

# » Market Profile Croatia



**Transactions and Payments**

**Global Securities Services**

April 2023

# Contents

1. OVERVIEW	3
2. REGULATION AND SUPERVISION	4
3. TRADING	6
4. CLEARING	8
5. SETTLEMENT	9
6. PAYMENT SYSTEM	11
7. SECURITIES LENDING	12
8. CORPORATE ACTIONS	13
9. PROXY VOTING	15
10. INCOME COLLECTION	16
11. TAXATION	17
12. DISCLOSURE REQUIREMENTS	19
13. ACCOUNT MANAGEMENT	20
14. DISCLAIMER	21

# 1. Overview

## 1.1. GEOPOLITICAL DATA

<b>Time Zone:</b>	GMT + 1
<b>Daylight Saving Time:</b>	YES
<b>Currency:</b>	Euro (EUR)
<b>Banking Holidays:</b>	<a href="#">Link</a>
<b>EU Membership:</b>	YES
<b>Schengen Zone:</b>	YES



## 1.2. G30 COMPLIANCE

<b>Trade comparison by T+1 for direct market participants</b>	YES
<b>Trade comparison for indirect participants</b>	YES
<b>Central securities depository</b>	YES
<b>Trade netting system</b>	YES
<b>Delivery vs. payment</b>	YES
<b>Same day funds</b>	YES
<b>Rolling settlement T+2</b>	YES
<b>Securities lending and borrowing</b>	YES
<b>ISIN</b>	YES

## 1.3. COUNTRY RATINGS

<b>Rating Agency</b>	<b>Issuer Default Rating Foreign Currency, LT</b>	<b>Outlook</b>
Fitch	BBB+	Stable
Moody's	Baa2	Stable
Standard & Poor's	BBB+	Stable

# 2. Regulation and supervision

## 2.1. REGULATORY/SUPERVISORY BODIES

Supervision of financial markets is carried out by the following institutions:

- **Financial Supervision Authority:**  
The Croatian Financial Services Supervisory Agency (HANFA) is an independent legal entity with public authorities that supervise the operations of exchange, CSD, authorised companies, issuers, UCITS and AIF, managing companies, insurance companies and other market participants. The HANFA organises, undertakes and supervises measures to guarantee the effective operations of the financial market, orders measures to eliminate unlawfulness or irregularities, issues or suspends licenses and permits, starts initiatives for the adoption of laws and regulations and performs other tasks within its authority.
- **National Bank:**  
The Croatian National Bank (CNB) is the central bank of the Republic of Croatia and an integral part of the Eurosystem and the European System of Central Banks. The primary objective of the CNB is maintaining price stability and the stability of the financial system as a whole. From 1 January 2023, the CNB is part of the Eurosystem and it participates in the definition and implementation of monetary policy of the European Union. It also conducts foreign exchange operations as set out in Article 219 of the Treaty on the Functioning of the European Union and ensures the smooth operation of payment systems. In addition, the CNB manages foreign reserves and the financial assets of the CNB, issues and withdraws authorisations and approvals and adopts other decisions in accordance with the laws governing the operation of credit institutions and the operation of credit unions, payment service providers, electronic money issuers and payment systems, payment operations, the issuance of electronic money as well as foreign exchange operations and the operation of authorised exchange offices. The CNB exercises supervision and oversight of credit institutions and the operation of credit unions, payment service providers, electronic money issuers and payment systems, payment operations and the issuance of electronic money. The CNB performs the tasks of supervision and resolution of credit institutions within the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM). The CNB is autonomous and independent in achieving its objective and carrying out its tasks. The CNB reports on its work to the Croatian Parliament.
- **Ministry of Finance:**  
The Ministry of Finance, within its competence, is authorised to ensure direct implementation of laws, by enacting regulations, through administrative supervision and other administrative works. The Ministry of Finance is responsible for the preparation and implementation of the Government's fiscal policy, and along with the Croatian National Bank, is empowered to harmonise monetary and fiscal policies and their instruments. One of the most important tasks of the Ministry is the preparation of the State Budget, as well as the management of budget revenues and expenditures.

## 2.2. KEY MARKET REGULATIONS

Below you will find a list of the key market regulations. For a complete list with up to date information on the acts please refer to the GSS Website (<http://gss.unicreditgroup.eu>) or contact your local GSS Relationship Manager.

Regulation	Main focus
Capital Market Law	Introduced EU standards in the Croatian capital market, regulating exchange operations, the securities depository, CCP and the rights and obligations of market participants.
Companies Law	Defines types of companies, organisations and management structures, the liabilities and mergers processes.
Foreign Exchange Law	Determines dealings between residents and non-residents in foreign and local currency.
Takeover Law	Framework for takeover of joint-stock companies, including conditions for mandatory and voluntary takeover offers.
Settlement Finality Law	Introduced EU standards with regards to settlement finality and consequences of the opening of insolvency proceedings.
CSDR Regulation	Improving securities settlement in the European Union and on central securities depositories. Hold and release and partial settlement excluded

### **2.3. SELF-REGULATORY ORGANISATIONS**

On the Croatian market there are several market associations that promote and influence the Capital Market such as the Croatian Banking Association and Chambers of Economy, including Custody Banks' Association therein.

# 3. Trading

## 3.1. COMMONLY TRADED INSTRUMENTS

Equities	Money Market instruments
<input checked="" type="checkbox"/> Ordinary shares	<input type="checkbox"/> Certificate of deposits
<input checked="" type="checkbox"/> Preferred shares	<input checked="" type="checkbox"/> Commercial papers
<input type="checkbox"/> Employee shares	<input checked="" type="checkbox"/> REPO transactions
<input type="checkbox"/> Interest bearing shares	
Government debt	Corporate debt
<input checked="" type="checkbox"/> Government bonds	<input checked="" type="checkbox"/> Corporate bonds
<input checked="" type="checkbox"/> Treasury bonds	<input type="checkbox"/> Mortgage bonds
<input checked="" type="checkbox"/> Treasury bills	<input type="checkbox"/> Convertible bonds
<input type="checkbox"/> Treasury notes	<input type="checkbox"/> Exchangeable bonds
<input checked="" type="checkbox"/> Municipal bonds	
Derivatives	Other instruments
<input type="checkbox"/> Options	<input checked="" type="checkbox"/> Exchange traded funds
<input type="checkbox"/> Futures	<input type="checkbox"/> Investment funds
<input type="checkbox"/> Warrants	<input type="checkbox"/> Eurobonds funds
	<input type="checkbox"/> Depository receipts
	<input type="checkbox"/> Commodities

## 3.2. ZAGREB STOCK EXCHANGE – ZSE

**Legal name** Zagreb Stock Exchange

**Website** <http://www.zse.hr>

**Ownership structure**

- 9.99% FINA
- 9.99% RR ONE CAPITAL D.O.O.
- 9.98% Erste & Steiermarkische Bank d.d./PBZ CO OMF
- 8.62% Interkapital vrijednosni papiri d.o.o./ICAM Outfox Macro Income Fund
- 7.87% Privredna Banka Zagreb/Baktun LLC
- 5.18% Zagrebacka banka d.d./European Bank for Reconstruction and Development
- 4.92% OTP Banka d.d./SZAIF d.d.
- 4.57% OTP Banka d.d.
- 3.98% Hrvatska postanska banka d.d.
- 3.30% Erste & Steiermarkische Bank d.d.
- 31.60% Others

**Trading members** Investment companies, credit institutions

Following types of membership are available:

Direct membership, remote membership and membership with limited access

<b>Traded instruments</b>	Equities, bonds, treasury bills, commercial papers, structured products, treasury bonds
<b>Traded method</b>	The Xetra trading system serves for matching transactions both in the order-book and outside. The system supports all types of orders.
<b>Settlement agent</b>	Central Depository and Clearing Company Inc. (CDCC)
<b>Clearing agent</b>	Central Depository and Clearing Company Inc. (CDCC) SKDD-CCP Smart Clear Inc.
<b>Trading hours</b>	<ul style="list-style-type: none"> <li>• Equity market: From 9.00 a.m. to 4.00 p.m.</li> <li>• Bond market: From 9.00 a.m. to 4.00 p.m.</li> <li>• Commercial papers: From 9.00 a.m. to 4.00 p.m.</li> </ul>
<b>Settlement cycle</b>	<ul style="list-style-type: none"> <li>• T+2 Equity market</li> <li>• T+2 Bond market</li> <li>• T+2 Commercial papers</li> </ul>
<b>Market tolerance</b>	<ul style="list-style-type: none"> <li>• EUR 2,00 for trades below EUR 100.000,00</li> <li>• EUR 25,00 for trades above EUR 100.000,00</li> </ul>

### 3.3 OTC TRADING

OTC trading is usually done with T-bills and bonds. However, it is also possible with other financial instruments on a bilateral basis. Settlement of OTC trading is performed in the CDCC system.

# 4. Clearing

## 4.1. CLEARING COMPANY – CDCC

<b>Legal name</b>	Central Depository and Clearing Company Inc. SKDD-CCP Smart Clear Inc.
<b>Website</b>	<a href="http://www.skdd.hr">http://www.skdd.hr</a> <a href="https://www.skdd-ccp.hr">https://www.skdd-ccp.hr</a>
<b>Ownership structure</b>	Central Depository and Clearing Company Inc. <ul style="list-style-type: none"><li>• 56.62% Financial Agency (FINA)</li><li>• 39.15% Republic of Croatia</li><li>• 4.23% Other market participants</li></ul> SKDD-CCP Smart Clear Inc. <ul style="list-style-type: none"><li>• 100% Central Depository and Clearing Company</li></ul>
<b>Clearing members</b>	Investment companies, credit institutions Following types of membership are available: SKDD - Direct membership  SKDD-CCP - general clearing member, clearing member and non-clearing member
<b>Scope of services</b>	Central Depository and Clearing Company Inc. (SKDD) and SKDD-CCP Smart Clear Inc. (SKDD-CCP) are both responsible for securities clearing, whereas SKDD acts as a central depository providing inter alia depository services as well. The main difference applied is the type of transactions in scope.  Within SKDD all transactions are matched and settled in Trade-for-trade settlement method (BIS Model 1) which is considered as a true DVP. SKDD is in charge for clearing and settlement of OTC transactions and on-exchange transactions with inappropriate financial instruments.  SKDD-CCP was incorporated in 2013 with the purpose of creating a central counterparty assuming the responsibilities for clearing of transactions with the appropriate financial instruments executed on exchange. As of 3 January 2022 SKDD-CCP provides services of the central counterparty in accordance with Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.  In the process of novation SKDD-CCP becomes a buyer to every seller and a seller to every buyer and thus ensures the settlement of transactions and reduces the systemic risk of the market.
<b>Risk model</b>	Trade-for-trade settlement method provided by SKDD implies clearing and settlement of transactions on a gross basis, without the netting possibility or the settlement guarantee from SKDD.  System of multilateral netting of obligations provided by SKDD-CCP, with the implementation of the risk-adjusted risk mitigation through financial collateral (initial and variable margin and Guarantee Fund), reduces the possible impact of default of one or more market participants, even in extreme market conditions, on other participants which may result in financial instability of the system.



# 5. Settlement

## 5.1. CENTRAL DEPOSITORY AND CLEARING COMPANY – CDCC

**Legal name** Central Depository and Clearing Company Inc.

**17f-7 eligibility** Yes

**Website** <http://www.skdd.hr>

**Ownership structure**

- 56.62% Financial agency (FINA)
- 39.15% Republic of Croatia
- 4.23% Other market participants

**Scope of services** The CDCC is performing the following activities:

- Operating the central depository of dematerialised securities;
- Operating the central register of financial instruments;
- Operating the clearing and settlement system of transactions executed on or outside a regulated market or an MTF;
- Services related to corporate actions of the issuers of dematerialised securities;
- Safekeeping of securities related to the takeover of joint stock companies,
- Activities related to payments and other returns from dematerialised securities;
- Determination of a unique identification mark of a dematerialised security;
- Activities of the operator of the Investors Protection Fund;
- Other activities related to transactions with dematerialised securities or other financial instruments.

### Accounts held

With the CDCC a custodian can open three types of safekeeping custody accounts:

- An omnibus account:  
If securities are held on an omnibus account the identity of the person(s) for whose account securities are held, is only known only to the custodian. Omnibus accounts can be opened for more clients or for another custodian bank;
- Account in the name (segregated):  
Identity of the investor for whom securities are safe-kept on the account is uniquely determined. An investor can open only one account in a given name with the same custodian bank. The owner of assets on the account is the investor for whom the custodian is safekeeping the assets;
- A numbered account:  
The identity of the person holding assets on a numbered account is only known to the custodian.

The client can select which type of account a custodian will open with the CDCC.

**Eligible instruments** All dematerialised securities issued in the Republic of Croatia.

**Level of dematerialisation** Fully dematerialised

**Stock Exchange Settlement** All Stock Exchange trades data are automatically inserted into the SKDD-CCP system intra daily. Settlement in the CDCC system will occur on T+2.

The CDCC provides two types of settlement: Trade for Trade Settlement and Substitution Settlement.

In Trade for Trade Settlement each trade is cleared and settled individually, directly between the original counterparties of the trade. The CDCC system has the batch process every 15 minutes, from 7:30 AM to 6:00 PM CET which allows for transactions fulfilling settlement conditions to be settled throughout the working day. Last periodic processing batch for against payment settlement transaction is at 4:00 pm CET and for free of payment settlement transaction at 6:00 pm CET.

Trade for Trade Settlement may be both against and free of payment.

The CDCC acts as an intermediary in the exchange of securities for cash on settlement date but does not guarantee the settlement. In the event of the selling broker failing to deliver securities on the settlement date, the CDCC will not pay the funds received from the buying broker.

Participant who does not settle the obligation from the transaction on the intended settlement date cash penalty will be calculated and applied.

For each matched settlement instruction not settled on the intended settlement date and for each settlement instruction entered into the settlement system and matched after the intended settlement date, cash penalties will be calculated and applied.

Substitution Settlement is a type of settlement between the participant members who made the transaction, where one security is exchanged for another security free of payment.

#### **OTC Settlement**

OTC transactions' settlement is performed through the CDCC system. Market participants, members of the CDCC, will enter OTC transaction in the CDCC and trade will settle in an agreed settlement method. The settlement may be both against and free of payment.

Treasury bills and bonds are usually traded OTC through local banks and settled in the CDCC.

There is no OTC transaction reporting obligation for non-resident investors.

#### **Settlement Protection**

Trade-for-trade settlement method implies clearing and settlement of transactions on a gross basis, without the netting possibility or the settlement guarantee from SKDD.

#### **Investor Protection**

The Investor Protection Fund has been introduced to achieve protection of clients' claims for Fund Members, when a Fund Member is not able to pay and/or repay the client in case of:

- Bankruptcy proceedings initiated against the Fund Member, or;
- HANFA determines that a Fund Member is unable to meet its obligations towards its clients and there are no prospects that it will be able to do so in the near future.

Clients' claims will be covered up to a maximum of EUR 20,000.00 per client of a Fund Member.

Credit institutions, investment firms, financial institutions, insurance undertakings, etc. are not considered clients in relation to the Investor Protection Fund.

#### **Identified Risk**

None

# 6. Payment System

## 6.1. GENERAL INFORMATION

Payment operations in Croatia are carried out through two payment systems:

1. T2 and
2. EuroNCS.

The T2 is a payment system for the settlement of payment transactions in euro in a real time on a gross basis. TARGET2-HR national component was launched on 1 February 2016 in accordance with the National SEPA Migration Plan – the Single Euro Payments Area.

The EuroNCS is a payment system for clearing of SEPA credit transfers in euro. It became operational on 6 June 2016 in accordance with the National SEPA Migration Plan.

## 6.2. LIMITATIONS, DEADLINES, CUT-OFF TIMES

Payment transactions in TARGET2-HR national component are settled during a settlement day in accordance with the Work Schedule for TARGET2-HR. TARGET2-HR is open on each business day, but it is closed on Saturday, Sunday, New Year, Good Friday, Easter Monday, International Labour Day, Christmas Day and St Stephen's Day. A settlement day in the TARGET2-HR starts at 7:00 CET and lasts until 17:00 CET (regular business) on the regular business day. The CNB (as a bank - settlement agent) settles the final net positions in the clearing accounts of direct participants in the EuroNCS, at the end of a clearing day in the EuroNCS, through the TARGET2-HR across the participants' accounts and the EuroNCS clearing account.

Clearing of interbank payment transactions in the EuroNCS takes place in four cycles and is determined by the Work Schedule for Clearing through the EuroNCS, which is issued by the Financial Agency, subject to prior approval by the CNB. A clearing day starts at 8:00 CET on a business day and ends at 17:00 CET on the regular business day.

# 7. Securities Lending

## 7.1. SECURITIES LENDING

Stock lending/borrowing has been introduced through the CDCC as a centralised service on the market from 1 January 2012, but it is still not practiced on the market.

In case of securities lending, however, according to the Capital Market Law, clients have to provide their written consent to the use of their financial instruments and a special agreement has to be made with clients individually, on a case-by-case basis.

## 7.2. SHORT SELLING

Short selling is not forbidden. ZSE Rules determine that short selling is possible using borrowed securities.

# 8. Corporate actions

## 8.1. COMMON CORPORATE ACTION EVENTS

Mandatory events	Voluntary events
<input checked="" type="checkbox"/> Bonus issue	<input checked="" type="checkbox"/> Dividend option
<input checked="" type="checkbox"/> Cash	<input checked="" type="checkbox"/> Exchange offer
<input checked="" type="checkbox"/> Early redemption	<input checked="" type="checkbox"/> Priority issue
<input checked="" type="checkbox"/> Interest payment	<input checked="" type="checkbox"/> Repurchase offer
<input checked="" type="checkbox"/> Maturity	<input checked="" type="checkbox"/> Reverse stock split
<input checked="" type="checkbox"/> Maturity (final)	<input checked="" type="checkbox"/> Shareholders meeting
<input checked="" type="checkbox"/> Merger	<input checked="" type="checkbox"/> Spin-off
<input checked="" type="checkbox"/> Pari-passu	<input checked="" type="checkbox"/> Stock split
<input checked="" type="checkbox"/> Partial redemption	<input checked="" type="checkbox"/> Tender offer
<input type="checkbox"/> Rights issue	
<input checked="" type="checkbox"/> Stock dividend	
<input checked="" type="checkbox"/> Reverse stock split	
<input checked="" type="checkbox"/> Stock split	
<input checked="" type="checkbox"/> Spin-off	

## 8.2. DATING CONVENTIONS

Securities holders' entitlements are based on settled position as of the record date. A general rule regarding the time frames for the ex, record or pay dates does not exist on the market.

Dividend entitlement is based on settled position as of the record date defined by the issuer, but pursuant to the Companies Law, 30 days following the approval of the Annual General Meeting at the latest. Ex-date is always fixed as one working day before the record date. Dividend payment has to be executed 60 days following the approval at the AGM at the latest.

For T-bills record date is set one day prior to the payment date and ex-date is equal to the payment date. Payment is on actual basis.

Record-date is, by law, set 21 days prior to the general meeting date or in line with the Articles of the Association and company status. Issuers usually require shareholders to register their participation in the general meeting six days prior to the meeting.

Tender offers last for 28 days. Record date is set as the last day of tender offer period. Ex-date is fixed as one working day before the record date. The offeror, by law, has 14 days to execute the payment, following the conclusion of the tender offer period.

## 8.3. SOURCES OF C/A INFORMATION

The HANFA website registrar (officially appointed mechanism for the central storage of regulated information), as the official source of corporate action information on the Croatian market, as well as websites of Zagreb Stock Exchange, Narodne Novine (the Official Gazette of the Republic of Croatia), CDCC, companies' bulletins (if available), Commercial Court Registrar, and other press and media outlets are used to take hold of corporate action information. The standard practice is to contact the issuer directly for the confirmation of details of an announced corporate action.

The issuers of listed securities are obliged to inform HANFA, immediately and without delay, who acts as the officially appointed mechanism for the central storage of regulated information, and then the regulated market, the Zagreb Stock Exchange, and finally the press also have to be notified of the announced corporate event. The issuers of securities listed on the ZSE Prime

Market are obliged to deliver to the ZSE and post on its website a calendar of corporate actions for the entire year, including a dividend payment date, as well as any changes in the calendar as soon as they occur.

#### **8.4. LOCAL C/A SPECIFICS**

N/A

# 9. Proxy voting

## 9.1. GENERAL CHARACTERISTICS

Shareholders registration for participation at the GM must be submitted six days prior to it at the latest, if a different deadline is not determined by the company's Articles of Association. Shareholder's eligibility to participate in a meeting is based on settled position as of the record date, which is determined by the company.

## 9.2. ANNOUNCEMENT

According to the Companies Law, every issuer must publish an announcement of a general meeting at least 30 days before the assembly date.

## 9.3. VOTING PROCESS

In order to cast proxy votes, the client is only required to submit an instruction.

The client is informed about forthcoming general meeting immediately via SWIFT including all relevant dates and deadlines for sending proxy voting instructions.

Securities are not blocked prior to the GM. Voting on a partial holding is possible. Re-registration is not required.

In most cases, issuers require the Attendance Notice and Power of Attorney issued by the custodian bank. If there are any specific requirements from the issuer, the client is informed immediately. Attendance Notice and POA usually must be submitted to the issuer six days prior to the general meeting at the latest, if a different deadline is not determined by the issuing company.

# 10. Income collection

## 10.1. DIVIDEND PAYMENTS

After a decision on dividend payment has been adopted and confirmed at the AGM, the company has to pay out dividends within the next 60 days. For each dividend payment, a tax ID number (OIB) in addition to other relevant information of the final beneficial owner have to be disclosed to the paying agent.

<b>Announcements</b>	Companies announce dividend payment dates via HANFA, ZSE, CDCC and other media.
<b>Dating Conventions</b>	The general rule regarding timeframes for the ex, record or payment dates does not exist on the market. The issuer of securities determines the record date and payment date.
<b>Payment Execution</b>	<p>The payment date varies between companies, but it must occur 60 days from the AGM at the latest.</p> <p>The issuing company can use the CDCC as a paying agent or it can pay out dividends directly to its shareholders.</p> <p>In both cases, dividends are paid via electronic transfer on the local custodian's cash account, and with the same value date it is transferred to the client's cash account with the local custodian. Payment is executed on an actual basis.</p>

## 10.2. INTEREST & MATURITY PAYMENTS

Most bonds issued on the market have semi-annual interest payments. For government bonds, CDCC is a default paying agent. The issuer of corporate bonds can use the CDCC as a paying agent or it can pay out interest directly to the bondholders' cash accounts.

<b>Announcements</b>	All information about fixed income and money market instruments including payment dates within the instrument lifecycle are provided in the issuing prospectus. This information is also available within the CDCC system.
<b>Dating Conventions</b>	<p>For bonds record date is usually one day prior to the payment date and ex-date is one day prior to the record date.</p> <p>For treasury bills record date is one day prior the payment date and ex-date is equal to the payment date</p>
<b>Payment Execution</b>	<p>Interest and maturity payments are calculated on ISMA 99 normal (actual/actual) basis and are usually paid semi-annually.</p> <p>Interest and maturity funds are paid by electronic transfer to the local custodian's cash account, and with the same value date it is transferred to the client's cash account with the local custodian. Payment is executed on an actual basis.</p>



# 11. Taxation

## 11.1. WITHHOLDING TAX

Withholding tax on dividends is payable for non-resident legal entities/individuals and resident individuals. Dividend payment can be executed only when a tax ID number (OIB) in addition to other relevant information of the final beneficial owner (CDCC account number, type of investor, investor's address and residency, gross dividend, applicable withholding tax rate) are disclosed to the paying agent/issuer upon their request.

Withholding tax on interest is payable for resident and non-resident individuals and non-resident legal entities. Interests on bonds are tax exempt, regardless of the issuer or type of the bond.

Higher withholding tax (at the rate of 20%) is applicable to all remunerations payable under the Article 31 of The Profit Tax Act (including dividend and interest) to legal entities resident in one of the countries listed on the EU list of non-cooperative tax jurisdictions, if there is no double taxation treaty (DTT) between such countries and Croatia.

Tax Rates	Type of income	Tax rate
	Dividend	10%
	Dividend - legal entities from the EU's list of non-cooperative jurisdictions (no DTT in place)	20%
	Interest on bonds	0%
	Other interest - individuals (both resident and non-resident)	10%
	Other interest - non-resident legal entities	15%
	Other interest - legal entities from the EU's list of non-cooperative jurisdictions (no DTT in place)	20%

**Relief at Source** Apart from a tax ID number (OIB), "Application for tax relief or tax refund for dividends under the agreement for the avoidance of double taxation" form has to be submitted prior to each dividend payment.

**Tax Reliefs** Tax relief is possible in accordance with DTT provisions.

**Tax POA** Subcustodian and final beneficial owner need to provide prescribed forms of Tax Power of Attorney empowering local custodian in the chain of custody as client's attorney solely for the purposes of representing before the Ministry of Finance/Tax Administration of The Republic of Croatia in all tax relief/reclaim related actions.

## 11.2. CAPITAL GAINS TAX

Capital gains tax payable for resident and non-resident individuals has been in force as of 1 January 2021 and is applicable to holding periods under 2 years.

- Tax Rates 10%
- Relief at Source N/A
- Tax Reliefs N/A

## 11.3. STAMP DUTY

No Stamp Duty is applicable.

- Tax Rates N/A
- Tax Reliefs N/A

## 11.4. OTHER TAXES

No other taxes are applicable for non-resident investors.

### **11.5. TAX RECLAIM PROCESS**

A tax refund is possible within a period of three years after a tax payment has been made using the form “Application for tax relief or tax refund for dividends under the agreement for the avoidance of double taxation”. The respective form, bearing the final beneficial owner’s tax ID number (OIB), needs to be certified by the beneficial owner’s Tax Administration and has to be submitted for each tax reclaim request individually.

### **11.6. DOUBLE TAXATION TREATIES**

Due to the amount of data, for the most up to date DTTs please refer to our website:  
<https://gss.uicreditgroup.eu/markets/croatia/documents/double-tax-treaties-croatia>.

# 12. Disclosure requirements

## 12.1. OBLIGATIONS FOR ISSUERS

- An issuer of securities, which is admitted to trading on an organised market is obligated to publish annual, semi-annual and quarterly financial reports.
- Upon receiving a disclosure reporting notification, the issuer is obligated to publish the received information within two trading days.
- The issuer is obligated to publish information about changes in the number of shares or voting rights at the end of the month in which the changes have occurred.
- The issuer that acquires or disposes their own shares has to announce the number of its own shares to the public within two trading days from the acquisition or disposal.
- Furthermore, the public has to be informed by the issuer of every change in the rights deriving from the shares, including the change in rights from derivatives that give the right to buy underlying shares.
- An issuer of debt securities is obligated to ensure that all information necessary for securities holders to fulfil their rights is publicly announced especially related to conditions of debt and interest rate.

## 12.2. OBLIGATIONS FOR INVESTORS

Disclosure reporting is an obligation for an investor which, directly or indirectly, acquires, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% of the voting rights in a certain issue. The disclosure report has to be submitted to the regulator (HANFA) and the issuer of the shares within two trading days:

- From the day the investor has found out or could have found out about the acquiring, releasing or possibility of exercising the voting rights, or
- From the day the investor has found out about the issuer's public announcement of changes in the number of issued shares or changes in the number of voting rights.

It is considered that the investor has found out or could have found out about the acquiring, releasing or possibility of exercising the voting rights at the latest within two trading days from the day of transaction, meaning that there are total of four trading days from the day of transaction to report.

Special permits are required for acquiring shares (10%) of local credit institutions, insurance companies, investment companies, stock exchange and central depository and clearing company.

An investor (resident or non-resident) is obliged to publish a takeover offer when acquiring directly or indirectly, by himself or acting in concert, voting shares of the company, which together with the shares the investor already possesses, exceeds a threshold of 25% of total voting shares.

## 12.3. OBLIGATIONS FOR INTERMEDIARIES

Issuers of listed shares are granted by The Companies Act to ask for disclosure of shareholders' identification from intermediaries safekeeping the shares on behalf of their final beneficial owners. Intermediaries are obliged to disclose: name and surname of the shareholder, date and place of birth, postal and e-mail address, registration number (for legal entities), number of shares held, share class and the date from which the shares are held.

## 12.4. VIOLATION CONSEQUENCES

Failure to comply with the disclosure reporting requirements in the market may lead to penalties (fines) and the suspension of voting rights for securities whose acquisition resulted in disclosure reporting obligation.

A person, who acquires a qualifying holding contrary to the law, will not be able to exercise voting rights attached to the shares or holdings acquired in that manner. Moreover, in case the shares of credit institutions, investment companies, stock exchange or CDCC are acquired without the regulators' approval, the regulator will order that the shares or holdings so acquired are sold.

Failure to comply with the takeover obligations in the market will lead to penalties (fines).

# 13. Account management

## 13.1. COMMON ACCOUNT STRUCTURES

The commonly used account structures would be to open as many accounts in the custodian bank's books as required (segregated or omnibus, proprietary or client). With the CDCC, the most commonly used type is the custody omnibus account.

Note that for dividend payments local tax ID (OIB) number and identification details are required for securities safekept on an omnibus account at the CDCC level.

When shares of a local credit institution and CDCC are held in custody accounts, it should be a segregated account at the CDCC level.

### Segregated Accounts

In the custodian's books each client can open as many accounts as required to segregate assets. The assets with CDCC can be safekept in an omnibus account, in an account in the name (segregated) or in a numbered account.

If opening a custody account in the name with the CDCC, the owner of assets is the investor in whose account custodian is safekeeping the assets. Identity of the investor for whom securities are safekept on account in the name is uniquely determined. Tax ID number (OIB) is required to open an account in the name at the CDCC level. An investor can open only one account in a given name with the same custodian bank.

### Nominee/Omnibus Accounts

Omnibus accounts can be opened in the custodian's books and with the CDCC.

In accordance with the CDCC rules, omnibus custody accounts can be opened for clients or for another custodian bank. If securities are held on an omnibus account, the identity of person(s) for whom securities are held is known only to the custodian.

## 13.2. KYC/AML REQUIREMENTS

Croatia has established laws and regulations designed to prevent money laundering and terrorist financing. This is primarily known as the Anti Money Laundering and Terrorist Financing Law and its subordinate acts. Local custodian is applying Know Your Client policy, Client Identification Guidelines and Client Eligibility Guidelines. When establishing a relationship with a client, the local custodian undertakes a detailed background check on a client. This process is not only meant to establish the true identity of the client, but also to find out all the other necessary details such as authorised personnel, nature of client's business, beneficial owners and the expected scope of activity.

# 14. Disclaimer

This publication is presented to you by:  
Corporate & Investment Banking  
Zagrebačka Banka d.d.  
Trg bana Josipa Jelačića 10  
10 000 Zagreb  
Croatia ("UniCredit")

The information in this publication is based on carefully selected sources believed to be reliable, however the information contained in this document has not been independently verified. Except in the case of fraudulent misrepresentation, no representation or warranty (express or implied) is made by UniCredit or by any of its officers, employees, affiliates or agents as to the accuracy, completeness or sufficiency of this document and no responsibility or liability is accepted by such persons for any loss whatsoever arising from or in connection with use of or reliance on this document and such liability is expressly disclaimed. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice. UniCredit is under no obligation to keep current the information contained in this publication. Any reports provided herein are provided for general information purposes only and cannot substitute the obtaining of independent financial, legal and tax advice. Recipients of this publication should obtain the advice of their banker/broker/advisors about any investments/product/activity concerned prior to evaluating them. Recipients of this document are solely responsible for making their own independent appraisal of and investigations into the products, investments and transactions herein referred to. UniCredit is not responsible for providing legal, tax, accounting, or other specialist advice and recipients of this document should make their own arrangements accordingly. Nothing in this publication is intended to create contractual obligations, nor can it be construed as an offer, solicitation or recommendation for the purchase or sale of any security or investment whatsoever.

Distribution of this document or information contained in this document to any person other than an original recipient (or to such recipient's advisors) is prohibited. Reproduction of this document, in whole or in part, or disclosure of any of its contents, without prior written consent of UniCredit, is prohibited. This document should be read in its entirety, it remains the property of UniCredit and on request must be returned and any copies destroyed.

This document shall not create any form of fiduciary or adviser/client relationship and UniCredit may only be regarded by you as acting on your behalf as following the execution of an engagement letter on mutually satisfactory terms.

UniCredit is a member of the UniCredit Group of companies ("UniCredit Group"). Any member of the UniCredit Group, together with their directors, officers and employees may have traded for their own account as principal, underwritten an issue or have a long or short position in any instrument mentioned in this material or related instrument.

Any projection, forecast, estimate or other "forward-looking" statement in this document is for illustrative purposes only and is not a reliable indicator of future performance. Actual events or conditions may differ materially from assumptions and some risks and uncertainties may not have been taken into account. The document may include information related to past performance or simulated past performance. Past performance or simulated past performance is not a reliable indicator of future performance. No representation or warranty is made, and no liability is accepted, by UniCredit or by any of its officers, employees, affiliates or agents in respect of the achievability or reasonableness of any forward-looking statements contained in this document.

This publication is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation.

UniCredit may be solicited in the course of its involvement in the transaction contemplated herein, by other investment clients to provide other services. Furthermore, UniCredit may allocate securities to its own proprietary book or to any member of UniCredit Group. This represents a potential conflict of interest. UniCredit has internal arrangements designed to ensure that it will give unbiased and full advice to its clients including valuation and pricing of a securities issue and has internal systems, controls and procedures to identify and to manage potential conflicts of interest.

If this presentation has been sent to you in electronic form, you are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither UniCredit nor any of its holding companies, subsidiaries, associated undertakings or controlling persons, respective directors, officers, partners, employees, advisors, agents and/or representatives accept any liability or responsibility whatsoever in respect of any difference between the document sent to you in electronic format and the original version prepared by UniCredit. This publication is a financial promotion within the scope of the rules of Consob.

Corporate & Investment Banking of UniCredit consists of UniCredit Bank AG, Munich, UniCredit Bank Austria AG, Vienna, UniCredit S.p.A., Milan and other members of the UniCredit. UniCredit Group and its subsidiaries are subject to regulation by the European Central Bank. In addition UniCredit Bank AG is regulated by the Federal Financial Supervisory Authority (BaFin), UniCredit Bank Austria AG is regulated by the Austrian Financial Market Authority (FMA) and UniCredit S.p.A. is regulated by both the Banca d'Italia and the Commissione Nazionale per le Società e la Borsa (CONSOB).

UniCredit S.p.A. - joint stock company – with the Head Office in Milan: Piazza Gae Aulenti 3 - Tower A - 20154 Milano. Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi: : 00348170101 - Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with. cod. 02008.1; Cod. ABI 02008.1 - Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund.

## **Note to UK Residents:**

In the United Kingdom, this publication is being communicated on a confidential basis only to clients of Corporate & Investment Banking of UniCredit (acting through UniCredit Bank AG, London Branch) who (i) have professional experience in matters relating to investments being investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"); and/or (ii) are falling within Article 49(2) (a) – (d) ("high net worth companies, unincorporated associations etc.") of the FPO (or, to the extent that this publication relates to an unregulated collective scheme, to professional investors as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and/or (iii) to whom it may be lawful to communicate it, other than private investors (all such persons being referred to as "Relevant Persons"). This publication is only directed at Relevant Persons and any investment or investment activity to which this publication relates is only available to Relevant Persons or will be engaged in only with Relevant Persons. Solicitations resulting from this publication will only be responded to if the person concerned is a Relevant Person. Other persons should not rely or act upon this publication or any of its contents.

The information provided herein (including any report set out herein) does not constitute a solicitation to buy or an offer to sell any securities. The information in this publication is based on carefully selected sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice.

We and/or any other entity of Corporate & Investment Banking of UniCredit may from time to time with respect to securities mentioned in this publication (i) take a long or short position and buy or sell such securities; (ii) act as investment bankers and/or commercial bankers for issuers of such securities; (iii) be represented on the board of any issuers of such securities; (iv) engage in "market making" of such securities; (v) have a consulting relationship with any issuer. Any investments discussed or recommended in any report provided herein may be unsuitable for investors depending on their specific investment objectives and financial position. Any information provided herein is provided for general information purposes only and cannot substitute the obtaining of independent financial advice.

UniCredit Bank AG London Branch, Moor House, 120 London Wall, London, EC2Y 5ET, is subject to regulation by the European Central Bank (ECB) and is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Notwithstanding the above, if this publication relates to securities subject to the Prospectus Directive (2005) it is sent to you on the basis that you are a Qualified Investor for the purposes of the directive or any relevant implementing legislation of a European Economic Area ("EEA") Member State which has implemented the Prospectus Directive and it must not be given to any person who is not a Qualified Investor. By being in receipt of this publication you undertake that you will only offer or sell the securities described in this publication in circumstances which do not require the production of a prospectus under Article 3 of the Prospectus Directive or any relevant implementing legislation of an EEA Member State which has implemented the Prospectus Directive.

**Note to US Residents:**

The information provided herein or contained in any report provided herein is intended solely for institutional clients of Corporate & Investment Banking of UniCredit acting through UniCredit Bank AG, New York Branch and UniCredit Capital Markets LLC (together "UniCredit") in the United States, and may not be used or relied upon by any other person for any purpose. It does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other US federal or state securities laws, rules or regulations. Investments in securities discussed herein may be unsuitable for investors, depending on their specific investment objectives, risk tolerance and financial position.

In jurisdictions where UniCredit is not registered or licensed to trade in securities, commodities or other financial products, any transaction may be effected only in accordance with applicable laws and legislation, which may vary from jurisdiction to jurisdiction and may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

All information contained herein is based on carefully selected sources believed to be reliable, but UniCredit makes no representations as to its accuracy or completeness. Any opinions contained herein reflect UniCredit's judgement as of the original date of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

UniCredit may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in any report provided herein. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of further performance, and no representation or warranty, express or implied, is made regarding future performance.

We and/or any other entity of Corporate & Investment Banking of UniCredit may from time to time, with respect to any securities discussed herein: (i) take a long or short position and buy or sell such securities; (ii) act as investment and/or commercial bankers for issuers of such securities; (iii) be represented on the board of such issuers; (iv) engage in "market-making" of such securities; and (v) act as a paid consultant or adviser to any issuer.

The information contained in any report provided herein may include forward-looking statements within the meaning of US federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from its expectations include, without limitation: Political uncertainty, changes in economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets, competitive environments and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

UEFA and its affiliates, member associations and sponsors (excluding UniCredit and UniCredit Bank AG) do not endorse, approve or recommend the Product and accept no liability or responsibility whatsoever in relation thereto.

**Corporate & Investment Banking**

Zagrebačka Banka d.d.  
as of 31 March 2022



**Zagrebačka banka d.d.**  
Global Securities Services



**Address**  
Samoborska cesta 145  
HR – 10090 Zagreb



**Phone contact**  
Tel: +385 1 6305 072  
Tel: +385 1 6305 400



**E-mail contact**  
E-mail: [custody@unicreditgroup.zaba.hr](mailto:custody@unicreditgroup.zaba.hr)