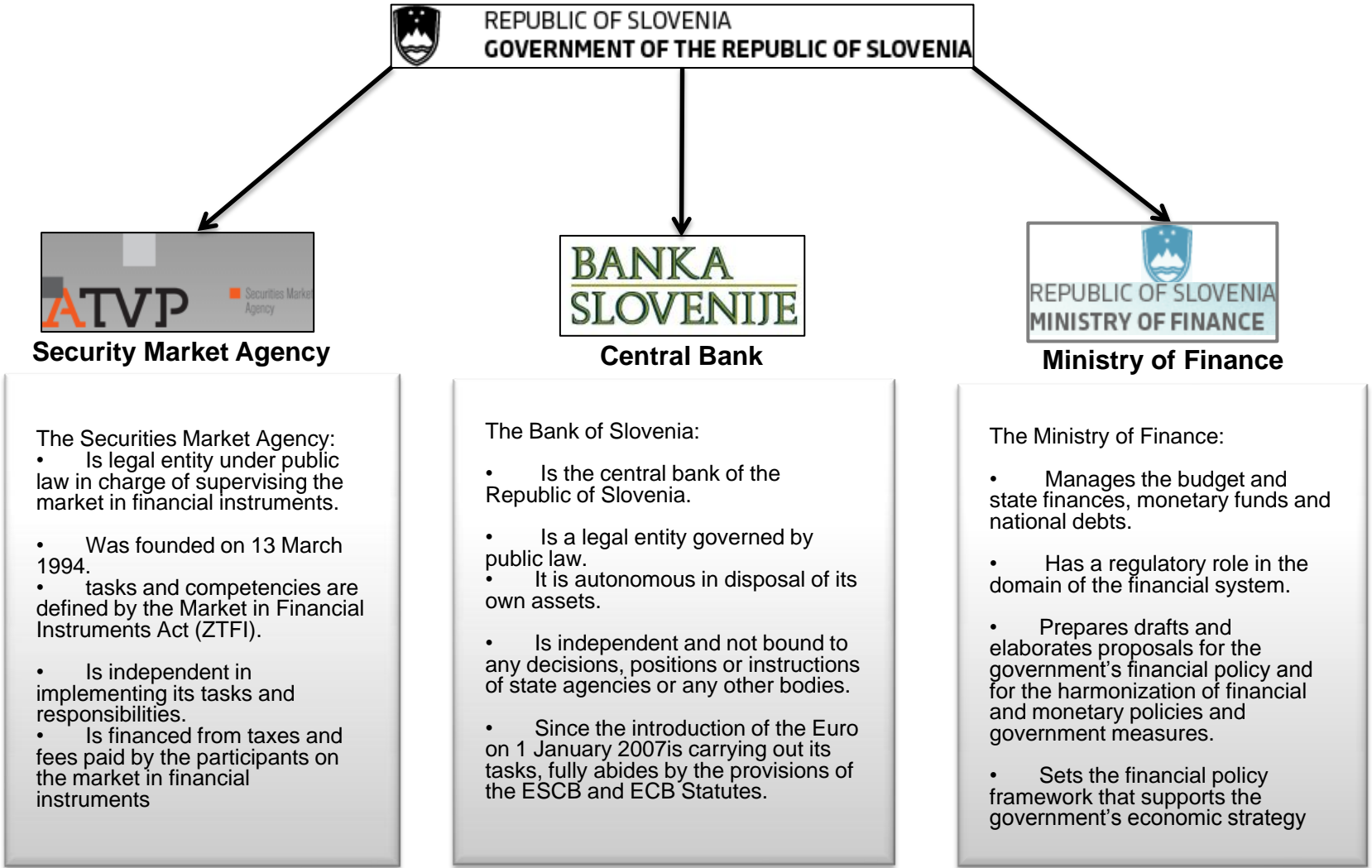


SEE Markets Roadshow SLOVENIA

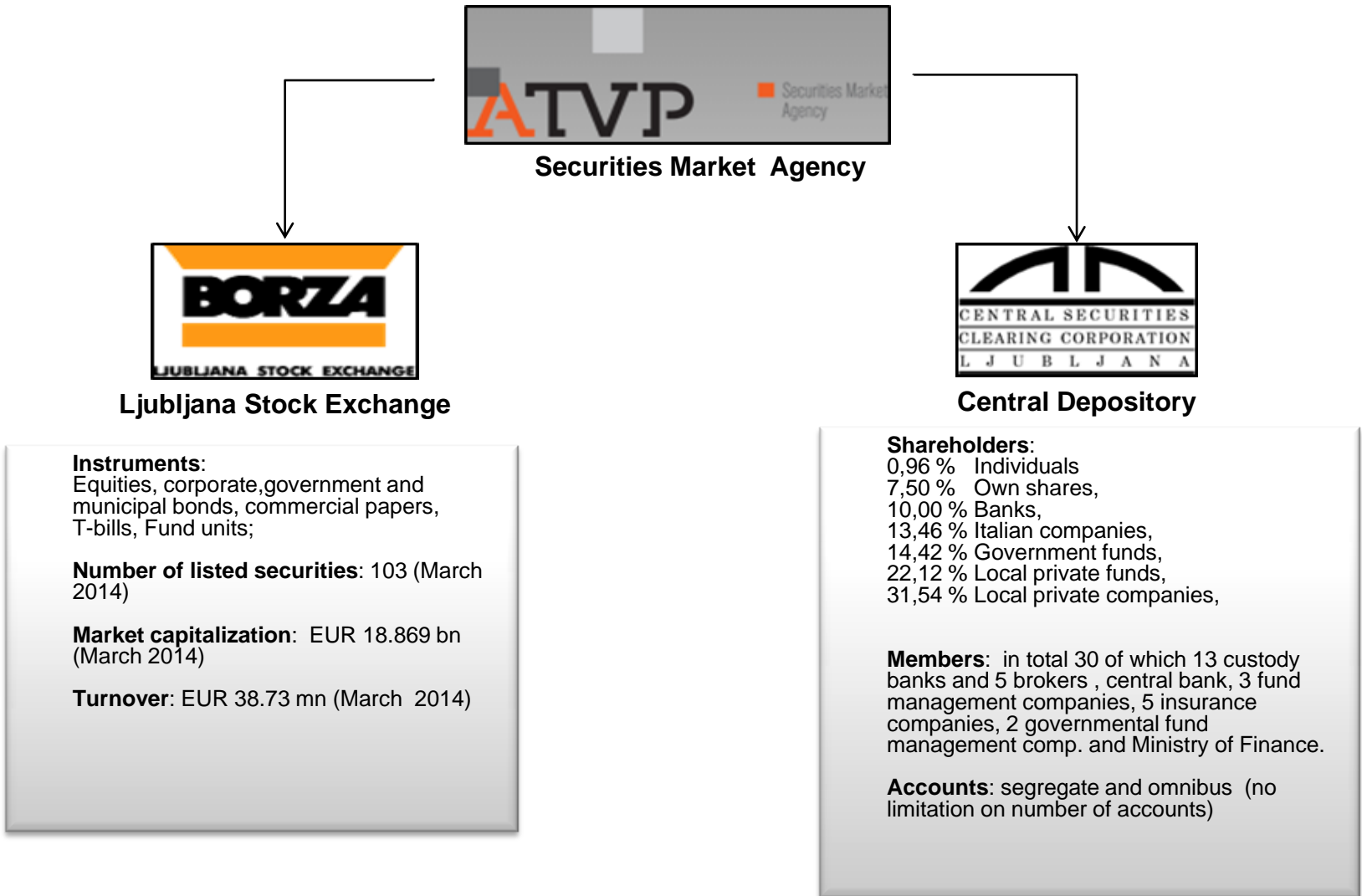
Luxembourg, April 29th & 30th, 2014

Elmedina Garibović – Head of GSS Slovenia

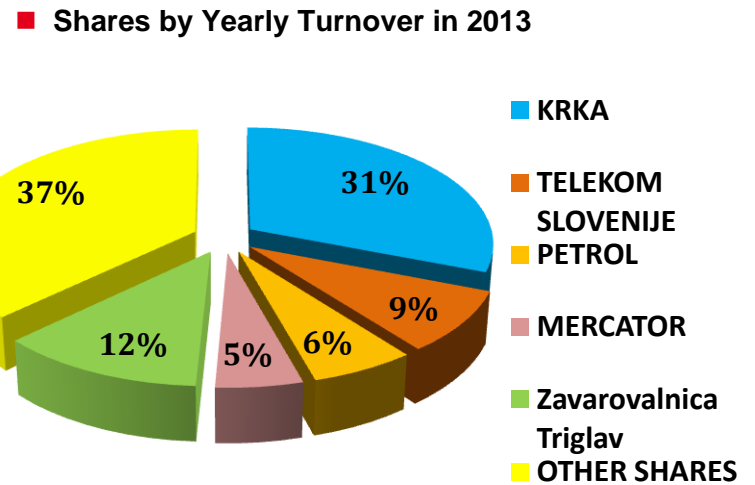
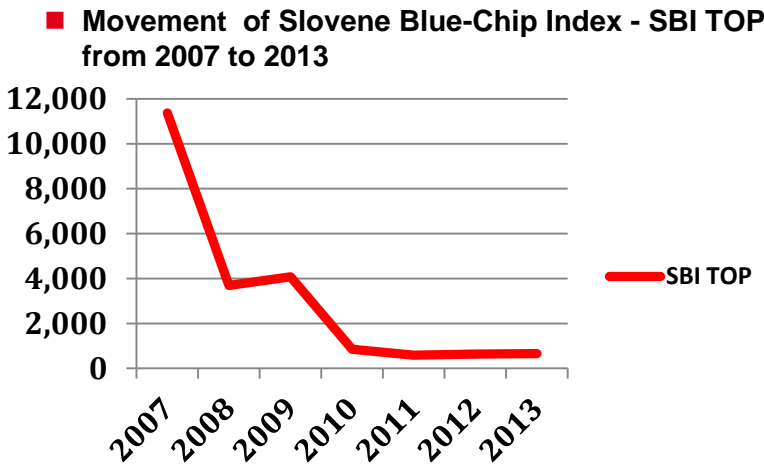
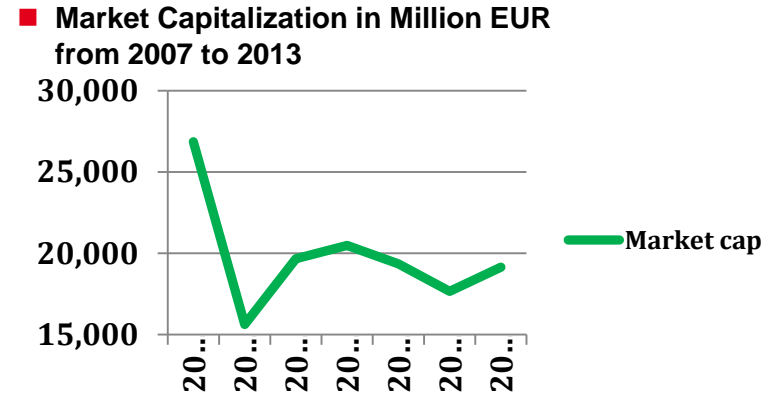
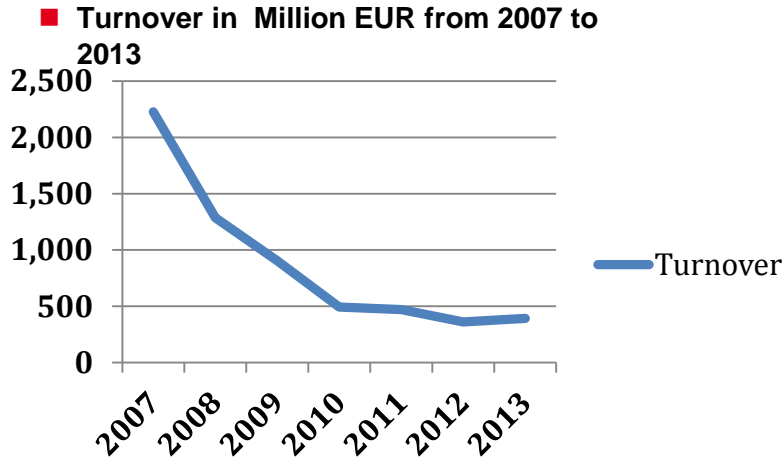
Slovenia - The Market Structure



Key Market Participants



Slovenia - Market Trends



Slovenia - Major Market Issues

- Slovenia is EU member since 2004 and EMU member since 2007 when EUR was adopted. FX risk is abolished. Settlement of securities is executed in EUR.
 - Flexible account structure on the market. Omnibus and segregated accounts can be opened at the CSD level. Account holder is allowed to open several segregated or fiduciary accounts at CSD.
 - Tax procedure for segregated and omnibus accounts is in a place. Tax relief at source, quick tax refund, tax refund and tax exempt are possible since mid of 2010.
 - Ljubljana SE is 100% owned by CEESEG AG.
 - Settlement of LjSE trades is mandatory on T + 2. Subcustodian is liable for the settlement. Borrowing and lending of securities is possible, but not supported by Slovene CSD. Buy-in and Sell-out procedure are in a place.
 - OTC trading is possible. LjSE offers two types off exchange trading: cross-trading and regulated trading. OTC trades could be settled as LjSE trades, DVP/RVP or FOP.
 - Assets protection - The segregation of assets between members and underlying clients is compulsory at the KDD level. All assets are held on the security accounts opened at the CSD in the name of custodians or in the name of their underlying customers. Assets on security accounts aren't part of the bankruptcy mass.
 - Investment restrictions for foreign investors are the same as for local ones with exemption of investments into military industry which requires Government approval.
 - There is no standard procedure for most of corporate actions and documentation is required for most of CA.
-

Slovenia - Latest market development, changes in the past 24 months

Changes in the market infrastructure

- **CSD-KDD:**
 - SWIFT connection for OTC trades implemented in November 2012.
 - The Matching and Settlement Standards (ISO15022) Slovenia Market Practice was prepared by the Slovenian National Market Practice Group in May 2012.
- **LJSE :**
 - CEESEG AG acquired 100 % of LJSE in (May 2012).
 - Transfer of IT support to Vienna. (1st of April 2014)

Changes in the regulatory and tax environment

- Change of AML legislation – up-dated list of countries AML risk rating (September 2012)
- The Bank of Slovenia and KDD signed T2S Framework Agreement. (June 2012)
- Amended Take Over Act (July 2013)
- Tax rate on interest and dividends paid to individuals was increased from 20% to 25%. (January 2013)
- EMIR regulation was implemented in first Q 2014.

Impacts on clients

- Full implementation of straight-through processing in settlement of OTC trades in Slovenia and lowering of operational risk .
- LjSE is fully owned by CEESEG AG and is developing in a line with group strategy.

Impacts on clients

- Increased AML documentation requirements.
- Slovenia is in T2S.
- Increased stake for obligatory bid offers to 1/3 of voting rights.
- Increased tax rate for all investors which will not be disclosed.
- Slovene market regulation in a line with EU regulations.

Slovenia – Expected changes in the next 24 months

Expected changes in the regulatory and tax environment

- AIFMD implementation
- EFTT – Slovenia is among 11 EU countries which agreed to implement the EFTT. It won't be implemented on 1 July 2014 as predicted
- FATCA – will be implemented in July 2014. UCB group will be FATCA compliant. UCB Slovenia already registered in IGA module 1
- T2S
 - Expected integration in T2S in 4th wave at the beginning of year 2017
 - Layered model will be used for connection with T2S due to prevailing segregated account structure
- CORPORATE ACTIONS
 - CA platform will be implemented in 2017 – data base where all information on the issuers will be available
 - At the moment CSD is working on four major types of CA (mandatory reorganizations, voluntary reorganizations, payments (dividend, interest), issues and redemptions of securities)
 - Cascade system of distribution of CA will be implemented

Impacts on clients

- Slovene regulation will be in line with EU regulations
- Additional taxation of transactions with securities and derivatives
- All reporting to IRS will be done by UCB Slovenia
- Settlement of securities, registered in the CSD will be executed in T2S
- Harmonization of CA processes with international standards
- CSD will be central source for all CA

Slovenia – The major challenges

Major challenges in the coming 12 months

- Implementation of EFTT.
- FATCA implementation.
- T2S implementation
- Harmonization of CA process
- Further process of privatization.

Lobbying activity

- Lobbying against EFTT.
- Cooperation with MoF and Tax Administration in process of FATCA implementation.
- Participation in NUG.
- Participation in working group of MoF for preparation of relative legislation.