), a company incorporated in Mauritius, and consequently SIL has become the parent company of the Bank.
- 1.4 In accordance with BSD Circular No. 7 dated April 15, 2009, the minimum paid up capital requirement (free of losses) of the Bank at December 31, 2009 was Rs. 6 billion. The paid up capital (free of losses) of the Bank as at September 30, 2010 is Rs. 3.753 billion. The management through its letter No. AHBL/FIN/327/2010 dated March 27, 2010 has approached the State Bank of Pakistan (SBP) to grant extension of the said minimum capital requirement till June 30, 2010 on the basis of its planned merger with Mybank Limited and Atlas Bank Limited. The Board has also decided to inject further capital of Rs. 2.5 billion into equity of the merged bank. Due to delay in merger process, the management has applied for further extension in meeting minimum capital requirement till October 31, 2010 through its letter No. AHBL/FIN/410/2010 dated July 22, 2010. SBP's reply in this regard is awaited. However SBP has extended the date of proposed merger till October 31, 2010.

**2. STATEMENT OF COMPLIANCE**

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives shall prevail.
- 2.2 The SBP vide BSD Circular letter No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, "Investment Property" (IAS 40) for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2006, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. 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 SBP through various circulars from time to time.
- 2.3 These condensed interim financial statements are unaudited, however these are subjected to limited scope review by the auditors and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984.

**3. BASIS FOR PREPARATION**

- 3.1 The disclosures included in these condensed interim financial statements are limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular letter No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting" (IAS 34). They do not include all of the information required for full annual financial statements, and accordingly these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2009.

- 3.2 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IAS 27 - Consolidated and Separate Financial Statements (Amendments)
  - IFRS 2 - Share Based Payments Agreements relating to Group Cash - Settled Share-based Payment Transactions
  - IFRS 3 - Business Combinations (Revised)
  - IFRIC 17 - Distributions of Non-cash Assets to Owners
- Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual financial statements for the year ended December 31, 2009.

**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 amount and staff retirement benefits (Gratuity) stated at present value. All amounts are in Pakistan Rupees which is the functional and presentation currency of the Bank.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT**

- 5.1 The accounting policies and methods of computation followed 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, 2009.
- 5.2 The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Bank for the year ended December 31, 2009.

**6. 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, 2009.



SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

7. INVESTMENTS

	Note	Held by bank	Given as collateral	Total
-----Rupees in '000'-----				
As at September 30, 2010 - (Unaudited)	7.1	7,673,757	4,061,465	11,735,222
As at December 31, 2009 - (Audited)	7.1	11,916,946	529,087	12,446,033

Note	Unaudited September 30, 2010			Audited December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
-----Rupees '000'-----						

7.1 Investments by types:

<b>Held for trading</b>							
Listed ordinary shares		149,542	-	149,542	106,298	-	106,298
<b>Available - for - sale securities</b>							
Market Treasury Bills		4,093,271	4,026,184	8,119,455	8,210,515	487,831	8,698,346
Pakistan Investment Bonds		598,101	-	598,101	451,748	-	451,748
Listed ordinary shares	7.2	827,601	-	827,601	812,893	-	812,893
Mutual funds units - open ended		21,323	-	21,323	115,000	-	115,000
Mutual funds certificates- close ended		300,000	-	300,000	53,244	-	53,244
Term Finance Certificates- listed		277,131	44,955	322,086	300,084	44,973	345,057
Term Finance Certificates- unlisted		1,249,600	-	1,249,600	1,499,700	-	1,499,700
Sukuk bonds		876,277	-	876,277	605,304	-	605,304
		8,243,304	4,071,139	12,314,443	12,048,488	532,804	12,581,292
<b>Investments at cost</b>							
Less: Provision for diminution in value of investments		(275,928)	-	(275,928)	(221,379)	-	(221,379)
<b>Investments - net of provisions</b>		8,116,918	4,071,139	12,188,057	11,935,407	532,804	12,468,211
<b>Unrealized loss on - held for trading securities</b>							
(Deficit)/surplus on revaluation - available for sale		(435,875)	(9,674)	(445,549)	(14,038)	(3,717)	(17,755)
<b>Total investments at market value</b>		7,673,757	4,061,465	11,735,222	11,916,946	529,087	12,446,033

7.2 This represents ordinary shares of Thatta Cement Limited costing Rs 112.773 million which were classified as investments in associate upto December 31, 2009 in accordance with International Accounting Standard - 28, Investment in Associate (IAS-28) and were carried at cost as per the SBP directives. However, due to changes in ownership of the Bank during the period as described in note 1.3, it has been re-classified to available-for-sale investment. Impairment loss of Rs. 15.273 million on reclassification has been taken to profit and loss account.

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

8. ADVANCES

	Unaudited September 30, 2010	Audited December 31, 2009
-----Rupees in '000'-----		
Loans, cash credits, running finance, etc.		
In Pakistan	23,153,003	20,719,557
Outside Pakistan	-	-
	23,153,003	20,719,557
Net investment in finance lease		
In Pakistan	293,338	142,388
Outside Pakistan	-	-
	293,338	142,388
Bills discounted and purchased (excluding Treasury Bills)		
Payable in Pakistan	570,892	97,064
Payable outside Pakistan	152,742	113,049
	723,634	210,113
Advances- Gross	24,169,975	21,072,058
Provision for non-performing advances - Specific	(3,136,835)	(2,568,243)
General provision against consumer financing	(330)	-
Advances - net of provision	21,032,810	18,503,815

8.1 Advances include Rs. 4,716,071 million (December 31, 2009: Rs 5,016.836 million) which have been placed under non-performing status as detailed below: -

Category of Classification	Domestic	Overseas	Total Advances	Provision required	Provision held
-----Rupees '000'-----					
Unaudited September 30, 2010					
Substandard	212,345	-	212,345	21,207	21,207
Doubtful	697,327	-	697,327	285,987	285,987
Loss	3,806,399	-	3,806,399	2,829,641	2,829,641
	4,716,071	-	4,716,071	3,136,835	3,136,835
Audited December 31, 2009					
Substandard	383,045	-	383,045	25,913	25,913
Doubtful	1,693,502	-	1,693,502	528,822	528,822
Loss	2,940,289	-	2,940,289	2,013,508	2,013,508
	5,016,836	-	5,016,836	2,568,243	2,568,243

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

8.2 Segment wise breakup of advances by class of business is as follows:

Business segment	Unaudited September 30, 2010 Advances-Gross		Audited December 31, 2009 Advances-Gross	
	Rupees '000'	%	Rupees '000'	%
Textile	2,319,014	9.59%	2,056,919	9.76%
Chemical and pharmaceuticals	1,729,707	7.16%	1,261,500	5.99%
Cement	636,962	2.64%	650,791	3.09%
Sugar	731,025	3.02%	354,955	1.68%
Footwear and leather garments	110,605	0.46%	77,196	0.37%
Automobile and transportation equipment	49,897	0.21%	54,686	0.26%
Electronics and electrical appliances	82,492	0.34%	136,985	0.65%
Construction	1,442,868	5.97%	1,565,126	7.43%
Power (electricity), gas, water, sanitary	3,417,993	14.14%	3,002,252	14.25%
Wholesale and retail trade	2,599,389	10.75%	2,290,846	10.87%
Exports/Imports	845,691	3.50%	765,384	3.63%
Transport, storage and communication	207,738	0.86%	923,986	4.38%
Financial	2,398,801	9.92%	3,062,132	14.53%
Services	639,915	2.65%	447,140	2.12%
Individuals	3,069,027	12.70%	3,424,654	16.25%
Others	3,888,849	16.09%	997,506	4.73%
<b>Advances- Gross</b>	<b>24,169,975</b>	<b>100.00%</b>	<b>21,072,058</b>	<b>100.00%</b>

9. OPERATING FIXED ASSETS - at cost

	Unaudited September 30, 2010	Audited September 30, 2009
	-----Rupees in'000'-----	
<b>9.1 Additions</b>		
Leasehold improvements	24,217	74,297
Electrical, office and computer equipment	53,610	89,629
Furniture and fixtures	10,816	159,665
Computer software	13,604	5,569
Vehicles	6,710	5,139
Leasehold land	-	173,100
Building	-	309,431
Others	-	-
<b>9.2 Deletions</b>		
Electrical, office and computer equipment	900	66
Furniture and fixtures	776	-
Vehicles	3,333	169

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

10. CONTINGENCIES AND COMMITMENTS

	Unaudited September 30, 2010	Audited December 3, 2009
	-----Rupees in'000'-----	
<b>10.1 Direct Credit Substitutes</b> Including guarantees and standby letter of credit serving as financial guarantees for loans and advances: Government Banking companies and other financial institutions Others	- - -	- - -
<b>10.2 Transaction-related contingent liabilities / commitments guarantees issued favoring :</b> Government Banking companies and other financial institutions Others	3,896,220 476,067 8,408,094	8,676,394 1,010,067 1,631,136
	<b>12,780,381</b>	<b>11,317,597</b>
<b>10.3 Trade-related contingent liabilities</b> Letters of credit Acceptances	2,127,225 433,589	2,024,123 244,984
	<b>2,562,814</b>	<b>2,269,107</b>
<b>10.4 Other contingencies - Claims against bank not acknowledge as debt</b>	<b>257,333</b>	<b>83,903</b>
<b>10.5 Contingent assets</b> There were no contingent assets as at September 30, 2010 (December 31, 2009: Nil)		
<b>10.6 Commitments in respect of forward lending</b> Forward call lending Forward repurchase agreement lending Foreign documentary bills Commitments to extend credit	- 4,016,036 838,608 7,690,129	- 1,533,560 - 13,304,338
	<b>12,544,773</b>	<b>14,837,898</b>
<b>10.7 Commitments in respect of forward exchange / future contracts</b> Purchase Sale	1,234,710 334,440	688,650 42,195
	<b>1,569,150</b>	<b>730,845</b>
<b>10.8 Commitments for the acquisition of operating fixed assets</b> Civil works	24,694	67,266
<b>10.9 Other commitments</b> Commitments in respect of underwriting agreements Commitments in respect of purchase of TFCs Commitments in respect of purchase of rupee traveller cheques	- - 2,200	28,000 100,000 -
	<b>2,200</b>	<b>-</b>
	-----Rupees in'000'-----	
<b>11. LOSS PER SHARE - Basic and diluted</b> Loss for the period - Rupees in thousand Weighted average number of ordinary shares - in thousands Loss per share - basic and diluted - Rupee	(313,095) 500,000 (0.63)	(865,521) 500,000 (1.73)

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

12. RELATED PARTY TRANSACTIONS

Related parties comprise associated undertakings, majority shareholders, retirement benefit plans, directors and key management personnel of the bank. Contributions in respect of staff retirement benefits are made in accordance with actuarial valuations/terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Details of transaction with the related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Unaudited September 30, 2010		Audited December 31, 2009	
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
Rupees '000'				
<b>Advances</b>				
Balance at beginning of the period / year	98,817	1,347,039	103,694	930,458
Sanctioned / granted during the period / year	30,306	2,246,116	3,885	1,785,615
Payment received /adjusted during the period / year	(33,459)	(2,721,061)	(8,762)	(1,369,034)
Balance at end of the period / year	95,664	872,094	98,817	1,347,039
<b>Deposits</b>				
Balance at beginning of the period / year	7,601	442,313	3,934	1,489,978
Deposits during the period / year	1,268,369	34,829,714	3,563,588	76,936,419
Withdrawal during the period / year	(1,181,351)	(34,839,195)	(3,559,921)	(77,984,064)
Balance at end of the period / year	94,619	432,832	7,601	442,313
<b>Investments in Shares</b>				
Thatta Cement Company Limited	-	-	-	112,773
<b>Others</b>				
Leading to financial institutions	-	2,500,000	-	6,125
Investments in Mutual Funds	-	21,323	-	153,244
Advance rent	-	-	-	6,125
Purchase of assets	-	-	-	185,856
Guarantees, letters of credits and acceptances	-	99,149	-	161,383
Contribution paid to the provident fund	-	12,726	-	13,664
Other Receivables	-	2,957	-	-
Other payable	-	4,623	-	1,097
Mark up payable	76	3,941	3,565	4,285
Mark up receivable	-	32,609	-	65,435
Rupees '000'				
	Unaudited September 30, 2010		Unaudited September 30, 2009	
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
<b>Profit / expense for the nine months</b>				
Brokerage expenses paid - CFS	-	-	-	-
Brokerage expenses paid - equity securities	-	-	-	1,157
Rent expense	-	13,877	-	10,617
Mark up earned	3,612	113,881	2,028	80,623
Capital gain	-	10,188	-	9,712
Dividend income	-	3,030	-	10,320
Mark up expensed	3,266	38,112	1,059	65,868
Mark up paid	3,190	32,172	1,030	69,815
Contribution to provident fund	-	12,726	-	5,956

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows: -

	For the nine months ended September 30, 2010					For the nine months ended September 30, 2009								
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Consumer banking	Payment & settlement	Total	Corporate finance	Trading & sales	Retail banking	Commercial banking	Consumer banking	Payment & settlement	Total
<b>Total income</b>	8,340	1,342,833	339,967	1,830,212	1,516	4,699	3,647,069	18,758	885,522	1,107,162	669,900	-	8,586	2,690,328
<b>Total expenses</b>	2,348	523,634	1,296,599	2,339,473	13,191	3,005	4,196,160	9,565	370,527	3,201,782	89,826	-	870	3,672,570
<b>Net income / (loss) before tax</b>	5,992	719,201	(956,632)	(509,261)	(11,675)	1,694	(549,091)	9,193	514,995	(2,094,620)	580,074	-	8,116	(982,242)
<b>Segment return on assets (ROA) (%)</b>	165.49%	5.64%	(14.84)%	(4.00)%	(206.58)%	61.48%	16.88%	104.99%	3.10%	(5.06)%	9.79%	-	101.48%	16.88%
<b>Segment cost of funds (%)</b>	64.83%	4.11%	26.11%	17.84%	233.41%	168.88%	109.21%	2.37%	23.02%	1.51%	20.73%	-	20.73%	168.88%
<b>Total income</b>	4,842	17,051,033	7,440,458	20,812,754	7,536	2,379	44,519,022	9,812	17,230,556	3,854,766	19,645,597	-	887	40,741,618
<b>Total expenses</b>	-	-	1,148,583	3,567,587	-	-	4,716,071	-	-	1,780,635	3,236,181	-	-	5,016,816
<b>Net income / (loss) before tax</b>	-	-	6,291,875	17,245,167	7,536	2,379	41,382,187	-	-	2,074,131	16,409,416	-	-	35,724,802
<b>Segment return on assets (ROA) (%)</b>	4.84%	17.05%	6.63%	17.67%	7.53%	2.37%	41.38%	-	-	3.09%	17.83%	-	-	36.17%
<b>Segment cost of funds (%)</b>	4.34%	4.15%	23.02%	17.84%	233.41%	168.88%	109.21%	2.37%	23.02%	1.51%	20.73%	-	213.34%	168.88%
<b>As at September 30, 2010</b>														
Segment assets (Cross)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment non performing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment assets (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at December 31, 2009</b>														
Segment assets (Cross)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment non performing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment assets (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-

For the purpose of segmental reporting unallocated items of income and expenses have been allocated to the above segments in proportions to segment revenues.

SUMMIT BANK LIMITED (FORMERLY ARIF HABIB BANK LIMITED)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

14. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 25, 2010 by the Board of Directors of the Bank.

15. GENERAL

15.1 Comparative information has been reclassified and re-arranged wherever necessary to facilitate the comparison. Significant reclassification include the following:

From	To	Nine Months ended September 30, 2009	Quarter ended September 30, 2009
Rupees in '000'			
Loss from dealing in foreign currencies	Mark-up / return / interest expensed	53,633	7,464

15.2 Figures have been rounded off to the nearest thousand rupees.



PRESIDENT AND CHIEF EXECUTIVE



CHAIRMAN



DIRECTOR



DIRECTOR

## Branch Network

### South Region

I.I. Chundrigar Road Uni Towers, I.I. Chundrigar Road	01	021-2466410-5
Boat Basin Ground floor, Plot No. FL-4, Hanging Garden, Block-5, Clifton	02	021-5824180
Atrium Mall Shop No. 6 and 21 Ground floor, Plot No. 249, Atrium Mall, Staff Lines, Zaibunnisa Street, Saddar, KARACHI	04	021-5641000-7
Karachi Stock Exchange Room No. 60 to 63, KSE Building, Stock Exchange Road, Karachi.	10	021-2462844-9
Cloth Market 28, Cochinwala Market, LaxmiDas Street, Karachi	12	021-2443451,2443591,2443651
Korangi Industrial Area 33/1, Sector-15, Korangi Industrial Area, Karachi	13	021-5114290,5122231,5122232
Gulistan-e-Jauhar Plot # 118/A-B, Shop # 02,03,04 Ground Floor Ruffi Paradise Block-18 Gulistan-e-Jauhar.	14	021-4621281-4
Adamjee Nagar 115-A/Z, Block 7/8, Tipu Sultan Road, Karachi.	16	021-4312984-7
Gulshan-e-Iqbal Ground Floor, Hasan Center, Block-16, Main University Road, Karachi.	03	021-4829024-7
Khayaban-e-Jami 64 C, Jami Commercial Phase VII, 7th Street, DHA, Karachi.	27	021-5316200-7
Hyderi D-10 Block-F, North Nazimabad, Hyderi. Karachi.	28	021-6724972-4
Bahadurabad Plot # C-23, Shop # 1&2 Block-3, BMC Commercial Area Bahadurabad, Karachi.	29	021-4913447-449
M.A. Jinnah Road Mezzanine & Ground Floor, Plot Survey # 19, Street # R.B.6. Shop # 3,4, Ram Bagh Quarters 166 M.A. Jinnah Road Karachi	33	021-2218395,2218409



Noorlabad Ground Floor,SITE Office Bldg, Noorlabad, Dist,Jamshoro, Sindh	25	025-4670433
Dolmen City Ground Floor Harbor Front, Triangular Towers,Dolmen City Marine Drive Phase IV, Clifton, Karachi.	32	021-5297611 - 15
S.I.T.E Plot # B/49, Estate Avenue, SITE, Karachi.	34	021-2589662-2589663
Jodia Bazar A/25/28 Darayalal Street, Jodia Bazar, Karachi.	39	021-32500121-6
Mirpur Khas Plot No : 988 to 991 Umerkot Gharibabad, Mirpur Khas	41	0233-875113-4-5-6-7
Hyderabad 41/364, Saddar, Bori Bazar-Hyderabad	36	022-2730911-5
Sukkur B - 885, March Bazar, Sukkur	37	071-5627781-2, 85,90
Quetta Ground Floor, Malik Plaza, Near Adara-e-Saqafat, M.A. Jinnah Road, Quetta.	38	081-2865590-95
<b>North Region</b>		
Abdali Road-Multan Plot No. 66-A & 66-B/9, Abdali Road,MULTAN	07	061-4500110,4500111
Y Block-DH-A 163, Block Y, Phase III, DHA LAHORE Cantt.	05	042-5692531-8
Super Market Plot No. 6B, F-6, Super Market,	06	051-2279168-70,2824387
Lahore Stock Exchange Office No. 5, LSE Building, 19, Aiwan e Iqbal Road, Lahore	09	042-6280854-55
Yarn Market Property No. 7, Yarn Market, Ghantaghar Faisalabad	11	041-2619746,2630109
Islamabad Stock Exchange Shop No. 5 Al-Khair Plaza, Blue Area,Islamabad Stock Exchange, Islamabad.	15	051-2806281-3
Ferozpur Road Siza Farmer Factory, Sufiabad,	19	042-5800096-98

Multan Road Plot # 9/A, Scheme more Corner, Allama Iqbal Town Multan Road, Lahore.	20	042-7497451-6
Gujranwala Property No. Bx11-75-105,	17	055-3820970-3
Gujrat Main GT Road Tehsil & Distt. Gujrat	18	053-3517051-3
Bank Road Plot #27, Bank Road, Rawalpindi	21	051-5120714-7
Hussain Agahi Zenith Market, Chowk Bazar, Multan	24	061-4511025,4511029
Peshawar Deans Trade Centre, Islamia Road,	22	091-5253081-5
Mirpur NS Tower 119 F/1, Kotli Road Mirpur - Azad Kashmir	23	058610-37193-6
Liaquat Road Liaquat Road, Chak # 212, Faisalabad	30	041-2541256-60
Sadiqabad Mozzah Khuda Bux Dehar, Macchi Goth, KLP Road, SADIQABAD	26	068-5786791-92
Gulberg 132-E/1 Main Boulevard, Gulberg-III, Lahore	35	042-5870832-33
Sialkot 1/1437, Paris Road, Sialkot	31	052-4602894-97
Circular Road-LHR Babar Centre, 51, Circular Road, Lahore	40	042-37379371-5
Gulberg 132-E/1 Main Boulevard, Gulberg-III, Lahore	35	042-5870832-33
Sialkot 1/1437, Paris Road, Sialkot	31	052-4602894-97
Circular Road-LHR Babar Centre, 51, Circular Road, Lahore	40	042-37379371-5