



KPMG was engaged to undertake the valuation of Summit Bank Limited (formerly known as Arif Habib Bank) and Atlas Bank Limited for calculation of the share swap ratio. In determining the appropriate methodology to be adopted for the Valuation, we have considered the DCF method in light of the following:

- DCF is the generally applied valuation methodology in respect of companies that are operating in sectors having strong and sustainable growth prospects as it takes into account the anticipated growth in business and incorporates the expected future earnings in the valuation
- Banking sector is currently one of the fastest growing industry sectors in Pakistan and this growth is expected to continue in the medium term
- Availability of future cash flow projections in respect of both entities

We have used Adjusted NAV method in view of the availability of the financial statements for the half year ended 30 June 2010 in respect of both entities which were reviewed by their respective statutory auditors. Also a significant value of these entities lie in their underlying assets. We have also used Comparable Transaction methodology due to availability of recent transactions in respect of both entities.

We have relied upon the Client's written representation that the information contained in the Factual Memorandum was materially accurate and complete, fair in the manner of its portrayal and therefore formed a reliable basis for the Valuation.

Based on the information set out in the separate Factual Memorandum dated 01 October 2010 and our analysis as set out in this report the equity values of SBL and ATBL, based on the DCF approach have been evaluated as **PKR 7.66 per share and PKR 4.85 per share** respectively. Further the values of SBL and ATBL based on Adjusted NAV method comes to **PKR 7.45 per share and PKR 2.07 per share** while those based on Comparable Transaction approach comes to **PKR 9.00 per share and PKR 4.00 per share** respectively.

