



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**IN THE MATTER OF THE MERGER OF SILKBANK LIMITED INTO UNITED
BANK LIMITED.**

CASE: 1504/Merger-CCP/2024



Commission

**Dr. Kabir Ahmed Sidhu
Chairman**

ORDER

1. On 16th December 2024, the Competition Commission of Pakistan (the “**Commission**”) received a pre-merger application (the “**Application**”) submitted by United Bank Limited (the “**Acquirer**”), seeking authorization for the proposed scheme of amalgamation of Silkbank Limited (the “**Target**”) with and into Acquirer.
2. The Application has been submitted under Section 11 of the Competition Act, 2010 (the “**Act**”) and in accordance with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”).

Merger Parties

Acquirer

3. United Bank Limited (**UBL**) is a banking company incorporated in Pakistan and listed on Pakistan Stock Exchange (**PSX**). As one of the leading commercial banks in the country, it provides a comprehensive range of banking and financial services, including retail banking, corporate banking, and investment banking, and related operations.

Target

4. Silk Bank Limited (**SBL**) is also a banking company incorporated in Pakistan and listed on PSX. It operates in the same domain, offering commercial banking services to retail and corporate clients, albeit on a smaller scale compared to UBL.

Transaction

5. The proposed merger is governed by an undated Scheme of Amalgamation (the “**Scheme**”). According to the Applicant, the transaction involves the merger of SBL into UBL. As a part of the Scheme, UBL will issue _____ shares to SBL’s shareholders based on a swap ratio of _____ meaning that for every _____ shares of SBL, _____ share of UBL will be allocated. Upon completion of the transaction, SBL will be dissolved without undergoing winding-up proceedings, with UBL continuing as the surviving entity (the “**Transaction**”).



Phase-I Competition Assessment

Procedural Review

6. The Commission reviewed the Application, supporting documentation, and submissions made by the Applicant. A Phase-I competition assessment was carried out to assess the Transaction's compliance with the Act and Merger Regulations, with particular emphasis on any potential anti-competitive effects, including the lessening of competition by the creation or strengthening of a dominant position in the relevant market.

Relevant Market

7. The relevant market for this assessment is identified as "**Commercial Banking**," encompassing a wide array of banking services, including deposits, loans, and related financial services. The relevant geographic market is defined as "**Pakistan**," considering that banking services in the country are regulated by the State Bank of Pakistan (SBP) and operate within the national jurisdiction, defining the scope of services provided by UBL and SBL.

Market Share

8. The Applicant has submitted that, upon completion of the proposed merger, the combined market share of the merged entity, UBL, will amount to ____ %. Citing VIZ the Applicant has stated that UBL's market share in deposits stands at ____ % as of December 2023. Additionally, based on SBL's most recent audited financial statements for the year ended December 2022, SBL's market share is reported to be ____ %.

Competition Analysis

9. The Transaction constitutes a horizontal merger, as both UBL and SBL operate within the same relevant market, *i.e.*, commercial banking and related operations. Post-merger, SBL will cease to exist as an entity, with its operations fully integrated into UBL.

According to the Applicant, the objective of the Transaction is to amalgamate SBL with UBL by transferring and vesting the entirety of SBL, as a going concern, into UBL. In



VIS, Credit Rating Company Limited, Banking Industry. Available at: vis.com.pk

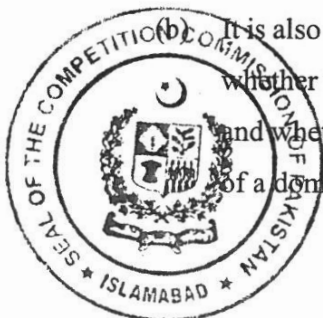
return, UBL will issue and allot shares to SBL shareholders based on the specified swap ratio.

11. Given SBL's insignificant market share, the proposed Transaction will have negligible impact on overall market structure and competitive dynamics. Although the merger will result in a market share increase, the Commission notes that the combined entity will continue to face competition from several well-established players in the commercial banking sector, reducing the likelihood of anti-competitive effects such as collusion or diminished consumer choices.
12. The Transaction is anticipated to generate efficiency gains, lower operational costs, strengthen financial stability, and enhance product competitiveness, thereby fostering improved service quality benefiting consumers. Based on the information provided by the Applicant, the Commission's assessment concludes that the Transaction is unlikely to result in the creation or strengthening of a dominant position of UBL in the relevant market, as the projected market share remains below the dominance threshold stipulated in Section 2(1)(e) of the Act.

Determination

13. The Commission determines that the Transaction is unlikely to result in the creation or strengthening of a dominant position for UBL in the relevant market, as defined under Section 2(1)(e) in conjunction with Section 11 of the Act and the Merger Regulations. Accordingly, the Transaction is hereby approved under Section 31(1)(d)(i) of the Act, subject to the following:

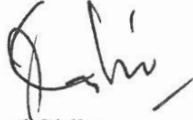
- (a) The Order of the Commission shall have no bearing on inter-se disputes between the creditors and shareholders of SBL, which are *sub-judice* in Sindh High Court at Karachi through Suit No. 1384 of 2024 and are subject to the decision of the Sindh High Court.



- (b) It is also clarified that through pre-merger proceedings, the Commission determines whether the Transaction meets the threshold and presumption of dominant position and whether the Transaction would lessen competition by creating or strengthening of a dominant position in the relevant market.

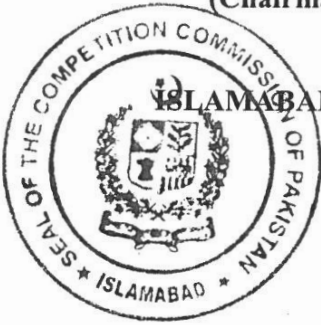
- (c) Additionally, relevant sector-specific regulatory oversight shall remain in effect in accordance with the applicable law(s).

14. It is so ordered.



Dr. Kabir Ahmed Sidhu

(Chairman)



ISLAMABAD, February 25, 2025.