

**BOSNA I HERCEGOVINA**  
*Konkurencijsko vijeće*



**БОСНА И ХЕРЦЕГОВИНА**  
*Конкуренијски савјет*

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

**DECISION**

**Upon Notification of intended concentration between undertaking Bayerische Landesbank,  
Germany and undertaking Hypo Alpe-Adria-Bank International AG, Austria**

**Sarajevo**  
**26 July 2007**



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

Number: 01-04-26-019-6-II/07  
Sarajevo, 26 July 2007

Pursuant to Article 25, paragraph (1), item e), article 42, paragraph (1), item d) and Article 24, paragraph (2), and in connection with Articles 12,14, 16 and 18 of the Act on Competition («Official Gazette of BH», No. 48/05) and Article 193, paragraph (2) of the Law on administrative procedure («Official Gazette of BH», No. 29/02) and upon Notification of intended concentration between undertaking Bayerische Landesbank, Geschäftsanschrift Brienner 18, D-80333 Munich, Germany ,represented by Lawyer's Office of Bojana Tkalčić-Đulić, Olodar Prebanić and Adela Draganović, Alipašina 51, 71000 Sarajevo and undertaking Hypo Alpe-Adria-Bank International AG, Alpen-Adria-Platz 1, 9020 Klagenfurt, Austria, entered under the registration number: 01-04-26-019-II/07 on 30.05.2007., the Council of Competition in its 49th forty-ninth) session, held on 26 July 2007 has adopted

**DECISION**

1. The concentration created in the market for universal banking and leasing services in Bosnia and Herzegovina through acquisition of majority of ownership shares of Hypo Alpe-Adria-Bank International AG, Alpen-Adria-Platz 1, 9020 Klagenfurt, Austria by Bayerische Landesbank, Geschäftsanschrift Brienner 18, D-80333 Munich, Germany is assessed compatible.
2. This Decision on concentration shall be recorded at the Register of concentrations.
3. This Decision is final and it shall be published in Official Gazette of BH and in official gazettes of Entities and Brcko District.

**Exposition**

Bayerische Landesbank, Geschäftsanschrift Brienner 18, D-80333 Munich, Germany (hereinafter: Bayern LB) submitted, through the Lawyer's Office of Bojana Tkalčić-Đulić, Olodar Prebanić and Adela Draganović (hereinafter: the Applicant), Alipašina 51, 71000 Sarajevo, to the Council of Competition on 30.05.2007. a Notification of intended concentration (hereinafter: the Notification) by means of which it intends to buy majority stocks in Hypo Alpe-Adria-Bank International AG, Alpen-Adria-Platz 1, 9020 Klagenfurt, Austria (hereinafter: the HBINT).

The undertaking Bayern LB submitted to the Council of Competition supplements to the Notification on 15.06.2007. As the Notification was not complete and adequate, the Council of Competition requested on 26.06.2007. the supplements to the Notification; it was supplemented on 02.07.2007.

The Council of Competition issued on 18.07.2007. to the Applicant an Acknowledgement of receipt of complete and adequate notification, No.: 01-04-26-019-4-II/07, pursuant to Article 30, paragraph (3) of the Act on Competition (hereinafter: the Act).

The Applicant stated in the Notification that he would submit the Notification for assessment to responsible bodies outside Bosnia and Herzegovina: European Commission, Croatian National Bank, Commission for Consumers Protection of Republic of Serbia and Office for Competition Protection of Montenegro.

The Notification arises from the obligation prescribed in Article 14, paragraph(1), item b) of the Act relating to total annual income of undertakings Bayern LB and HBINT in the world market which amounts 100.000.000,00 KM (according to the final account for 2006) ,considering that HBINT has registered subsidiary associations in the territory of Bosnia and Herzegovina. The Notification was submitted within the time period regulated in Article 16, paragraph (1) of the Act.

Total annual income of the parties to the concentration on 31.12.2006. amounted:

Table 1.

<b>Total annual income (KM)</b>	<b>Bayern LB</b>	<b>HBINT</b>
Worldwide	(..)** <sup>1</sup>	(..)**
Bosnia and Herzegovina	-	(..)**

Considering the analysis of the Notification data , information in possession of the Council of Competition as well as other submitted documents on the basis of which the positive and negative effects of the concentration concerned are evaluated, pursuant to Article 17 of the Act, the Council of Competition , applying the stipulations of the Act, Regulation on Notification and Criteria for Assessment a Concentration of Undertakings («Official Gazette if BiH», No.: 95/06) and Regulation on the Definition of the Relevant Market («Official Gazette if BiH», No.: 18/06) ascertained the following:

### **1. Legal basis and frame of the concentration**

Legal basis of the concentration concerned is four separate agreements, concluded on 22.05.2007. according to which the undertaking Bayern LB is going to buy 50,22% of stocks in undertaking HBINT as it follows : from Kärntner Landes - und Hypothekenbank – Holding, Klagenfurt, Austria (KLHD) - (..)\*\* % of stocks, from Hypo Alpe – Adria Mitarbeiter Privatstiftung, Klagenfurt, Austria (MAPS) - (..)\*\* % of stocks and from Berlin & Co Capital S.A.R.L., Luxemburg (Berlin & Co) - (..)\*\* % of stocks.

When transfer of stocks completes , the undertaking Bayern LB will acquire 50,22% of stocks in undertaking HBINT ; the rest stocks in undertaking HBINT will be in possession of the following undertakings: Hypo-Bank Burgenland AG ("Bank Burgenland") with 26,45% of stocks, KLHD with 20% of stocks and MAPS with 3,33% of stocks.

The legal frame of the concentration is acquisition of control of undertaking Bayern LB over the undertaking HBINT through purchase of majority stocks in shares capital, pursuant to Article 12, paragraph(1), item b) of the Act.

### **2. Parties to the concentration**

The parties to the concentration are undertakings Bayerische Landesbank, Geschäftsanschrift Brienner 18, D-80333 Munich, Germany and Hypo Alpe-Adria-Bank International AG, Alpen-Adria-Platz 1, 9020 Klagenfurt, Austria.

<sup>1</sup> (..)\*\*The data is deemed as a business secret

## **2.1. Bayerische Landesbank, Germany**

Bayerische Landesbank, Germany is entered in the economy register in Munich under the number HRA 76030 on 24.07.1972., headquartered in Geschäftsanschrift Brienner 18, D-80333 Munich, Germany. The main business activity of Bayern LB is provision of services in the banking and financial market.

Bayern LB performs no business activity in Bosnia and Herzegovina as an independent undertaking; it has no connected associations in Bosnia and Herzegovina and it has no share in share capital or voting rights in any other undertaking in the market of Bosnia and Herzegovina.

## **2.2. Hypo Alpe-Adria-Bank International AG, Austria**

Hypo Alpe-Adria-Bank International AG, Alpen-Adria-Platz 1, 9020 Klagenfurt, Austria is entered in the register of the District court in Klagenfurt under the number FN 108415i on 30.08.1991. The main business activity of the undertaking HBINT is provision of services in the banking and financial market.

Hypo group started its business activity in the market of Bosnia and Herzegovina in 2001 by taking over the undertaking Auro Bank d.d. Mostar and then the undertaking Kristal bank a.d. Banja Luka when strengthened its position in the whole territory of Bosnia and Herzegovina.

Hypo Alpe-Adria-Bank d.d. Mostar (HAAB d.d. Mostar) is entered in the register of the Municipal Court in Mostar under the number 1-10164 to carry on banking business activities, accept all kinds of money deposits and other money fund assets, give and take credits, financial intermediary and others. Hypo Alpe-Adria-Bank a.d. Banja Luka (HAAB a.d. B.Luka) is entered in the register of the Municipal Court in Banja Luka under the number 3-25-00 on 09.10.2003. to carry on all kinds of banking business activities.

HAAB d.d. Mostar and HAAB a.d. Banja Luka have wide network of sub-branches in the whole territory of Bosnia and Herzegovina with 77 branch offices and business units, constituting a business network of Hypo Alpe – Adria group in the market of Bosnia and Herzegovina. A business network of HAAB d.d. Mostar comprises of 5 branch offices, 40 sub branches and business units located in Federation of Bosnia and Herzegovina. A business network of HAAB a.d. B.Luka comprises of 6 branch offices, 26 sub branches and business units located in Republic of Srpska.

Hypo Alpe-Adria-Leasing d.o.o. Sarajevo, Zmaja od Bosne, 71.000 Sarajevo (hereinafter: HLBiH) is founded in September 2001 and entered in the register of the Municipal Court in Sarajevo under the number 1-24584. It is a part of Hypo Alpe-Adria Group and it is (..)\*\* % in possession of undertaking Hypo Alpe-Adria-Leasing Holding AG. HLBiH is one of the first leasing associations founded in the territory of Bosnia and Herzegovina.

Hypo Alpe-Adria-Leasing has at this moment 7 branch-offices in Mostar, Tuzla, Banja Luka, Bijeljina, Bihać, Vitez and Sarajevo and plans to open this year new branch-offices in Livno, Trebinje and Zenica.

## **3. Analysis of the relevant market**

Pursuant to Article 3 of the Act and Article 4, 5 and 6 of the Regulation on Definition of relevant market («Official Gazette of BH», No. 18/06) the Council of Competition establishes that relevant market of the concentration concerned is a market of universal banking which implies provision of retail and corporate banking services, as well as leasing services in whole territory of Bosnia and Herzegovina.

According to the given data, HAAB d.d. Mostar and HAAB a.d. Banja Luka give attention on the following segments:

- a. provision of services to civilians, including deposits and accounts( current accounts, current accounts for students and post-graduated students, giro accounts , foreign currency accounts,etc.), money transactions, issuing cards, credits (different types of purpose and non-purpose loans for natural persons);
- b. provision of services to enterprises (corporate clients) including wide spectrum of products as is long term credits, short term credits, allowed overdraft, bank guarantees, time deposits, money transactions, international payments, etc.

Total annual shares of the undertakings Hypo Alpe Adria Bank d.d. Mostar and Hypo Alpe Adria Bank d.d. Banja Luka in total banking assets in Bosnia and Herzegovina on 31.12.2006. amounted:

Table 2.

<b>NO.</b>	<b>Bank</b>	<b>Banking assets at BiH level (%)</b>
01.	Raiffeisen bank d.d. BiH	21,10
02.	Unicredit Zagrebačka banka d.d.	12,66
<b>03.</b>	<b>HAAB d.d. Mostar</b>	<b>11,56</b>
04.	HVB Central Profit Banka d.d.	8,71
<b>05.</b>	<b>HAAB a.d. Banja Luka</b>	<b>7,80</b>
06.	NLB Razvojna banka	4,07
07.	Nova banjalučka banka	2,65
08.	Other banks	31,45
	TOTAL	100,00
	<b>TOTAL HYPO GRUPA (03+05)</b>	<b>19,36</b>

Total market shares of the undertakings Hypo Alpe Adria Bank d.d. Mostar and Hypo Alpe Adria Bank d.d. Banja Luka, according to the segments of activities at the level of Bosnia and Herzegovina on 31.12.2006. , amounted:

Table 3.

<b>Bank</b>	<b>Credits to civilians (%)</b>	<b>Credits To legal persons (%)</b>	<b>Credits to banks (%)</b>	<b>Civilian deposits (%)</b>	<b>Deposits of legal persons (%)</b>	<b>Deposits of Banks (%)</b>
HAAB d.d. Mostar	11,93	17,54	8,59	8,39	9,51	34,74
HAAB a.d. Banja Luka	8,81	11,62	0	4,76	2,84	33,73
<b>TOTAL HYPO GRUPA</b>	<b>20,74</b>	<b>29,16</b>	<b>8,59</b>	<b>13,15</b>	<b>12,35</b>	<b>68,47</b>

According to the data provided from «Udruženja/Udruga Društava za Leasing, Bosnia and Herzegovina» (UDL BiH), submitted by the Applicant to the Council of Competition, Hypo Alpe-Adria-Leasing d.o.o. Sarajevo had 43% of share in the market on 31.12.2006. Besides providing financial and operational leasing services, HLBiH offers a loan services. Vehicles, equipment and real estates, that are three main segments of financial activities of undertaking HLBiH, are used as the object of the financing offering. The business activities are directed towards the following groups of clients: private, legal and public sector and the category named „others“.

Business activities of HLBiH are directed towards the small and medium enterprises, corporations and to natural persons providing for them a wide range of leasing products. The main competitors in the market of Bosnia and Herzegovina are Raiffeisen Leasing, VB Leasing, NLB Leasing, Euroleasing and HVB Leasing.

#### **4. Appraisal of the concentration**

The Council of Competition has ascertains after the analysis and appraisal of data and collected information during the decision making procedure that implementation of the concentration will not distort market competition as Bayern LB does not act in the market of Bosnia and Herzegovina , that market shares of HBINT will remain unchanged and that no changes in market positions will be caused in the relevant market .

The Council of Competition establishes that concentration of undertakings in question does not make or strengthen a dominant position in the relevant market for universal banking and leasing in Bosnia and Herzegovina and therefore it decides as it is stated in enacted terms of this Decision.

#### **5. Administration tariffs**

On this Decision the Applicant, pursuant to the Article 2, tariff number 107, paragraph (1), item d) 1) of the Regulation on administration taxes relating to the practices before the Council of Competition ("Official Gazette of BIH", No. 30/06), is obliged to pay administration tariff of 2.500,00 KM for the benefit of the budget of Institutions of Bosnia and Herzegovina.

#### **6. LEGAL REMEDY**

This Decision is final and no appeal is allowed against it. 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**

**Sanja Božić**