

**REQUEST FOR PROPOSALS  
APPOINTMENT OF CONSULTANT(S) FOR THE DUE DILIGENCE OF SUMMIT BANK LIMITED  
("TARGET BANK")**

**CLARIFICATIONS**

In response to certain queries raised by an Interested Party, the following clarifications are provided for information of all the parties:

**Queries/ comments regarding the scope of work.**

- **Transaction structure - Per our discussion, the transaction envisages acquisition of majority shareholding of Summit Bank Limited by Sindh Bank Limited followed by the merger of Summit Bank Limited with Sindh Bank Limited. What services does Sindh Bank Limited expect from the financial consultants in respect of the transaction structure?**

**Clarification by Sindh Bank**

*We anticipate Sindh Bank to be the surviving entity with the shareholders of Summit Bank being issued ordinary shares of Sindh Bank Limited as per the agreed Swap ratio. We would expect the Consultant(s) however to advise on other more efficient transaction structures (if any) based on the results of the due diligence/valuation.*

*Further, Sindh Bank is unlisted on the PSX while Summit Bank is listed on the PSX. In terms of the Banking license to Sindh Bank granted by SBP, it is required to be listed on the PSX and therefore the legal structuring of the transaction needs to be such that the listing status of Summit Bank is inherited by Sindh Bank, if the merger takes place.*

- **Please confirm if the scope of work of the financial consultant will comprise of the following:**
  - **Financial and tax due diligence of Summit Bank Limited**
  - **Valuation of Summit Bank Limited**
  - **Discussion on the projected financial statements of the combined entity to be prepared by Sindh Bank Limited**

**Clarification by Sindh Bank**

*The scope of work includes all the three above as well as legal due diligence as per scope given in the TOR.*

*Signature*

- As per the TOR (Refer section 4 - B of the RFP), the scope of work for financial and tax due diligence includes "review of the current organisation structure and broad profile of senior management". These procedures are performed as part of HR due diligence. Accordingly, these should be removed from the scope of financial due diligence.

Clarification by Sindh Bank

*The purpose here is to assess the pros and cons of merger and its estimated impact on the emerging bank going forward, hence this is encompassed in the assignment.*

- As per the TOR (Refer section 4 - B of the RFP), the scope of work for financial and tax due diligence includes "review of key information technology policies and procedures and comment on their appropriateness and review of key maintenance agreements including software and hardware". These procedures are performed as part of IT due diligence. Accordingly, these should be removed from the scope of financial due diligence.

Clarification by Sindh Bank

*From the valuation perspective and viability of the emerging entity, it is important to assess the IT hardware and Software (including Core Banking system) synergies & redundancies and potential impact of key maintenance, software and hardware agreements. However the matter of review of key information technology policies and procedures and comment on their appropriateness may be excluded from the scope.*

- As per the TOR (Refer section 4 - B of the RFP) the financial consultant is required to perform summary due diligence of key / material subsidiaries / associated undertakings of Summit Bank. Please clarify the extent of due diligence that is required to be performed.

Clarification by Sindh Bank

*The objective here is to review the material financial statement items of the associated undertakings & subsidiaries with the objective to assess it's impact on the valuation of Summit Bank. This may include review of the entity's financial statements as of December 31, 2016, its profitability, significant receivables, investments, liabilities/contingent liabilities, litigation/tax cases, important agreements, licenses & permissions etc.*

Other queries/ matters

S. A. Khan

- We have provided services to Summit Bank Limited in respect of tax matters relating to former MyBank Limited (which merged into Summit Bank Limited) during the last three years. The services included preparing and appearing for appeals before the Appellate authorities and other non-retainer based tax advisory services. Please clarify whether the provision of above-mentioned services renders our firm ineligible to apply for the assignment.

Clarification by Sindh Bank

*It is a matter that the Consultant needs to carefully assess. However it is required to make a full disclosure of all relevant facts about any potential conflict of interest, to enable Sindh Bank to make its own independent assessment.*

- As per the RFP, Chartered Accountancy firms will apply for rendering financial due and tax due diligence services individually or as part of a consortium including a law firm. Please confirm if we can submit the proposal for due diligence individually (i.e. without being part of a consortium).

Clarification by Sindh Bank

*For legal due diligence, the need for association with a reputable legal firm is required for which separate Technical and Financial Criteria has been specified in the RFP.*

- Please confirm whether we can submit the proposal in MS Powerpoint (.pptx) format instead of MS Word format as proposals are generally better presented in pptx format.

Clarification by Sindh Bank

*This can be done, however it is important to follow the other requirements as given in Section 6 of the RFP.*

- As per section 3.11 of the RFP, Bid Security is stated as 5% of financial proposal, where as the same has been mentioned as 2% in Annexure B of the RFP. Please indicate the correct % of bid security.

Clarification by Sindh Bank

*The Bid Security amount is 5 percent of the financial proposal. Annexure B is provided as a specimen.*

- As per Annexure A, all expenses directly related to transaction such as stamp duties, PSX charges, SECP charges, CDC charges, bankers' and brokerage commission, etc. mentioned shall be reimbursed by Sindh Bank. Please note that Sindh Bank will bear these expenses directly. Accordingly, this paragraph should be removed.

Clarification by Sindh Bank

*There is no need to delete the para as it is only applicable to the expenses, if these are paid by the Consultant, Otherwise, these expenses will be paid directly by Sindh Bank.*

- In respect of section 8.1.9 of the RFP, please note that in case we are successful, we would agree to include a liability clause in the engagement letter with Sindh Bank to the effect that our liability in respect of the services will be limited to an amount equal to the fees paid by Sindh Bank for the portion of our services or work giving rise to the liability.

Clarification by Sindh Bank

*As you mention, the stage will arise after a firm is awarded a contract and will be subject to negotiation at that stage.*

- With reference to section 8.1.8 of the RFP, we will only provide Sindh Bank Limited with our deliverables in respect of the assignment i.e. financial and tax due diligence and valuation reports. Intellectual property rights in all documentation, systems, materials, methodologies and processes (in paper or electronic form and including working papers) brought to the services by us, or created by us in the cause of the services, shall remain and be vested in us. It is not our practice to release or grant access to such documentation.

*Agreed that Intellectual property rights in all documentation, systems, materials, methodologies and processes (in paper or electronic form and including working papers) brought to the services by the firm, or created them in the cause of the services, shall remain and be vested in it. However all the data related to the Transaction/Assignment including the related financial models/spread sheets and working papers shall be provided to Sindh Bank and shall not be disclosed to any one without Sindh Bank's specific written permission.*

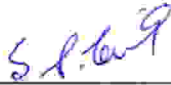
*In addition to the above, the following corrections in the RFP documents are also clarified for your kind information:*

*S. I. Khan*



*Under Section 3.7 on page 10 in the second line, the word "Three" should be replaced by the word "Five"; and*

*In Annexure "B" Bid Form, in the third para "two percent (2%)" should be replaced by "five percent (5%)".*



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**Mr. Saeed Jamal Tariq**

**Chief Financial Officer - SNDB**