



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF MERGER OF M/S. SINDH BANK LIMITED WITH M/S.
SUMMIT BANK LIMITED

CASE: 925/Merger-CCP/17

Commission

Ms. Vadiyya Khalil
Chairperson



Mr. Ikram Ul Haque Qureshi
Member

I. INTRODUCTION

1. On 14th November 2017, M/s Sindh Bank Limited ("SBL" or "Acquirer") and M/s Summit Bank Limited ("SMBL" or "Target") jointly submitted a pre-merger application ("Application") to the Competition Commission of Pakistan ("Commission"), for the intended merger of SBL and SMBL, pursuant to an Amalgamation Agreement ("Agreement").

II. PARTIES

Acquirer:

2. SBL was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 260 branches including 8 sub branches and 14 Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
3. The Government of Sindh, through its Finance Department owns _____ ordinary shares of the Bank.
4. The turnover of SBL for the year ended 31 December 2016 is PKR _____ while its assets were evaluated at PKR _____

Target:

5. SMBL is a banking company incorporated under the Companies Ordinance, 1984¹ on December 09, 2005 and licensed under the Banking Companies Ordinance, 1962 to undertake commercial banking business.
6. In October 2007, Arif Habib Securities Limited under the Scheme of Amalgamation set by the State Bank of Pakistan acquired the Pakistan Operations of Rupali Bank Limited; hence forming Arif Habib Bank. In 31st March 2010, Suroor Investments Ltd, a Mauritius based investment firm, acquired _____ stake in Arif Habib Bank Ltd from Arif Habib Securities Ltd, and on the 18th of August 2010, Arif Habib Bank Ltd was rebranded as Summit Bank Ltd.



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7. Summit Banks parent company, Suroor Investments Ltd, later acquired majority shares of MyBank Ltd and Atlas Bank Ltd in Pakistan. The operations of the later mentioned banks were then merged under the single umbrella of Summit Bank Ltd, thus expanding the Bank's network to more than 193 Branches.
8. The turnover of SMBL for the year ended 31 December 2016 is PKR while its assets were evaluated at PKR

III. TRANSACTION

9. The proposed transaction entails the merger of SMBL with and into SBL according to the Amalgamation Agreement. Subject to the sanction of the scheme of the amalgamation by the State Bank of Pakistan, SMBL will be merged into SBL whereby, each registered shareholder of SMBL shall be entitled to receive 1 share of SBL for every . . . shares of SMBL held.
10. A total of . . . shares of SBL will be issued to the shareholders of SMBL against their approximate total shareholding of . . . shares. Thus, the total transaction value is estimated to be PKR . . . billion based on the book value of PKR . . . of each ordinary share of SBL as on 31st December 2016.
11. The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having combined assets being more than PKR 1 billion and combined turnover being more than PKR 1 billion. The transaction value also exceeds PKR 100 million and percentage of shares to be acquired exceeds 10% of the total shareholding of the Target.

IV. RELEVANT MARKET

12. As SBL is only involved in Commercial Banking, and SMBL is also licensed as a Commercial Bank, the relevant product market in this case has been identified as that of Commercial Banking.
13. As these services are provided across the nation where the conditions of competition are sufficiently homogenous, the relevant geographic market has been identified as Pakistan.

14. The market shares of the merger parties along with their competitors are as follows:



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Market Share Analysis - Commercial Banking Sector

(Amounts in Pak Rupees in Billion)

Commercial Banking Sector				
As on 31 December 2016				
	Market Share	Total Assets	Market Share	Deposits
Sindh Bank				
Summit Bank				
HBL				
NBP				
UBL				
Others				
Total				

Merged Entity - Market share				
As on 31 December 2016				
	Market Share	Total Assets	Market Share	Deposits
Sindh Bank				
Summit Bank				
Total				

15. According to the information provided by the applicants, the combined market share comes to _____ for deposits while _____ for the total assets which is below the 40% threshold.

V. FINDINGS OF THE PHASE I INVESTIGATION ON COMPETITION ASSESSMENT

16. The proposed transaction involves merger of SMBL with and into SBL, whereby, each registered shareholder of SMBL shall be entitled to receive 1 share of SBL for every _____ shares of SMBL held.

17. In the relevant product market, post-transaction, the combined market share comes to _____ for deposits while _____ for the total assets which is below the _____ threshold.

18. The total transaction value is estimated to be PKR _____ based on the book value of PKR _____ of each ordinary share of SBL as on 31st December 2016.



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19. Post- transaction the market share in the relevant product market is likely to remain the same. The proposed transaction involves a merger. The relevant market is competitive with a number of market players. The transaction is not likely to result in creation or strengthening of dominant position in the relevant market.
20. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("Act").

VI. CONCLUSION

21. In conclusion, the transaction is a merger and there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.


(Vadiyya S. Khalil)
Chairperson


(Ikram Ul Haque Qureshi)
Member



Islamabad the 15th December 2017