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Summit Bank

Ref: SMBL/CSD/2019/10-10

Date: 17.10.2019

Mr. Abbas Mirza
Acting Chief Regulatory Officer (ACRO)
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi.



Subject: Non-holding of Annual General Meeting for the year ended December 31, 2018

Dear Sir,

We write with reference to Pakistan Stock Exchange's ('PSX'/'the Exchange') letter no. PSX/C-1054/B-5110 dated October 9, 2019 issued to Summit Bank Limited ('the Bank') followed with the hearing conducted by your good self on Wednesday, October 16, 2019 at 03:30 p.m. which was attended in person by Mr. Ahsan Raza Durrani (President and Chief Executive Officer – Acting) and Syed Muhammad Talib Raza (Company Secretary), as the Bank's Representatives' for explaining the factual positions to the Exchange and responding to any of your queries in the subject matter.

The aforementioned Banks Representatives' during the hearing before the Exchange explained the Bank's position in detail with respect to the subject matter and in compliance of the instructions of the ACRO, hereby submit the written reply to the Exchange as under:

- 1). In view of the circumstances unfolding after July 6, 2018, the previous external auditors of the Bank, M/s. Deloitte Yousuf Adil, Chartered Accountants, as part of their post balance sheet events reviews for the half yearly review assignment actively monitored the progress taking place on the investigations being done by the law enforcement agencies (LEAs) to analyze their impacts on the Bank and its overall operations. Due to these events the auditors did not complete their half-yearly review assignment and continued monitoring of the post balance sheet events. Meanwhile, the year-end came to a close and the Bank's management made a formal request to the auditors to consider initiating the annual audit assignment in parallel. The Bank's management, in the meanwhile, had tried its best to satisfy the auditors queries and concerns but based on their global and local risk guidelines, they decided to submit their resignation on February 12, 2019. Because of this unexpected event and inordinate delays, the Bank's three financial statements i.e. for the period ended June 30, 2018, September 30, 2018 and December 31, 2018 could not be finalized within the prescribed regulatory timelines.



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COMMITTED TO YOU

- 2). Owing to this late resignation of the external auditors, the Bank immediately appointed, M/s. Baker Tilly Mehmoood Idrees Qamar (BTM), Chartered Accountants as the replacement external auditors of the Bank for the FY-2018 in the Board of Directors' meeting held on February 18, 2019. We may hereby submit that the management and the Board had immediately filled in the casual vacancy which arose due to the unprecedented and extraordinary circumstances faced by the Bank owing to delayed resignation tendered by previous external auditors on February 12, 2019.
- 3). The replacement external auditors, M/s. Baker Tilly Mehmoood Idrees Qamar, Chartered Accountants being their first year of appointment and due to delay which had already occurred because of the late resignation of the previous external auditors, the replacement external auditors i.e. BTM had to cover a huge quantum of backlog which included the understanding of the overall business situation and audit planning, verification of the opening balances, re-performance of the unfinished half-yearly review assignment of the financial statements for the six months' period ended June 30, 2018 and annual audit of the financial statement for the year ended December 31, 2018.

In order to ensure earliest completion of these various assignments, the external auditors initiated their field work on the half yearly review of June 30, 2018 and the annual audit of the financial statements for the year ended December 31, 2018 simultaneously.

- 4). It is pertinent to mention that the auditors' assignments are currently in their advanced stages of finalization and both the Bank and the auditors are completing their final deliverables for the same. Once these assignments are completed, all the relevant financial statements till December 31, 2018 will be submitted to the board of directors for their consideration, approval and onward dissemination to all the shareholders and the regulatory bodies. This will be followed by holding of the Annual General Meeting (AGM) after obtaining necessary direction from the Securities and Exchange Commission of Pakistan. Furthermore, once the financial statements for FY-2018 are completed, the same will be followed for the completion of the quarterly financial statements for FY-2019 at the earliest.

In light of above explained facts and circumstances, we may submit that the delay in finalization and publication of pending financial statements was beyond the control of both the management and the Board of Directors of the Bank and had arisen due to the extraordinary circumstances faced by the Bank. Moreover, we would like to submit that there is no willful default on the part of the management or the Bank and there has been no deliberate contravention of the relevant provisions of the Companies Act, 2017 and/or the PSX Regulations in this regard.

Accordingly, we hereby humbly request the Exchange to take a lenient view in the matter and condone the default in the timelines for finalizing the pending financial statements and for non-holding of AGM for the year ended December 31, 2018. We further assure that the Bank is making its best efforts for ensuring an earliest completion of the pending financial statements and shall intimate the Exchange about the filing of the application seeking direction from the Honourable Commission followed with conveying the dates of the board meeting and date of holding of AGM while keeping in view the relevant statutory timelines and procedural/compliance requirements.



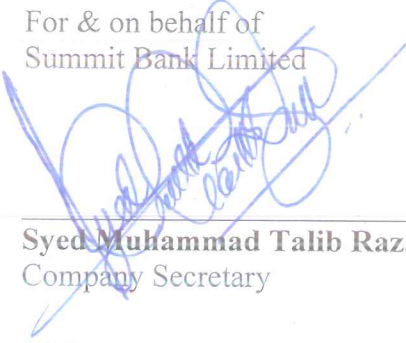
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We also take this opportunity to thank the Exchange for a kind consideration of our submissions and look forward to continued professional guidance and support to the Bank.

Thanking you,

Very truly yours,

For & on behalf of
Summit Bank Limited



Syed Muhammad Talib Raza
Company Secretary



c.c.:

The Executive Director
Corporate Supervision Department
Company Law Division
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Blue Area
Islamabad