



ORDER
COMPETITION COMMISSION OF PAKISTAN
Government of Pakistan

MERGER OF PAKISTAN OPERATIONS OF HSBC OMAN WITH AND INTO MEEZAN BANK LIMITED

THE NOTIFICATION

1. Mohsion Tayyabaly & Co vide their letter dated 3, September, 2015 have submitted an application on behalf of their clients, Meezan Bank Limited for the intended acquisition and simultaneous merger of Pakistani Branch Operations of HSBC Bank Oman with and into Meezan Bank Limited, seeking a "No Objection Certificate" along with the necessary information as well as a Bank Draft for /- as processing fee, applicable under Regulation 5(6) of the Competition (Merger Control) Regulations, 2007 (the "Regulations").
2. The case is examined in the light of the provisions of the Competition Act, 2010, as under

ADDITIONAL INFORMATION

3. Upon preliminary examination of the documents submitted therewith, it was observed that certain information was missing the applicants were asked to submit the information vide our letter dated 4th September 2015 to which they replied vide letter dated 14th September 2015 submitting the required information.

MERGER PARTIES

ACQUIRER:

Meezan Bank Limited (MBL):

4. MBL was incorporated in Pakistanis on January 27, 1997 as a Public Limited Company under the Companies Ordinance, 1984 and its shares are quoted at Karachi Stock Exchange. The Bank was granted a "Scheduled Islamic Commercial Bank" license on January 31st, 2002 and formally commenced operations as a scheduled Islamic Commercial Bank from March 2002. Currently the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities. The



V.S.

[Handwritten Signature]

total Assets for the year ended December 31st 2014
the same period remained

while the turnover for

Target:

HSBC Bank Oman S.A.O.G Pakistan Operations:

5. HSBC Bank Oman S.A.O.G is an Omani Joint company incorporated and domiciled in the Sultanate of Oman. HSBC Bank is presently operating in Pakistan through only one branch at Karachi, while its other two branches at Gwader and Lahore have been closed in 2013. The Pakistan operations (the Bank) operate as a branch of foreign entity in Pakistan and is engaged in the banking activities as permissible under the Banking Companies Ordinance 1962.
6. The Total Turnover for HSBC Oman has been in negative for the year ended 31st December, 2014, while the Turn over for HSBC Oman Global was US\$ Total Assets for the same period was -PKR

POST-MERGER ENTITY (SURVIVING ENTITY)

7. As the transaction pertains to merger of the target with and into MBL thus, post merger only the acquirer i.e. MBL will survive.

NATURE AND VALUE OF TRANSACTION

8. The transaction is being managed under the scheme of amalgamation and there is no separate Sale Purchase Agreement in this case. The transaction value is confidential.

TRANSACTIONAL THRESHOLDS

9. The transaction meets the asset and turnover, test prescribed under Regulation 4(2)(a)&(b) as the value of transaction has not been mentioned.

STRATEGIC AND ECONOMIC RATIONALE OF MERGER

10. In 2012 the Oman International Bank (OIB) was merged with Oman branches of HSBC Bank Middle East Limited as a result of this merger all the assets and liabilities of HSBC stand merged into OIB and the merged Bank had been re-named as HSBC Bank Oman S.A.O.G, this included the OIB's Pakistan operations. In the same shareholder's meeting closure, sale or other disposition of branches and businesses in the Islamic Republic of Pakistan was also approved.

Susana



VAC

11. The bank had also communicated to SBP in 2013 that it is in the process of working on its closure plan the Lahore and Gwadar branches of the Bank were also closed down in 2013 in compliance with its closure plan strategy. The intended merger under consideration is also continuation of the target's declared exit strategy.
12. For the acquirer i.e. Mezaan Bank Limited the intended merger presents an opportunity to increase its growth by acquiring the assets and liabilities of HSBC Oman.

NON-COMPETE CLAUSE

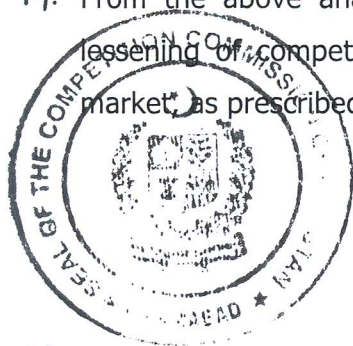
-
13. There are no ancillary restrictions.

MARKET BACKGROUND

14. **Relevant Product Market:** The relevant product market is Banking Services.
15. **Relevant geographic market:** The relevant geographic market is Pakistan.

COMPETITIVE FINDINGS

16. **Pre-Merger:** The acquirer i.e. Meezan Bank has a market share of % in the banking sector while in the Islamic Banking segment it has a market share of %. However, the target has only one dormant branch in Pakistan and has a negligible market share in overall banking sector and nil in Islamic Banking.
17. SBP has granted the approval for amalgamation process subject to compliance with applicable laws, rules and Shariah Standards. Meezan has successfully adhered to the same condition in case of acquisition of Pakistan operations of HSBC Middle East. The assets and liabilities of the target in that case were converted into Shariah compliant products.
18. **Post-Merger:** The status quo will be maintained and post merger the market share will remain the same.
19. From the above analysis we arrive at the conclusion, that there is no likelihood of substantial lessening of competition by creation or strengthening of a dominant undertaking in the relevant market, as prescribed in section 11(1) of the Competition Act, 2010.



Susain

[Handwritten signature]

VSC

CONCLUSION

20. The said acquisition is hereby allowed to Meezan Bank Limited.

Mueen Batlay
30.9.2015

Mr. Mueen Batlay

Member, Merger & Acquisitions

Ikram-ul-Haq Qureshi
30/9/15

Mr. Ikram-ul-Haq Qureshi

Member, Legal, Cartels & Trade Abuse



Vadiyya S. Khalil
30/9/15

Ms. Vadiyya S. Khalil

Chairperson