

**BOSNA I HERCEGOVINA**  
*Konkurencijsko vijeće*



**БОСНА И ХЕРЦЕГОВИНА**  
*Конкуренијски савјет*

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

**RESOLUTION**

**On suspension of the proceedings initiated upon Resolution authorizing the initiation of the assessment proceedings of the Notification on intended concentration between CBS Bank-Sarajevo and Tuzlanska banka –Tuzla**

**Sarajevo**  
**December 2006**



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

Number: 01-06-26-005-20-II/06  
Sarajevo, 15 December 2006

Pursuant to Article 25, paragraph (1), item e), Article 42, paragraph (1), item g) and Article 43, paragraph (2), in connection with Articles 12, 14, 15, 16 and 18 of the Act on Competition («Official Gazette of BiH», No. 48/05) and Article 210 of the Law on Administrative procedure («Official Gazette of BiH», No.29/02), and upon Notification on intended concentration submitted by NLB Tuzlanska banka d.d. headquartered in Tuzla, Maršala Tita 34, represented by its director Šahinpašić Almir, entered under the registration No. 01-06-26-005-II/06, on 09 May 2006, the Council of Competition on its 37th session held on 15 December 2006 has adopted

**RESOLUTION**

1. The proceedings initiated upon the Resolution authorizing the initiation of the assessment proceedings of the Notification on intended concentration between CBS Bank d.d., headquartered in Sarajevo, Džidžikovac 1, and Tuzlanska banka d.d., headquartered in Tuzla, Maršala Tita 3, is suspended.
2. This Resolution is final and it shall be published in «Official Gazette of Bosnia and Herzegovina and in official gazettes of Entities and Brčko District of Bosnia and Herzegovina.

**Exposition**

NLB Tuzlanska banka d.d., headquartered in Tuzla, Maršala Tita 34, (hereinafter: the Applicant), represented by its director Šahinpašić Almir, submitted to the Council of Competition a Notification on intended concentration, pursuant to Article 16 of the Act on Competition (hereinafter: the Act). The Notification on intended concentration refers to joining the CBS Bank d.d. headquartered in Sarajevo, Džidžikovac 1 (hereinafter: CBS) to Tuzlanska banka d.d., headquartered in Tuzla, Maršala Tita 34 (hereinafter: Tuzlanska banka).

Checking the Notification on intended concentration (hereinafter: the Notification), it was established that the Notification was not complete and therefore the NLB Tuzlanska banka was enjoined to supplement the Notification, which was done within the ordered time limit. When the Notification was completed, the Council of Competition issued an Acknowledgement of receipt of the complete and adequate Notification, No: 01-06-26-005-5-II/06 on 10 July 2006 to the Applicant, pursuant to Article 30 of the Act.

Considering the data submitted by the Applicant and other information relevant to the concentration concerned, the Council of Competition did a preliminary analysis and assessment of the intended concentration. On the basis of the preliminary analysis, the Council of

Competition concluded that the intended concentration should result in significant distortion of the efficient market competition in the market of banking and financial services in Bosnia and Herzegovina and that it should, in its significant part, create or strengthen a dominant position of more banks, pursuant to Article 9 of the Act. Due to the aforesaid reasons, the Council of Competition decided to start the proceedings pursuant to Article 32, in connection with Article 18, paragraph (1) of the Act and adopted a Resolution authorizing the initiation of the proceedings, No: 01-06-26-005-7-II/06, on 14 July 2006.

CBS Bank d.d., Sarajevo is stock association headquartered in Sarajevo, Džidžikovac 1, and it operates under this name since July 2003. CBS is founded on 2 December 1993 and it is recorded in the court register of the Higher Court of Sarajevo under the No. UF/I-1782/93, on 02 December 1993. On 20 December 2000 the first investor from abroad - Banka Domžale d.d., Domžale, Republic of Slovenia entered into CBS, when CBS changed its name into Commercebank d.d. Sarajevo, Grupa Nova Ljubljanska banka. The change of shareholders is recorded under No. UF/I-4987/00, in the Cantonal Court Sarajevo, on 21 December 2000. Purchase of the CBS shares by LHB Internationale Handelsbank AG Frankfurt changed the ownership structure and that is recorded under the No. UF/I-1718/01 in the Cantonal Court Sarajevo, on 21 December 2001. By means of the Agreement on quitting as shareholder and increasing the one shareholder's shares of capital achieved by purchasing shares between shareholders of Commercebank d.d. Sarajevo on 18 October 2002., CBS became a stock association with 100% of the foreign capital: Banka Domžale d.d., Domžale, Republic of Slovenia, with 40% of shares in share capital and LHB Internationale Handelsbank AG Frankfurt, FR Germany, with 60% of shares in share capital.

A Decision of the Banking Agency of the Federation of Bosnia and Herzegovina, No. 04-3-1183-1/05 from 24 February 2006, gave approval to Banka Domžale to increase the range of its shares in the capital stock in CBS from 40% to over 66,70%, which was achieved by purchasing the existing stocks owned by LHB Internationale Handelsbank AG Frankfurt. On the basis of the Stock Purchase Agreement, the trade of stocks is realized through the Sarajevo Stock Exchange, on 7 April 2006, when Banka Domžale d.d. Domžale became the 100% owner of all CBS stocks. Nova Ljubljanska banka d.d. Ljubljana, Slovenia is majority owner of Banka Domžale d.d., Domžale and LHB Internationale Handelsbank AG Frankfurt.

Tuzlanska Banka d.d., Tuzla, is a stock association headquartered in Tuzla, Maršala Tita 34 and it operates since 1990. A Decision of the Banking Agency of the Federation of Bosnia and Herzegovina, No. 04-3-580-2/05 from 6 July 2005, gave approval to Nova Ljubljanska banka d.d., Ljubljana to achieve majority shares in the capital shares of Tuzlanska banka. Its biggest and the most important shareholder is Nova Ljubljanska banka d.d. Ljubljana with 83,546% of shares in capital shares.

In March 2006, the assembly of the banks, parties to the concentration, adopted a Study on economic sustainability of joining the CBS to Tuzlanska banka and a Decision on joining of CBS to Tuzlanska banka, which was done on 1 July 2006. A newly formed bank is NLB Tuzlanska Banka d.d., Tuzla.

According to the aforesaid data, Nova Ljubljanska banka d.d., Ljubljana is majority owner of Tuzlanska banka and also the CBS through LHB Internationale Handelsbank AG Frankfurt and Banka Domžale d.d., Domžale. That means that Nova Ljubljanska banka d.d., Ljubljana has a management control over the said banks. Due to those reasons this case can not be assumed as a concentration created by joining of CBS to Tuzlanska banka, in sense of Article 12, paragraph (1), item) of the Act, but it is internal re-organization of undertakings. Therefore, Nova

Ljubljanska banka d.d., Ljubljana remains the majority owner of the newly formed NLB Tuzlanska banka d.d. Tuzla.

Due to the said reasons, the Council of Competition established that it was not obligatory to submit a Notification on intended concentration, pursuant to Article 16 and in sense of Article 12, and therefore it decided as it is in enacted term of this Resolution.

#### **LEGAL REMEDY**

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 Resolution, i.e. from the date of its publication.

**President**

**Gordan Raspudić**