

BOSNA I HERCEGOVINA
Konkurencijsko vijeće



БОСНА И ХЕРЦЕГОВИНА
Конкуренијски савјет

BOSNIA AND HERZEGOVINA
Council of Competition

RESOLUTION

on suspension of a proceedings initiated upon the Resolution of the Council of Competition on assessment of the Notification on intended concentration of LHB Banka-Banja Luka and Razvojna banka Jugoistočne Evrope - Banja Luka - grupa Nova Ljubljanska banka

Sarajevo
December 2006



BOSNIA AND HERZEGOVINA
Council of Competition

Number: 01-06-003-15-II/06
Sarajevo, 15 December 2006

Pursuant to Article 25, paragraph (1), item e), Article 42, paragraph (1), item g) and Article 46 of the Act on Competition («Official Gazette of BH», No. 48/05), and Article 210 of the Law on Administrative procedure («Official Gazette of BH», No.29/02), and upon Notification on intended concentration between undertaking LHB Banka a.d. Banja Luka, Milana Tepića 4, represented by its director Radovan Bajić and undertaking Razvojna banka Jugoistočne Evrope, a.d., Banja Luka - grupa Nova Ljubljanska banka, Kralja Petra I Karadorđevića 85a, represented by its director Novak Kondić, entered under the registration No. 01-02-26-003-II/06, on 3 April 2006, the Council of Competition on its 37th session held on 15 December 2006 has adopted

RESOLUTION

1. The proceedings initiated upon the Resolution of the Council of Competition, entered under the registration No. 01-02-26-003-II/06, on 21 June 2006, for assessment of the Notification on intended concentration of the undertaking LHB Banka a.d. Banja Luka, Milana Tepića 4., and undertaking Razvojna banka Jugoistočne Evrope a.d., Banja Luka - grupa Nova Ljubljanska banka, Kralja Petra I Karadorđevića 85a 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

Undertaking LHB Banka a.d. Banja Luka, Milana Tepića 4., represented by its director Radovan Bajić (hereinafter: the Applicant) submitted to the Council of Competition a Notification on intended concentration acquired on the basis of the Agreement on joining and by taking over- merger with undertaking Razvojna banka Jugoistočne Evrope, a.d., Banja Luka - grupa Nova Ljubljanska banka, Kralja Petra I Karadorđevića 85a, in sense of Article 16 of the Act on Competition (hereinafter: the Act).

The Council of Competition ascertained that the Notification on intended concentration is not complete in sense of Article 31 of the Act and by means of the memo, No. 01-02-003-II-1/06, on 9 May 2006 the Council asked for supplements to the Notification; the supplements were submitted to the Council of Competition on 24 May 2006.

The Council of Competition, when received a complete Notification issued an Acknowledgement on receipt of the complete and adequate Notification on intended concentration, in sense of Article 30, paragraph (1), item a) and b) of the Act, No.: 01-02-26-003-3-II/06, on 16 June 2006.

On the basis of the documents submitted together with the Notification on intended concentration the Council of Competition did a preliminary analysis and it concluded that the intended concentration should result in significant distortion of the free market competition in

the market of universal banking services in Republic of Srpska. The Council of Competition issued a Resolution authorizing the initiation of the proceedings, No.: 01-02-26-003-4-II/06, on 21 June 2006. The Council of Competition intended in the course of the proceedings to establish all relevant fact and whether the concentration concerned significantly distorted the market competition, and on the basis of the findings, to pass legally based decision.

In the course of assessment of the Notification on intended concentration and on the basis of evidences it was established that undertaking LHB Banka a.d., Banja Luka (former name was VB Banka), established on 5 November 1998 (according to the court decision, No. U/I 2069/98), started its activity on the basis of a Decision of the Banking Agency of Republic of Srpska, No.: 03-622-I/98.

In June 2005, a new stocks of LHB banka a.d., Banja Luka (hereinafter: LHB banka) are registered and that provides that a stockholder's capital increases in the range from 16.819.000,00 KM up to 19.016.000,00 KM. Total stockholder's capital of LHB Banka consists of share of stocks of 1.000,00 KM nominal value per one shares of stock. Undertaking LHB Banka has in this moment 115 shareholders, including 2 foreign banks, legal and natural entities. The most important shareholder of LHB Banka is an undertaking NLB International Handelsbank AG Frankfurt (hereinafter: NLB Banka Frankfurt) with its share of 64,03% in shareholders capital. Undertaking Nova Ljubljanska banka d.d. Ljubljana holds 56,01% of shareholders capital in undertaking NLB Banka Frankfurt, which approves that LHB is in dependant relationship towards Nova Ljubljanska banka d.d. Ljubljana.

Nova Ljubljanska banka d.d., Trg Republike 2, Ljubljana concluded on 27 July 2005 an Agreement on purchase of 21.245 of stocks of the undertaking Razvojna banka Jugoistočne Evrope a.d. Banja Luka. Grupa Nova Ljubljanska banka, by means of purchase of the foresaid stocks, became the owner of 92,42% shareholders capital of the bank.

Razvojna banka Jugoistočne Evrope a.d. Banja Luka – Grupa Nova Ljubljanska banka is registered for activities with deposits of civilian money funds, credits, internal money transfers, foreign exchange operations and international money transfers, financial leasing, other financial mediation in dealings with HOV and all assistant activities in financial mediation.

Undertaking NLB Razvojna banka a.d. Banja Luka is created by the concentration concerned and its shareholders structure is:

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| • Undertaking Nova Ljubljanska banka d.d. Ljubljana | 50,58% |
| • Undertaking LHB banka Frankfurt | 28,99% |
| • Undertaking Vojvodanska banka a.d. Novi Sad | 6,22% |
| • Ministry of Finance of Republic of Srpska | 3,84% |
| • Legal and natural entities | 10,37% |

Having in mind the foresaid shareholders structure of Razvojna banka a.d. Banja Luka it comes out that Nova Ljubljanska banka d.d. Ljubljana holds 50, 58% of ownership shares and LHB Banka Frankfurt holds 28,99% of ownership shares. As Nova Ljubljanska banka d.d. Ljubljana holds 56,01% of ownership shares in LHB Banka Frankfurt, the fact is that Nova Ljubljanska banka d.d. Ljubljana is majority owner of NLB Razvojna banka a.d. Banja Luka.

Nova Ljubljanska banka d.d. Ljubljana is majority owner of LHB Banka and NLB Razvojna banka a.d. Banja Luka, that is to say, it controls the management of these banks and therefore the mentioned banks can not be deemed as independent undertakings, in sense of Article 12, paragraph (1), item e) of the Act on Competition.

In accordance with this statement, it is question about internal re-organization of the undertaking which is controlled by undertaking Nova Ljubljanska banka d.d. Ljubljana, which keeps control, after the internal reorganization, over the new undertaking NLB Razvojna banka a.d. Banja Luka.

As it was not question about the concentration, pursuant to the foresaid stipulations of the Act on Competition, there was no obligation to notify the concentration, in sense of Article 16 of the Act on Competition, and it was decided as 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