



**BOSNIA AND HERZEGOVINA**  
*Council of Competition*

Number: 01-01-26-497-4/05  
Sarajevo, 27 December 2005

Pursuant to Article 25, paragraph (1), item e) and Article 42, paragraph (1), item d) and Article 43, paragraph (2) and in accordance with Articles 12,14,15,16 and 18 of the Act on Competition (“Official Gazette of BiH”, No. 29/02) and upon a notification of intended concentration between Bank Austria Creditanstalt AG, headquartered in Vienna, Austria, Vordere Zollamtsstrasse 13 and Nova Banjalučka Banka a.d. Banjaluka, Marije Bursać 7, represented by Sead Miljković, a lawyer, with a seat in Sarajevo, Fra Anđela Zvizdivića 1, with registration number 01-01-26-497/05, date 28 November 2005, the Council Of Competition in its 20<sup>th</sup> session held on 27 December 2005 adopted the following

**DECISION**

1. The concentration acquired by means of an agreement on purchasing the shares of Nova Banjalucka Banka a.d. Banjaluka, headquartered in Banjaluka, Marije Bursać 7, by Bank Austria Creditanstalt AG, headquartered in Vienna, Austria, Vordere Zollamtsstrasse 13 is assessed as compatible.
2. The concentration referred to in item 1. of this Decision is to be entered into the Registry of concentrations.
3. This Decision shall be published in the “Official Gazette Bosnia and Herzegovina” and shall also be published in the official gazettes of the Entities and Brčko District of Bosnia and Herzegovina.

**EXPOSITION**

Bank Austria Creditanstalt AG, headquartered in Vienna, Austria, Vordere Zollamtsstrasse 13, represented by a lawyer Sead Miljković, submitted to the Council of Competition a notification of intended concentration, acquired by means of purchasing the shares of Nova Banjalučka Banka a.d. Banja Luka, Marije Bursać 7.

Notification of concentration and amendments to it is submitted to the Council of Competition pursuant to Article 16 of the Act on Competition.

During the assessment procedure of the intended concentration, the following facts are found out:

The concentration should be legally based on acquisition of control by means of an agreement on purchasing the shares.

The agreement on purchasing the shares is concluded on 17 October 2005 between (...) (hereinafter: shareholders) and Bank Austria Creditanstalt AG, headquartered in Vienna, Austria, Vordere Zollamtsstrasse 13 (hereinafter: buyer).

By the said agreement the shareholders, who jointly and/or indirectly control 80% plus one of the share, i.e. (...) \* of total shares of Nova Banjalucka Banka a.d. Banjaluka intend to sell and buyer intends to purchase 80% minimum plus 1 (one) of share, i.e. (...) \*, and to (...) \*.

Bank Austria Creditanstalt AG is an universal bank engaged in the most important business activities in Austria and provides a wide spectrum of products and services within the banking sector and financial services, it has a certain number of subsidiary associations and it participates in the market in the Central and Eastern European countries, including Slovenia, Bulgaria, Croatia, Serbia and Romania.

The ownership of the Bank Austria Creditanstalt AG is structured of 77,53% of the shares owned by Bayerische Hypo-und Vereinsbank Aktiengesellschaft from Munich and 17,46% of the shares owned by UniCredit Italiano.

European Commission has declared by its decision No.SG-Greffe (2005) D/205803 from 18 October 2005 that the concentration is compatible and accordingly the Unicredito Italiano S.p.A. has acquired control over the entire association Bayerische Hypo-und Vereinsbank AG on the basis of the notification of concentration, the case No. COMP/M-Unicredito /HVB.

The Bank Austria Creditanstalt AG mainly operates in Federation of Bosnia and Herzegovina and it has only one branch in Republic of Srpska. There are many subsidiary associations in Federation of Bosnia and Herzegovina: HVB Central Profit Bank d.d. Sarajevo, HVB Leasing CPB d.o.o. and Austria Creditanstalt Leasing GmbH.

HVB Central Profit Bank is directly controlled by the Bank Austria Creditanstalt AG. HVB Central Profit Bank is mainly engaged in the banking operations with private and corporate customers in Federation of Bosnia and Herzegovina. Although it is licensed to provide all banking services currently it provides the following services:

- receiving all types of money deposits and other repayable funds
- granting and taking credits
- issuing all forms of financial guarantees and securities
- participation, buying and selling the resources in the money and capital markets, on their own account or on the account of the third persons
- provide payment system services and money transmissions services
- buying and selling the foreign currencies
- asset management

HVB Leasing provides the leasing services and it is directly controlled by the Bank Austria Creditanstalt Leasing GmbH which is under the direct control of Bank Austria Creditanstalt AG. BCCA Property Leasing is directly controlled by the Bank Austria Creditanstalt Leasing GmbH which is under the direct control of Bank Austria Creditanstalt AG.

BCCA Property Leasing is established recently and it provides the leasing services and has no branches. Bank Austria Creditanstalt Leasing is directly controlled by Bank Austria Creditanstalt AG which acquired 100% of stocks and voting rights in the Bank Austria Creditanstalt Leasing. Bank Austria Creditanstalt Leasing is not established in Bosnia and Herzegovina but it is acting through the branches engaged mainly in providing the international leasing services.

Nova Banjalucka Banka a.d. Banja Luka is the commercial bank with network of operating units in all bigger towns of Republic of Srpska and recently in Federation of Bosnia and Herzegovina and with registered branches in Serbia and Montenegro. Nova Banjalucka Banka provides complete banking services to customers. 74 shareholders own shares in Nova Banjalucka Banka.

Nova Banjalucka Banka owns shares in property of other associations:

- BLB Management-Invest a.d. Banja Luka, where it holds 245 shares (49%),
- BLB Export-Import d.o.o. Banja Luka, where it holds 49% shares of the registered capital assets,
- PIF BLB Profit a.d. Banja Luka, where it holds 109,976 shares (6, 4%).

During the financial year preceding the transaction, the parties to concentration realized the following consolidated income:

Consolidated Income at KM	Bank Austria Creditanstalt AG	Nova Banjalucka Banka
World income	(...)*	(...)*
BH	(...)*	(...)*

After the implementation of the intended concentration, the Bank Austria Creditanstalt AG will control Nova Banjalucka Banka totally.

The intended concentration is notified to the respective authorities for competition of Republic of Serbia.

As the aggregate annual income of all parties to the intended concentration in the global market exceeds 100.000.000, 00 KM and in the market of Bosnia and Herzegovina, according to the completed annual account in the year preceding the intended concentration, exceeds 5.000.000, 00 KM, the intended concentration is to be notified to the Council of Competition for approval.

The Council of Competition has assessed the effects of the intended concentration in the relevant market. The relevant market, pursuant to the existing regulations, is defined as a market of products and services which are the subject of the business operations performed by the applicants to the intended concentration in the specific geographic territory.

In the case in question the relevant market is providing the banking services of the retail and banking corporate services. Although the parties to the concentrations operate mainly in the territory of Entities, their activities will be expanded to entire territory of Bosnia and Herzegovina after the implementation of the intended concentration. In that case the relevant market in the geographic sense will be deemed as entire territory of BH. Accordingly, the relevant market of the intended concentration is a market of banking services of the retail banking and banking corporate service in the entire territory of BH.

Following the proceedings it has been established, on the basis of the official reports of the independent audit agencies published in the agencies for banking in the Entities that the leading banks in Bosnia and Herzegovina considering their assets on 31 December 2004 are:

No	The name of the bank	Market Share based on the assets (%)
1.	Raiffeisen Bank	22,40
2.	Hypo Alpe Adria Bank	11,70
3.	Uni Kredit Zagrebačka Banka	14,40
4.	<b>HVB Central Profit Banka</b>	<b>8,10</b>
5.	UPI Banka	4,20
6.	Volksbank BH	3,50
7.	Razvojna Banka JI Evrope	3,20
8.	Tuzlanska Banka	3,10
9.	<b>Nova Banjalučka Banka</b>	<b>2,20</b>
10.	Nova Banka	1,80
11.	CBS banka	1,80
12.	Other banks	23,60
13.	Total	100,00
<b>Total: HVB Central Profit Bank and Nova Banjalucka Banka</b>		<b>10,30</b>

The total assets of the parties to the intended concentration in the market share in the banking servicing sector is 10, 30%.

HVB Central Profit Bank and Nova Banjalucka Banka mainly operate in the territory of Entities separately; their shares in entities are stated in the table below.

Leading banks in Federation of Bosnia and Herzegovina considering their total assets on 31 December 2004 are:

No	The name of the bank	Market Share based on the assets (%)
1.	Raiffeisen Bank	27,60
2.	Uni Credit Zagrebačka Banka	17,80
3.	Hypo Alpe Adria Bank	14,40
4.	<b>HVB Central Profit Banka</b>	10,00
5.	UPI Banka	5,20
6.	Volksbank BH	4,30
7.	Tuzlanska Banka	3,80
8.	CBS banka	2,30
9.	ProCredit Bank BiH	1,90
10.	ABS Bank	1,90
11.	Other banks	10,80
	Total	100,00

On the basis of the existing data it comes out that the HVB Central Profit Bank in Federation of Bosnia and Herzegovina has the market share 10, 00% and Nova Banjalucka Banka has insignificant share.

The leading banks in Republic of Srpska considering their total assets on 31 December 2004 are:

No	Name of the bank	Market Share based on the assets (%)
1.	Hypo Alpe Adria Bank	34,30
2.	Development Bank of the South-eastern Europe	17,30
3.	Nova Banjalučka Banka	11,80
4.	Zepter Komerc Bank	10,20
5.	Nova Banka	9,60
6.	LHB Banka	8,00
7.	Pavlovic International Bank	3,60
8.	Other banks	5,20
9.	Total	100,00

On the basis of the existing data it comes out that Nova Banjalucka Banka in the territory of Republic Srpska has the market share 11, 80% and HVB Central Profit Bank has an insignificant market share.

The parties to the intended concentration in the relevant market provide the retail banking services and banking corporative services.

Retail banking services covers services to the households: deposits and accounts (current accounts, savings accounts, money deposits, etc), money transmissions services, transfer of credits, direct debts, credits (consumer credits, mortgage credits, etc) and investment products. Banking corporative service includes all banking services to corporative clients, including deposits, credits, international payments and money transactions.

The following table shows the shares of the parties to the concentration in the market in Federation of Bosnia and Herzegovina on 30 September 2005 and in Republic of Srpska on 30 June 2005 from the aspects of retail banking and banking corporative services:

Territory	Republic of Srpska		Federation of Bosnia and Herzegovina	
	Retail banking	Banking corporative service	Retail banking	Banking corporative service
HVB Central Profit Banka	Insignificant (detailed data is not available)	Insignificant (detailed data is not available)	11,70%	9,70%
Nova Banjalučka Banka	7,40%	13,30%	Insignificant (detailed data is not available)	Insignificant (detailed data is not available)
Total market share	7,40%	13,30%	11,70%	9,70%

Considering the available data it can be concluded that the parties to the intended concentration from the aspect of the retail banking services and corporative banking services have the market shares in conformity with actual regulations.

The following table shows the shares of the parties to the intended concentration in the market of Federation of Bosnia and Herzegovina on 30 September 2005 and in the market of Republic of Srpska on 30 June 2005 from the aspect of the deposits.

Territory	Republic of Srpska		Federation of Bosnia and Herzegovina	
	Citizens' deposits	Deposits of legal entities	Citizens' deposits	Deposits of legal entities
HVB Central Profit Banka	Insignificant (detailed data is not available)	Insignificant (detailed data is not available)	8,10%	15,50%
Nova Banjalučka Banka	3,40%	27,90%	Insignificant (detailed data is not available)	Insignificant (detailed data is not available)
Total market share	3,40%	27,90%	8,10%	15,50%

Hence, considering the available data it can be concluded that the parties to the intended concentration from the aspect of deposits have the market share in conformity with the actual regulations.

On the basis of the shown evidences it follows that the intended concentration shall not lead to the significant changes of participants in the relevant market because the market share of Nova Banjalučka Banka is insignificant in the territory of Bosnia and Herzegovina which results in the insignificant increase of the market share of Bank Austria Creditanstalt AG.

Namely, the intended concentration shall not distort the market competition but it shall lead to the increased market competition in the field of banking services in Bosnia and Herzegovina.

In making this Decision the Council of Competition takes especially in account that the intended concentration shall not significantly increase the actual shares of the participants to the concentration in the relevant market of the banking services and shall not create a dominant position resulting in distortion of the market competition. The implementation of the intended concentration shall not prevent, limit or distort the market competition in the relevant market in the sense of the Act on Competition.

Considering all given evidences in isolation and reciprocal, the Council of Competition establishes that the case in question is about the compatible concentration in the sense of

Article 12 of the Act on Competition and decides as it is stated in the enacted terms of this Decision pursuant to Article 18, paragraph (2).

**Instruction of legal remedy**

This Decision is final. Unsatisfied party shall be entitled to bring an administrative dispute before the Court of Bosnia and Herzegovina within thirty days (30 days) from the date of acceptance of this Decision, i.e. from the date of its publication.

**President**

**Sena Hatibović**