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THE EFFECTS OF MERGERS & ACQUISITIONS ON FINANCIAL PERFORMANCE IN BANKING SECTOR OF PAKISTAN

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ABSTRACT:

The main objective of this study is to measure the banks performance after to merger and acquisition in Pakistan. This be taught has the significance for the worried associations, shoppers, shareholders, traders, opponents and inner management. In Pakistan, nevertheless, the phenomenon of Mergers and acquisitions is fairly new and is practiced from the last two many years. This is a quantitative research that is based on secondary data collected form annual reports of banks for calculate the financial indicators. These banks are listed on KSE (Karachi Stock Exchange). The sample size of the data is nine M&A (merger and acquisition) banks listed in KSE OF Pakistan from 2002 to 2015. Population of all merger and acquisitions have been made during the period of 2002 to 2018 in the banking sector of Pakistan. Mostly previous studies focused on developing countries that are less work done on merger and acquisition as compared to developed countries. This study used four types of ratios such as liquidity ratios, solvency ratios, profitability ratios and investment ratios for two previous years and two next years that show the positive impact of merger and acquisition on banks performance. This study conclude that merger and acquisition have a positive impact on banks performance but the negative performance of some banks due to overconfidence in utilization of resources.

Key Words: M & A, Financial Performance, Banking Sector, Pakistan

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1. Introduction:

Acquisition and mergers are applied to expand business and generate effectivity within the existing trade. In general acquisition in banking and coverage sector of Pakistan had been taken location to broaden industry. Some acquisition like Adamjee insurance Co received through MCB financial institution Ltd by way of antagonistic takeover was aimed at maintain the bought organization as standalone and use it for its sister businesses. But Standard Bank Ltd got Union bank Ltd for expanding its branch network and volume of trade (Awan and Ahson, 2015). Mergers and acquisitions (M&A) is a common term that refers to the consolidation of businesses or property by way of quite a lot of varieties of economic transactions. M&A can incorporate a quantity of specific transactions, reminiscent of mergers, acquisitions, consolidations, delicate presents, purchase of property and administration acquisitions. In all cases, two corporations are concerned. The term M&A also refers to the department at monetary associations that offers with mergers and acquisitions. The corporations use Merger and Acquisition (M&A) as an effective approach to manage with the dynamic business atmosphere. This approach remains to be enormously acquainted type of company progress. In the final decade, M&A has grow to be an impressive activity. Merger occurs when two businesses agree to move forward as a single or joint entity for their mutual advantages. At the same time acquisition happens when an organization purchases some belongings, plant, apparatus, industry unit or shares of other group or it acquires entire possession of other businesses (Sherman 2011).

The present study is established on banking sector of Pakistan. As a result, it is vital to offer a small old background of Pakistani banking sector. Predominate early traditional banking had its genesis in Italy. The vocation grew out of the alternate boom of the ostensible commercial revolution of the High Middel Ages (1000-1350). By the late thirteenth and fourteenth centuries there have been three types of banking institutes:

1) · International Merchant Banks
2) . Local Deposit Banks
3) · Pawn Broking businesses

Prior to the Indo-Pak subcontinent's partition in 1947, banking in Pakistan used to be subjugated by using branches of British banks. The State financial institution of Pakistan, Pakistan's critical financial institution, used to be established in 1948. It implicated the supervisory, pecuniary and different insurance policies of the State financial institution of India. In the course of 60s to 70s, a substantial quantity of specialized Developmental monetary associations (DFIs) similar to Industrial Progress Bank of Pakistan (IDBP) and the Agricultural progress financial institution (ADB) emerged. In 1974, all home business banks had been nationalized by means of the federal government through Z.A. Bhutto. The Pakistan Banking Council (PBC) used to be formulated, which took the responsibility of banking sector with some supervisory responsibilities and powers. However afterward it used to be dissolved and afterwards SBP was the one authority who was once supposed to oversee and keep watch over the entire banks and financial associations in the state. Scheduled business banks in Pakistan which incorporate nationalized, international and private banks are working in line with the availability of the Banking corporations Ordinance, 1962. A closer glance at business banks working in Pakistan exhibits quite a lot of rising inclinations. The Nationalized commercial Banks (NCBs) are going through huge-ranging restructuring packages. Confidential Banks are consolidating their crisis by escalating their paid-up-capital and intensifying divisional and sub-divisional network structures.

Also now a days Mergers and acquisitions within the banking sector has accelerated in most international locations of the sector, and the number of large national and international banks all over the world worried in mergers and acquisitions and the main purpose is to gain economies of scale known. Through mergers and acquisitions, banks can gain a significant progress of its operations and minimize expenses on large scale. The M&A has no longer thoroughly grown-up in Pakistan as it's developed globally. The main cause is the nationalization by using govt of Pakistan in 1970s. The federal government involvement was elevated and it influenced and depressed the private and company sector. Various researchers have defined the current scenario of M&A in Pakistan however there have been certain obstacles in their stories which centered the necessity of present be taught to check the impact of M&A on the monetary efficiency of banks in Pakistan. Financial performance of banks below M&A can be measured by way of the monetary ratio(s) utilising accounting and fiscal information of pre and publish M&A. Rehman and Ahmed (2008) evaluate the economic ratios to measure the efficiency of banks in Pakistan. The study on M&A in banking sector has much significance. This be taught has the significance for the worried associations, shoppers, shareholders, traders, opponents and inner management. The objective of the learn is to verify the alterations in the economic efficiency of banks in Pakistan after M&A making use of monetary ratios. The second objective is to present whole knowledge to the firms about the professionals and cons of M&A in the latest aggressive industry atmosphere.

2. **Literature Review:**

Many reviews have been conducted across the globe to examine more than a few features of mergers by using using special analysis units e.g. Data Analysis Envelopment Stochastic Frontier Analysis, Wilcoxon Signed-Rank Test and ratio analysis (Sufian & Fadzlan, 2004; Sinha & Kaushik, 2010, Koetter M., 2005 and Arshad, 12). The outcome of those reports range dramatically. The banking sector has primary value in Pakistan in terms of employment, import and export facilities, supply of finance, payment settlement and economic administration (Kemal, 2011; Arshad, 2012). The benefit of consolidation is to reinforce the efficiency of weak banks in three approaches; at first by using improving shareholders worth and effectivity, Secondly by enhancing private supremacy, Thirdly with the aid of improving financial situation of weak banks. In addition, mergers can take advantage of economies, acquire synergy and trim down bills (Prompitak, 2009; Sinha & Kaushik, 2010).

In Pakistan, nevertheless, the phenomenon of Mergers and acquisitions is fairly new and is practiced from the last two many years. For this reason, there's much less literature on hand on the outcomes of M&As on financial performance as compared to other international locations. The present experiences in Pakistan provide blended results on the influence of M&As on financial performance. Few of the reviews suggested confident outcome while others have established bad or no influences of M&As on financial performance.

Ahmed and Ahmed studied the manufacturing sector of Pakistan from the year 2000-2009 and found similarities in results of Mergers and acquisition in Pakistan are fairly just like the studies carried out for different nations. Mehmood, et al. studied banking and pharmaceutical enterprise in Pakistan and determined mixed outcome. They suggested positive influences on share prices of some companies while poor and or even no result on share prices following the phenomenon of mergers and acquisition within the country. The aforementioned stories indicate that the literature provides proof on the effects of mergers and acquisition in some sectors of the economic system. However, Banking sector still desires researcher concentration as it has witnessed a number of Mergers and Acquisitions in Pakistan, which would have both confident or uncomfortable side effects on shareholder's wealth of the mixed banks in Pakistan, however, the phenomenon of Mergers and acquisitions is slightly new and is practiced from the final two many years. As a consequence, there's less literature available on the result of M&As on inventory returns as compared to other international level. the present reports in Pakistan provide mixed results on the outcome of M&As on inventory returns. Few of the experiences pronounced constructive outcome even as others have validated poor or no impacts of M&As on share price. Awan (2014) analyzed the acquisitions and mergers in the context of world financial challenge which offered strong organizations having surplus funds to accumulate susceptible or failed firms at nominal costs and in this fashion financial seems to be an opportunity of positive entrepreneurs to increase their industry and dangerous luck for failed entrepreneurs. Awan and Malghani (2015) explored the reasons of mortgage defaults and resultantly failure of banking businesses in Pakistan. They disclosed that the majority of economic associations have been bankrupted either when you consider that of willful default or corrupt practices of bankers who lent huge loans with out thinking of default risk. They contended that political interference used to be the one more cause of loans defaults. Awan & Siddique (2014) argue that wild fluctuations within the stock Market have brought on the failure of many funding Banks in Pakistan. They pointed out that Nineties was the period when dozens of investment banks together with Orix investment bank, Crescent investment bank, believe investment financial institution, Al-Towfeeq investment financial institution, Asset investment Banks have been fashioned they usually generated massive money via public offerings when stock market was in publication. Additionally they invested their funds in distinct scripts on lengthy-term basis when their costs had been very excessive. But in a while, when the inventory market was crashed the worth of their investment was washed away and steady hunch available in the market prompted bankruptcy of these investment banks. Awan & Saeed (2015) disclosed that organizational conflict additionally influence its efficiency and if it continues it'll lead it to bankruptcy. They advised that organizational clash must be managed by means of developing clash resolution mechanism. Afza (2012) described that merger is a blend of two corporations and makes a gigantic one company. There's a negotiation method start between two companies prior to going to the merging contract.

After the negotiations both events agreed on the distinct kind of merger and make a contract. It's an motion in which each parties are deliberate and stocks are exchanged by way of money compensation to the merged company. Stock swap or money compensation to the target or merged corporation means it permit the stockholder to share their danger if any worried throughout business. Byard et.Al (2007), says that good managed manufacturer of merger will integrate quite simply and recuperate within a hundred days. They acknowledged that bigger acquisition intensity required short time to search and impose for an effective motion earlier than focusing on are going to contain in next acquisition. This be taught shows that the sequence of acquisition mean mixed number of acquisition in a given year, whilst depth of acquisition displays the special quantity of acquisition in a unique year. Dymski and Gary (2002) asserted that mergers are useful for efficiency determined however its effectivity pushed characteristic is precise and now not equally legitimate in all nations (cultures) banking industry, it way its results differ in unique international locations, cultures and industries. It's also concluded that in setting up nations mergers are usually not profit effectivity driven. It's scrutinize that mergers and Acquisitions in banking sectors furnish advanced results in price slicing but in case of performance effectivity it specify traditional end result. Additionally, there is no outcomes of banks measurement and banks pre-effectivity on the profitability of banks after merger. Resti (1998) argued the results of acquisition and merger on efficiency. He concluded that after merger the company's effectivity increases on the grounds that now they'll be in wide structure of operation due to enormous measurement their effectuality also extended. Effectivity of any group can also be expanded most effective when the partners of merger haven't any effectivity in cost however it also depends upon administration of each the organizations. It used to be additionally analyzed that small measurement companies took improvement of mergers and acquisitions. In comparison with huge dimension institutions which are not performing as good after merger and acquisition. Khan, (2011) discuused that a study has been performed on M&A in Europe in 1990, it use distinctive ratios evaluation on their sample and proved that there is little enhancement in banks profitability and performance not only home as good as cross border. An additional learn conducted by Resti, (1998) on NSE (the big apple inventory trade) listed businesses and results showed that merger and Acquisition has tremendous affect on profitability. Ochieng (2006) additionally provided an alarming outcome of merger and acquisitions of CBA merged FABK, it demonstrates there was once a pessimistic relationship with return and price effectivity. A study on have an impact on of mergers and acquisitions was once conducted on non-listed banks in Kenya for analyzing the performance unique ratios analysis proved that mergers and acquisitions have confident influence on efficiency and profitability in non-listed banks.

3. Methodology:

In the conducting study methodology describe the specific techniques step by step. This study based on secondary data that is collected form annual reports of banks for calculate the financial indicators. These banks are listed on KSE (Karachi Stock Exchange). The sample size of the data is nine M&A (merger and acquisition) banks listed in KSE OF Pakistan from 2002 to 2015. Only those banks are selected for the years 2002 to 2015 whose date was available. This is a quantitative research based on trends that has increased the merger and acquisition. Population of all merger and acquisitions have been made during the period of 2002 to 2018 in the banking sector of Pakistan. In table present the all merger and acquisition banks population. We have selected the following nine banks:

1) Faysal Bank Limited
2) KASB Bank Limited
3) Allied Bank Limited - (ABL)
4) Standard Chartered Bank Limited (SCBPL)
5) JS Bank Limited - (JSBL)
6) NIB Bank Limited - (NIB)
7) Askari Bank Limited
8) Summit Bank Limited - (SMBL)
9) Orix Leasing Pakistan Limited - (OLPL)

Table 1 List of Banks mergers and acquisitions in Pakistan 2002 - 2018

Before M&A	After M&A	Years
Al-Faysal Investment Bank	Faysal Bank Limited	10-01-2002
Atlas Lease	Atlas Investment Bank Limited	15-03-2002
Pakistan Industrial Leasing Corp. Ltd.	Trust Investment Bank Limited	22-07-2002
KASB & Company Limited	KASB Bank Limited	04-06-2003
Crescent Investment Bank Limited	Mashreq Bank Pakistan	9-7-2003
First Cresecent Modaraba	First Standard Investment Bank Ltd.	31-07-2003

Fidelity Investment Bank Limited - (FIBL)	Trust Commercial Bank Limited - (TCBL)	30-04-2004
Trust Investment Bank Limited - (TIBL)	Trust Commercial Bank Limited - (TCBL)	30-04-2004
First General Leasing Modaraba	First Dawood Investment Bank Limited	12-05-2004
Industrial Capital Modaraba	First Dawood Investment Bank Limited	12-05-2004
First Leasing Corporation Limited	First Standard Investment Bank Limited	18-06-2004
Paramount Leasing Limited	First Standard Investment Bank Limited	18-06-2004
Pacific Leasing Company Limited	First Standard Investment Bank Limited	18-06-2004
Trust Commercial Bank Limited - (TCBL)	Crescent Commercial Bank Limited (CCBL)	18-10-2004
Ibrahim Leasing Limited	Allied Bank Limited - (ABL)	31-05-2005
Atlas Investment Bank Limited - (ATLSB)	Atlas Bank Limited - (ATBL)	26-07-2006
First Allied Bank Modaraba - (FABM)	Allied Bank Limited - (ABL)	25-08-2006
Union Bank Limited - (UNBL)	Standard Chartered Bank Limited (SCBPL)	29-12-2006
Jahangir Siddiqui Investment Bank Limited - (JSIB)	JS Bank Limited - (JSBL)	30-12-2006
Crescent Standard Investment Bank Limited - (CSIBL)	International Housing Finance Limited (IHFL)	20-07-2007
International Housing Finance Limited (IHFL)	KASB Bank Limited	22-11-2007
PICIC Commercial Bank Limited - (PICB)	NIB Bank Limited - (NIB)	01-01-2008
Pakistan Industrial Credit & Investment Corp. Ltd (PICIC)	NIB Bank Limited - (NIB)	01-01-2008
Network Leasing Corporation Limited	KASB Bank Limited	17-02-2009
Orix Investment Bank Limited - (OIBL)	Orix Leasing Pakistan Limited - (OLPL)	28-10-2009
Al-Zamin Leasing Corporation Limited	Invest Capital Investment Bank Limited	11-01-2010
Al-Zamin Leasing Modaraba	Invest Capital Investment Bank Limited	11-01-2010
Askari Leasing Limited	Askari Bank Limited	10-03-2010
The Royal Bank of Scotland Limited - (RBS)	Faysal Bank Limited - (FABL)	03-01-2011
Atlas Bank Limited - (ATBL)	Summit Bank Limited - (SMBL)	11-01-2011
Mybank Limited - (MYBL)	Summit Bank Limited - (SMBL)	06-07-2011
KASB Bank Limited - (KASBB)	Bankislami Pakistan Limited - (BIPL)	11-05-2015
NIB Bank Limited - (NIB)	MCB Bank Limited - (MCB)	01-08-2017
IGI Investment Bank Limited - (IGIBL)	IGI Insurance Limited - (IGIIL)	26-03-2018

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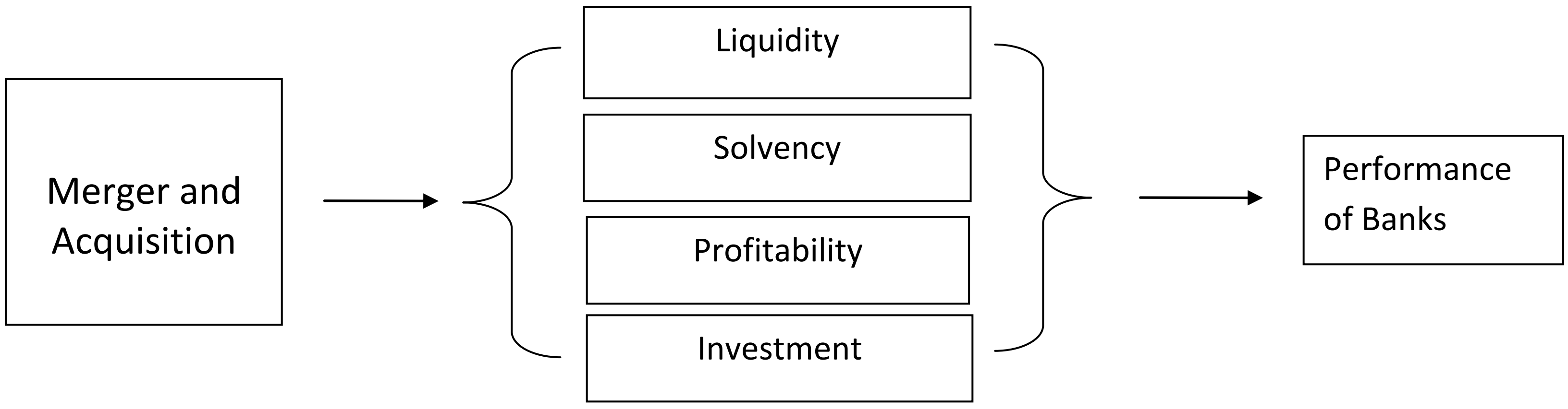
3.2 Data and Types

This study based on secondary data that are collected from the database of Competition Commission of Pakistan, Securities and Exchange Commission of Pakistan and Karachi Stock Exchange and annual reports of selected banks.

3.3 Conceptual Model:

In the model four independent variables measures the M&A banks performance of banking sector in Pakistan so with their measures have been shown to check the impact of M&A on banks profitability. Independent variables are liquidity, solvency, profitability and investment. These all variables are categories in different ratios that used for calculate the multiple levels of bank performance after to merger and acquisition. Four variables are shown in model and the ratios categories of variables of are shown in table 2.

Conceptual Model



(Conceptual Model of Mergers and Acquisition (Adopted from Ghafoor A. et. al 2015)

Table 2 Explanation OF Variables

Independent Variables	**Abbreviation of Ratios**
Liquidity Ratios	*DTA = Deposits to Total Asset*
	ADR = Advances to Deposits Ratio
Solvency Ratios	*D/E = Debt to Equity*
	IC = Interest Coverage
Profitability Ratios	*ROA= Return on Assets*
	ROE= Return on Equity
Investment Ratios	*ROI= Return on Investment*
	EPS= Earnings per share

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4. Result and Discussion:

Data analysis techniques are used to measure the change in financial variables after M&A on banks performance.

Table 3 Liquidity Ratio Analysis

Banks Name & Years		**Liquidity Ratios**	
	Faysal Bank Limited	**DTA**	**ADR**
Before	2009	68.29	76.68
	2010	73.06	77.11
	2011	73.36	77.42
After	2012	76.89	79.29
	KASB Bank Limited		
Before	2007	67.74	75.88
	2008	71.82	76.07
	2009	79.36	77.74
After	2010	81.03	100.22
	Allied Bank Limited - (ABL)		
Before	2004	76.26	55.34
	2005	80.07	74.26
	2007	82.46	67.63
After	2008	84.12	75.18
	Standard Chartered Bank Limited (SCBPL)		
Before	2004	69.33	67.31
	2005	65.96	60.03
	2007	74.91	73.98

After	2008	80.85	78.90
NIB Bank Limited - (NIB)			
Before	2006	65.84	104.32
	2007	66.08	93.05
	2008	58.46	79.36
After	2009	45.13	72.02
Askari Bank Limited			
Before	2008	75.18	67.31
	2009	72.08	72.28
	2011	82.01	76.26
After	2012	85.28	78.22
Summit Bank Limited - (SMBL)			
Before	2009	82.01	76.26
	2010	85.28	72.28
	2011	75.18	67.31
After	2012	72.09	67.08
Orix Leasing Pakistan Limited - (OLPL)			
Before	2007	10.4	2.8
	2008	0.2	23.9
After	2009	2.1	12.5
	2010	3.2	8.7

In table 3 show the liquidity ratios on the basis of □Deposit to total asset□ the result shows that after to merger and acquisition of banks in Pakistan there is a positive impact on the performance of the banks. Increased performance 0f such Banks Faysal Bank, KASB, ABL, SCBPL, and Askari Bank but there is a negative impact of merger and acquisition on such banks NIB, SMBL, and OLPL etc. On the other hand basis on □Advances to Deposits Ratios the performance of some banks increased after to merger and acquisition such as Faysal Bank, KASB Bank, ABL, SCBPL, and Askari Bank but the performance of other banks decreased.

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Table 4 Solvency Ratio Analysis

Banks Name & Years		**Solvency Ratios**	
Faysal Bank Limited		**D/E**	**IC**
Before	2009	15.60	1.35
	2010	15.36	1.39
	2011	15.10	1.48
After	2012	14.76	1.97
KASB Bank Limited			
Before	2007	28.79	1.50
	2008	13.35	1.45
	2009	12.74	1.63
After	2010	11.28	1.87
Allied Bank Limited - (ABL)			
Before	2004	16.31	0.34
	2005	16.55	0.88
	2007	15.31	1.09
After	2008	13.79	2.92
Standard Chartered Bank Limited (SCBPL)			
Before	2004	6.10	1.96
	2005	5.08	3.40
	2007	5.04	8.43
After	2008	4.90	9.52
NIB Bank Limited - (NIB)			
Before	2006	4	1.16
	2007	4.80	1.05
	2008	6.20	0.64
After	2009	9.61	0.46

	Askari Bank Limited		
Before	2008	47.60	1.22
	2009	47.19	1.46
	2011	46.11	1.63
After	2012	41	1.78
	Summit Bank Limited - (SMBL)		
Before	2009	6.82	6.82
	2010	9.50	1.18
	2011	10.54	1.08
After	2012	12.18	0.09
	Orix Leasing Pakistan Limited - (OLPL)		
Before	2007	7.1	15.4
	2008	6.7	11.7
	2009	8.4	-11.9
After	2010	7.3	4.1

In table 4 show the Solvency Ratios resulted that after to merger and acquisition the performance of banks have a positive impact on overall performance. On the basis of D/E (Debt to Equity) Ratio the researcher found that there is positive impact of merger and acquisition on the performance of the bank. It means that after to merger and acquisition the activities of debts of the banks decreased. Therefor the researcher found that D/E ratio decreased in the period of after-merger and acquisition while it has increased in the period of before-merger and acquisition. The second ratio Interest coverage means how your business earnings can meet the interest expense of the business. The ratio concluded that there is positive relationship between merger and acquisition activities and banks performance on the basis of interest coverage ratio. IC of five Banks named as ABL, FBL, KBL, SCBL, OLPL and ASBL increased in the before merger and acquisition period and vice versa in two other banks named as SBL and NIB in the after M&A periods as compared to before-merger and acquisition periods.

Table 5 Profitability Ratio Analysis

Banks Name & Years		**Profitability Ratios**	
	Faysal Bank Limited	**ROA%**	**ROE%**
Before	2009	0.47	7.79
	2010	0.46	7.43
	2011	0.53	8.51
After	2012	0.75	11.28
	KASB Bank Limited		
Before	2007	0.01	6.20
	2008	2.10	7.52
	2009	4.69	8.64
After	2010	7.41	10.20
	Allied Bank Ltd		
Before	2004	0.14	08
	2005	1.21	21
	2007	1.42	24
After	2008	1.78	28
	Standard Chartered Bank Limited (SCBPL)		
Before	2004	0.23	6.64
	2005	2.80	6.42
	2007	2.84	2.84
After	2008	3.90	7.02
	NIB Bank Limited - (NIB)		
Before	2006	4.18	22
	2007	0.33	26
	2008	0.25	21
After	2009	0.20	17

	Askari Bank Limited		
Before	2008	0.20	3.06
	2009	0.36	6.70
After	2011	0.48	7.85
	2012	0.49	9.64
	Summit Bank Limited - (SMBL)		
Before	2009	16.90	5.58
	2010	14.14	4.43
After	2011	3.21	-2.54
	2012	5.35	-1.17
Orix Leasing Pakistan Limited - (OLPL)			
Before	2007	1.3	14.0
	2008	1.0	10.2
After	2009	-1.7	-22.5
	2010	0.4	5.2

In table 5 after to calculate the different profitability ratios of banks in the before-merger and acquisition and after-merger and acquisition periods the researchers found on the basis of Return on Assets (ROA) Ratio that there is positive impact of merger and acquisition on the banks performance. On the basis of ROA banks named as ABL, FBL, KBL, ASBL and SCBL return on asset increased in the after-merger and acquisition periods as compared to before-merger and acquisition periods while the banks such as SBL, OLPL and NIB have negative impact. ROA of mostly banks increased in the after-merger and acquisition periods. On the calculation of second ratio named as Return on Equity (ROE) Ratio the researcher concluded that there is high positive relationship between merger and acquisition and banks performance.

Table 6 Investment Ratio Analysis

Banks Name & Years		**Investment Ratios**	
	Faysal Bank Limited	ROI	EPS
Before	2009	0.96	1.46
	2010	2.30	1.45
After	2011	2.09	1.53
	2012	2.58	1.55
	KASB Bank Limited		
Before	2007	0.10	0.79
	2008	10.29	2.43
After	2009	20.76	2.85
	2010	27.94	4.23
	Allied Bank Limited - (ABL)		
Before	2004	0.33	0.43
	2005	4.84	4.78
After	2007	4.91	6.31
	2008	6.83	6.43
	Standard Chartered Bank Limited (SCBPL)		
Before	2004	2.05	0.16
	2005	6.80	0.62
After	2007	16	0.71
	2008	18.85	1.01
	NIB Bank Limited - (NIB)		
Before	2006	1.91	0.21
	2007	1.15	0.17
After	2008	-0.86	-0.44
	2009	-1.45	-1.17
	Askari Bank Limited		
Before	2008	0.86	0.95
	2009	1.08	1.45

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After	2011	1.22	2.18
	2012	1.65	2.30
	Summit Bank Limited - (SMBL)		
Before	2009	16.90	5.58
	2010	14.14 Q	4.43
After	2011	3.21	-2.54
	2012	5.35	-1.17
	Orix Leasing Pakistan Limited - (OLPL)		
Before	2007	-99.3	4.81
	2008	-98.7	3.84
After	2009	-97.9	-5.8
	2010	-99.3	1.27

In table 6 two investment ratios have been used by the researcher to find the results of merger and acquisition. First ratio named as Return on Investment (ROI) Ratio is used to find the impact of merger and acquisition activities and concluded that there is positive relationship between merger and acquisition activities and banks performance. It is found that ROI in five banks named as ABL, KBL, SCBL, FBL and ASBL increased in the after-merger and acquisition periods while the ROI of the banks such as NIB and SBL decreased in the after merger and acquisition periods as compared to before-merger and acquisition periods. Second investment ratio named as EPS has been calculated to find the impact of merger and acquisition activities and inferred that there is positive impact of merger and acquisition on the banks performance. It is found that EPS of five banks such as ABL, FBL, SCBL, KBL and ASBL increased in the after-merger and acquisition periods while EPS of Banks named as SBL and NIB decreased in the after-merger and acquisition periods.

Conclusion:

This study conclude that merger and acquisition have a positive impact on banks performance. Actually after to merger and acquisition some important deals occurs such as team work to create a synergy that help to bring the more efficiency and effectiveness in business operations. After to merger and acquisition the resources increased and need to improve the confidence level of workers. This study used four types of ratios such as liquidity ratios, solvency ratios, profitability ratios and investment ratios for two previous years and two next years that show the positive impact of merger and acquisition on banks performance. Sometimes the merger and acquisition negatively impact to business due to overconfidence on merger and acquisition which cannot compete with market as well but these all results depend on short time. Some banks involve in merger and acquisition activities for achieving competitive advantage at globally level. This study recommend that banks need to improve their total human and operational resources and better utilize their resources for maintaining their market shares.

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