

Market Profile

June 2018

Slovakia

Global Securities Services

Contents

1. OVERVIEW	4
2. REGULATION AND SUPERVISION	6
3. TRADING	8
4. CLEARING	10
5. SETTLEMENT	11
6. PAYMENT SYSTEM	14
7. SECURITIES LENDING	15
8. CORPORATE ACTIONS	16
9. PROXY VOTING	17
10. INCOME COLLECTION	18
11. TAXATION	19
12. DISCLOSURE REQUIREMENTS	21
13. ACCOUNT MANAGEMENT	23
14. DISCLAIMERS	25

1. OVERVIEW

1.1 Geopolitical Data

Time Zone:	GMT + 1	
Daylight Saving Time:	YES	
Currency:	Euro (EUR)	
Banking Holidays:	link	
EU Membership:	YES	
Schengen Zone:	YES	

1.2 G30 Compliance

Trade comparison by T+1 for direct market participants	YES
Trade comparison for indirect participants	NO
Central securities depository	YES
Trade netting system	NO
Delivery vs. payment	YES
Same day funds	YES
Rolling settlement T+2	YES
Securities lending and borrowing	NO
ISIN	YES

1.3 Country Ratings

Rating Agency	Issuer Default Rating Foreign Currency, LT	Outlook
Fitch	A+	Stable
Moody's	A2	Positive
Standard & Poor's	A+	Stable

1.4 Political Overview

The Slovak Republic came into existence on 1 January 1993 as one of the successor states of the Czech and Slovak Federal Republic. The Slovak Republic is a parliamentary democracy with autonomous legislative, executive and judicial branches. The National Council of the Slovak Republic is a unicameral parliament, and under the Constitution is the supreme body exercising legislative power in the Slovak Republic. The National Council has 150 members elected for 4-year terms in direct elections with secret ballots. The government consists of ministers selected by the political parties which have formed a coalition (usually more than 75 members of parliament). The government is formed on the basis of parliamentary elections and is the supreme body of the Executive Power. The Prime Minister is appointed and recalled by the President of the Slovak Republic. The President of the Slovak Republic is the highest constitutional representative (Head-of-State) in the country and he is elected by direct elections. His function is, however, more ceremonial, the real governmental power is in the hands of the Prime Minister and partly in the hands of the President of the Parliament (Chairman of the National Council).

Following the Slovak parliamentary election, the current Prime Minister and leader of the centre-left party SMER, Robert Fico is serving with his Government since March 2016.

1.5 Economic Overview

Reform progress in Slovakia has slowed-down after country has join EU in 2004 and adopted Euro in 2009. Despite that, economy is in a good shape, highly dependent on automotive sector and external, mostly European, demand. Economy growth in last decade was driven by strong inflow of foreign investment following pre-accession reforms. However, major privatization processes were almost completed in the last decade, the banking sector is almost entirely in foreign hands, while business environment has deteriorated somehow in recent years as government led by social-democrats approved some business unfriendly measures in an effort to cut the public finance deficit, while cuts in public spending were insignificant. Cheap, skilled labour and a favourable geographical location remain Slovakia's main advantages for foreign investors.

Slovakia economic growth is still above-average in Europe, but comparing regional peers Slovakia lagged behind in last year due to weaker EU funds absorption and temporarily stagnated automotive sector. Economic growth moved towards domestic demand driven up by tight labour market and recovering private investments, while stagnating car production weigh on export growth. Current growth is relatively labour intensive sending unemployment rate to a new historical low, creating lack of labour in Western part of the country and increasing wage pressure. Furthermore, household spending was supported by low interest rate and still subdued inflation. Investment activity has followed business cycle, strongly supported by a several large investments in automotive sector, including 4th car plant in the country, which is set to be launched in 2018.

Economic growth is expected to accelerate to 3.9% in 2018 and 4.1% in 2019, benefitting from larger production capacity in the automotive industry offsetting the cyclical slowdown in European demand in 2019. The C/A deficit will start to narrow driven by car exports from 2H18 onwards and may close by the end of 2019. Labour market conditions will continue to tighten, supporting wage growth, household spending and reflation. Fiscal goals are less ambitious than in the past, relying mostly on strong growth. A balanced budget may be reached in 2020, one year later as projected before.

2. REGULATION AND SUPERVISION

2.1 Regulatory/Supervisory Bodies

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

- Central Bank:

Národná banka Slovenska

Since 1 January 2009, the National Bank of Slovakia (NBS) has been part of the Eurosystem. In cooperation with the European Central Bank and central banks of the euro area countries, it maintains price stability. Within the Eurosystem, the National Bank of Slovakia fulfils tasks related to:

- Monetary policy
- Foreign exchange operations and reserves
- Issuing Euro banknotes and coins
- Payment systems
- Statistics
- International cooperation
- Mutual cooperation and support among central banks
- Financial stability in the euro area

Another important role of the NBS is the supervision of the financial market. Supervision of the financial market in Slovakia has been integrated since 2006, when NBS took over the supervision of financial market participants in the banking, capital market, insurance and pension fund sectors. Basic activities of the integrated financial market supervision include not only on-site and off-site supervision, but also acting and deciding on supervision issues, as well as the preparation of draft regulations implementing the financial market laws. Since June 2013 NBS has been authorised to conduct macroprudential policy as part of its supervision of the financial market. Its task in this regard is to identify, monitor and mitigate systemic risks to the financial system and thereby support the stability of the financial system as a whole.

- Ministry of Finance:

Ministerstvo Financí SR

The Ministry of Finance of the Slovak Republic is a central body of state administration responsible for the areas of finance, taxes and fees, customs, financial control, internal audit and government audit. It develops and defines the legislative framework, which is then adopted by the Slovak parliament (legislative process).

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
Act on Securities and Investment Services	Includes principal conditions concerning the rules of the capital market.
Act On Bonds	Defines basic rules of issuing bonds, redemption of bonds and interests, issue terms of bonds.
Commercial Code	Defines business forms, the sphere of business operations and trade contracts and relations between business entities.
Act On the Stock Exchange	Defines the rights, duties and status of the stock exchange and its members, terms of trading.
Act on Banks	Governs establishment, organisation, management, business operations and termination of banks in the Slovak Republic.
Act on Collective Investment	Regulates the operation of investment funds and asset management companies.
Act on Supervision of the Financial Market	Implements the concept of fully integrated supervision over the financial market by the National Bank of Slovakia.

2.3 Self-regulatory Organisations

The Slovak Association of Securities Dealers is an independent professional institution in the field of the capital market and is the only organisation representing the interests of stockbrokers in the Slovak Republic. It exercises an influence over public opinion, co-operates with significant domestic and foreign institutions, the Ministry of Finance of the SR, and partner associations (the Association of Asset Management Companies, Association of Banks, and Slovak Association of Insurance Companies).

The Association also undertakes the following activities:

- Overseeing the due execution of its members' activity, its high professional and ethical level;
- Guiding its members' activity in accordance with the legal code;
- Cooperating with the financial market supervisory authority and with organisers of the public stock market;
- Creating the bases for raising the education and professional level of employees of its Association members;
- Representing the interests of its members and asserting their justified requests in negotiations with state legislative and executive bodies, with organisers of the public stock market as well as with artificial legal entities performing the function of a central securities depository, with the Investment Guarantee Fund etc;
- Involvement in out-of-court settlements of disputes between Association members;
- Informing the professional and general public on the possibilities of financial investment;
- Providing information and advisory services.

3. TRADING

3.1 Commonly Traded Instruments

EQUITIES	MONEY MARKET INSTRUMENTS
<input checked="" type="checkbox"/> ordinary shares	<input checked="" type="checkbox"/> certificate of deposits
<input checked="" type="checkbox"/> preferred shares	<input type="checkbox"/> Commercial papers
<input checked="" 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 type="checkbox"/> treasury bonds	<input checked="" 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 type="checkbox"/> exchange traded funds
<input type="checkbox"/> futures	<input checked="" type="checkbox"/> investment funds
<input type="checkbox"/> warrants	<input type="checkbox"/> eurobonds funds
	<input type="checkbox"/> depositary receipts
	<input type="checkbox"/> commodities

3.2 Bratislava Stock Exchange – BSSE

Legal name	Burza cenných papierov v Bratislave, a.s.
Website	http://www.bsse.sk
Ownership structure	<p>75.94% MH Manažment, a.s.</p> <p>11.77% Patria Online, a.s.</p> <p>5.07% Allianz - Slovenská poisťovňa, a.s.</p> <p>3.93% Slovenská sporiteľňa, a.s.</p> <p>3.29% Others</p>
Trading members	<p>Licensed local and foreign securities dealers, local and foreign banks with a valid investment license, local and foreign asset management companies.</p> <p>Following types of membership are available: Regular membership, temporary membership (12 months).</p>
Traded instruments	Equities, T-Bills, Government Bonds, Corporate Bonds, Mortgage Bonds, Fund Units.
Trading method	<p>According to the method of matching, the trading system of the BSSE is divided into the following modules:</p> <ul style="list-style-type: none"> ● Auction Trading Module ● Continuous Trading Module ● Market Makers Module

Additional types of available transactions include negotiated transactions and repo transactions.

Settlement agent	Central Securities Depository (CDCP)
Clearing agent	Central Securities Depository (CDCP)
Trading hours	Equity market from 10:30 to 15:30 Bond market from 10:30 to 15:30
Settlement cycle	T+2 Equity market T+2 Bond market
Indices	SAX (share index), SDX (bond index)
Number of listed instruments	15 Equities 20 Bonds
Annual trading turnover	EUR 7.223 billion
Annual number of transactions	8.55 thousand
Domestic market capitalisation	EUR 49 billion
Main index annual change	SAX: 8,68%

3.3 OTC Trading

OTC trading - unorganised, unregulated and not-automated - takes place usually over the telephone, Reuters or Bloomberg. Deals are settled on a bilateral basis with settlement details agreed by the counterparties.

3.4 MTS Slovakia

On 19 February 2018, Debt and Liquidity Management Agency (ARDAL) has launched secondary market trading - electronic trading platform for Slovak government bonds - MTS Slovakia. Governmental bonds were included into the reference platform of MTS – Cash Domestic Market MTF, where bonds of other developed countries are actively traded. MTS Slovakia is a segment of the MTS Cash Domestic Market Multilateral Trading Facility operated by EuroMTS Limited.

Participants in MTS must conclude an agency contract with ARDAL on the primary dealership of Slovak Government Securities. All participants are classified as Market Makers. Settlement is performed by CDCP., through T2S in T+2 settlement cycle. Trading days copy TARGET calendar except Slovak Banking Holidays.

The trading hours:

Pre-Market phase: 8.15 a.m. – 8.45 a.m.;

Offer phase: 8.45 a.m. – 9.00 a.m.;

Open Market phase: 9.00 a.m. – 5.00 p.m.;

Closed Market phase: 5.00 p.m. – 8.15 a.m..

4. CLEARING

There is no specialised clearing agency on the market. Clearing functions are performed by the Central Securities Depository.

5. SETTLEMENT

5.1 Central Securities Depository of the Slovak Republic, CDCP

Legal name	Centrálny depozitár cenných papierov SR, a.s.
17f-7 eligibility	YES
Website	http://www.cdcp.sk
Ownership structure	100% Bratislava Stock Exchange
Scope of services	<p>CDCP provides services in conformity with valid local legislation and Central Securities Depositories Regulation (CSDR). CDCP successfully migrated to T2S platform on 6 February 2017. CDCP has submitted its application for a license under the CSDR to the National Bank of Slovakia on 28 September 2017. The scope of CDCP activities covers primarily the performance of the following:</p> <ul style="list-style-type: none"> ● Registration of book-entry securities in the issuer's registry or special registry ● Registration of owners of book-entry securities on owner's accounts; ● Registration of changes in owner's account and registration of changes in CDCP member's client accounts; ● Opening/ closure of holder's accounts, transfer of securities to or from holder's accounts. ● Assignment, changes and cancellation of ISINs; CFIs, FISNs and LEI codes. ● Provision of services to CDCP participants, members of CDCP, other depositories, issuers of securities, stock exchanges (domestic and foreign) or other market infrastructures; ● Providing for and organising a system for technical data processing regarding keeping of the registers; ● Administration of the list of shareholders for paper form registered shares; ● Administration of the register for pledges over securities; ● Providing for the settlement of the stock exchange and OTC transactions via internal Information System and T2S platform. ● Registration of participants in T2S and accounts opening for the participants, ● Regular testing of operational failure and failure of the participants.
Accounts held	CDCP opens securities accounts for participants (holder's account) and CDCP members which are also participants (own account, client account, holder's account) and owners' securities accounts for beneficial owners.
Eligible instruments	All types of book-entry securities: Shares, bonds, T-Bills, temporary certificates, mutual fund certificates and other types of securities designated as such by a separate law.
Level of dematerialisation	According to the Securities Law, all securities admitted for trading are dematerialised. Bearer shares, shares in closed-end investment funds, bearer shares in open-end investment funds, bearer bonds, investment certificates, and treasury bills must have the form of book-entry securities.
Stock Exchange Settlement	The usual settlement period for stock exchange trades is T+2. The settlement is effected via gross, simultaneous settlement of securities and fund transfers – BIS Model 1. True delivery against payment does exist as the pre-funding requirements for stock exchange settlements have been abolished. Cash is being cleared in T2S dedicated cash account (DCA) either directly or by using a principle of third party participant in the TARGET system.

OTC Settlement	Following the migration to T2S, the basic clearing method used for the settlement of OTC transactions is on gross basis, OTC transactions can be settled either against payment or free of payment. Settlement instructions are input, matched and blocked in IS CDCP. Instructions are forwarded for settlement to T2S. Cash settlement is processed in central bank money via TARGET2 (T2) whereby a T2S DCA exclusively used for securities settlement is linked to an RTGS account in T2. Securities settlement is finalised by the registration of the change of ownership by CDCP in IS SCDP, after receipt of settlement confirmation from T2S. The end-of-day balance of the participant's account with a credit institution finalises the cash settlement. The end-of-day holding in the securities account with CDCP serves as a proof of entitlement as of the record date. Clearing and settlement in the CDCP system IS CDCP follows with a standardised settlement cycle (which is negotiable).
Settlement Protection	<p>There are no guarantee mechanisms in case of non-performance of OTC deals.</p> <ul style="list-style-type: none"> ● BSSE operates a Guarantee Fund that is used to cover the members' financial obligations and claims resulting from stock exchange transactions; ● Individual contributions provided by BSSE members (fixed amount - initial deposit, variable financial amount - 5% of average daily trading volume); ● Default procedures in case of securities/cash non-performance; ● CDCP guarantees DVP settlement.
Investor Protection	The Investment Guarantee Fund (IGF), established in 2002, is a legal entity, registered in the Commercial Registry and is funded by the obligatory contributions of all licensed investment firms and asset management companies to provide compensation for inaccessible client assets received by the above entities. The IGF is supervised by the National Bank of Slovakia. The protection scheme set in the law guarantees the assets of physical persons and non-profit organisations held with the broker. The IGF provides compensation for protected client assets in an amount equal to 100% of the assets as of the date when the assets of the person involved in client protection became inaccessible. The maximum compensation is limited to EUR 50,000.
Identified Risk	None. Remark: The CDCP does not provide information on corporate actions. It is neither involved in processing of corporate action instructions.

5.2 National Central Securities Depository of the Slovak Republic, NCDPCP

Legal name	Národný centrálny depozitár cenných papierov, a.s.
Website	http:// www.ncdcp.sk
Ownership structure	100% Slovak Guarantee and Development Bank

Scope of services

NCDCP as a legal entity was registered by the Business Register of the Slovak Republic on 1 November 2014. In line with the Concept of Capital Market Development developed by the Ministry of Finance of the Slovak Republic, NCDCP's core business objective is to keep records of dematerialized and certificated securities, to keep the shareholders register and their pledge as well as the clearing and settlement of transactions in financial instruments in T2S. The system of NCDCP is inter-connected with the Bratislava Stock Exchange, Inc. (BSSE). This connectivity was successfully tested by market participants.

. Migration to T2S took place on 27 October 2017. The NCDCP has filed an application for a license with National Bank of Slovakia under the CSDR on 19 June 2017.

NCDCP also became a member of CDCP and opened a Holder's Account with CDCP to enable cross transfers of securities between both CSDs.

Stock Exchange Settlement

NCDCP received NBS authorization to settle the stock exchange trades in November 2016.

6. PAYMENT SYSTEM

6.1 General Information

TARGET2-SK was launched on the first day of the EUR adoption. Participants of the Slovak component presently include over 30 financial institutions (direct participants) and 4 ancillary systems (EURO SIPS, CDCP, NCDPC and First Data Slovakia, clearer of card payments transactions). TARGET2-SK is used primarily for the settlement of large volume transfers. The accounts with TARGET2-SK are simultaneously accounts for the monitoring of minimum required reserves of credit institutions. The system provider and system support provider is the National Bank of Slovakia.

The Slovak Interbank Payment System (SIPS), formerly the RTGS payment system prior the introduction of EUR, is operated by the National Bank of Slovakia and became an affiliated System (AS) to TARGET2-SK. It was redesigned to a net multilateral positions calculation system, which is settled twice a day on RTGS accounts in the TARGET2-SK system. EURO SIPS is primarily used for small value (retail) payments.

TARGET2-Securities (T2S) is based on the TARGET2 platform. T2S operates on a centralized engine enabling harmonized clearing and settlement services of securities in euro and in other currencies providing interest of non-euro area central banks. Slovak market migrated to T2S in the fourth migration wave, on 6 February 2017.

In T2S, as a single platform for settling both cash and securities transactions in central bank money, are centrally managed the cash accounts and the securities accounts. The provision and management of liquidity on cash accounts in T2S is under the responsibility of payment banks (including settlement banks). Liquidity used for securities settlement in T2S is transferred from RTGS accounts held in TARGET2.

Account numbering: Local Numbers/IBANs.

In case of domestic payments between local credit institutions standardised bank account numbers, through which the account keeping bank and the account holder can be clearly identified, are used.

IBANs: Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in Euros (having been subsequently replaced by Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001) became a part of the Slovak legislation as of the date of the Slovak Republic joining the EU (1 May 2004). In compliance with it, all institutions shall indicate the IBAN and BIC on the statements of accounts of each customer. The usage of IBANs though continued to be not obligatory within the domestic retail payment system (EURO SIPS) until 31 January 2016, when the SEPA two-year transitional period ended. Since 1 February 2016, the SEPA rules must be fully complied with. It means that the account number can be used only in the international IBAN format for business communication as well as for payment orders.

6.2 Limitations, Deadlines, Cut-off times

TARGET2 is open according to the calendar applicable at the seat of the ECB. TARGET2 business days are the de facto settlement days for the financial markets in Euros, as well as for foreign exchange transactions involving the Euro.

TARGET Deadline: 18:00 CET

Cut-off time: 16:30 CET

7. SECURITIES LENDING

7.1 Securities Lending

Securities lending is permitted on the market by the Act No. 566/2001 Coll. on Securities and Investment Services. However, no market practice has been established yet and securities lending is non-existent in Slovakia on an organised basis.

7.2 Short Selling

Short Selling is not allowed on the market.

8. CORPORATE ACTIONS

8.1 Common Corporate Action Events

MANDATORY EVENTS	VOLUNTARY EVENTS
<input checked="" type="checkbox"/> dividend, cash	<input checked="" type="checkbox"/> exercise of rights
<input type="checkbox"/> dividend, option	<input type="checkbox"/> issue, priority
<input type="checkbox"/> dividend, stock	<input type="checkbox"/> exchange offer
<input checked="" type="checkbox"/> interest payment	<input checked="" type="checkbox"/> tender offer
<input type="checkbox"/> issue, bonus	<input checked="" type="checkbox"/> repurchase offer
<input type="checkbox"/> issue, rights	<input checked="" type="checkbox"/> shareholders meeting
<input checked="" type="checkbox"/> maturity	
<input checked="" type="checkbox"/> maturity final	
<input checked="" type="checkbox"/> merger	
<input type="checkbox"/> pari-passu	
<input type="checkbox"/> redemption, early	
<input checked="" type="checkbox"/> redemption, partial	
<input checked="" type="checkbox"/> spin-off	
<input checked="" type="checkbox"/> split	
<input type="checkbox"/> split, reverse	

8.2 Dating Conventions

There are no regulations in Slovakia with respect to the processing of corporate actions. The decision on a corporate action is taken during the general meeting. The terms of the corporate action are announced in the local press afterwards, specifying record date, payment conditions, documentation requirements and price (as applicable). The issuer itself can freely decide on all conditions of the corporate action. Due to established market practice, contractual payments cannot be supported.

8.3 Sources of C/A Information

Several sources of information, both electronic and print, are monitored to compare the information and to ensure timely and accurate notification. The CSD does not provide information on corporate actions. It is neither involved in processing of corporate action instructions.

The most frequently used are the following: BSSE information system IRIS; Sita news (a daily digest from newspapers in electronic form); daily newspapers; economic journals; both in paper and electronic form, for coupon and redemption information - issue terms (which used to be published in the financial press); Obchodny vestnik (an official bulletin, where all companies are obliged to publish corporate announcements).

Direct contact between companies and custodians is also used to receive information on upcoming corporate actions.

8.4 Local C/A Specifics

According to the Slovak legislation, the entitlements are acquired upon settlement. If the purchase fails across the entitlement date, the only possibility to protect client's rights is to make a claim against the defaulting counterpart. Claims are handled in Slovakia only on a best effort basis; there are no standard market claims procedures established on the market.

9. PROXY VOTING

9.1 General Characteristics

Companies are required by law to hold an annual ordinary shareholder meeting at least once a year in the period set in the company statutes. This meeting serves to inform shareholders about the company's business and financial condition. Shareholders are requested to approve the results (profit or loss) for the year, to decide on their allocation, and to set the dividend. Shareholder(s) holding shares with a nominal value of at least 5% of the registered capital are entitled to require, with reasons stated in writing, an extraordinary GM to be convened. Extraordinary meetings can be called at any time for the purpose of deciding on a change in the articles of incorporation or a transaction affecting the company's capital (increase, reduction, merger, etc.).

9.2 Announcement

In the case of private companies, the invitation must be directly sent to the investor 30 days prior to the meeting. Public joint-stock companies are obliged to announce its notices for meetings in the Commercial Bulletin Obchodný vestník and on their website at least 30 days prior to the scheduled meeting date. Amongst others, this announcement contains the agenda for the meeting, the information on the decisive date, precise description of voting procedures and the forms to be used to vote by proxy.

9.3 Voting Process

Every shareholder is entitled to attend the shareholder meeting and to vote either in person or via a representative – a proxy holder. Amendments to the Commercial Code, which came into effect on 1 December 2009, introduced new types of voting: correspondence voting and voting via electronic means.

Any shareholder or a person empowered thereto by the shareholder has the right to require the full documentation related to the shareholder meeting and its agenda.

10. INCOME COLLECTION

10.1 Dividend payments

Slovak corporations decide on paying dividends usually on an annual basis during their general meetings. Annual general meetings are held mostly between April and June each year. Dates and any special procedures are set at the AGM of the issuer.

Announcements	Announcements are made in the public press after the AGM. Issuers of listed securities must announce dividend payments to the Stock Exchange.
Dating Conventions	Shareholders are entitled to receive dividend according to the actually settled position on the record date. Dating conventions in case of equities are in general: <ul style="list-style-type: none"> ● EX-DATE: Ex-date is not recognized. ● RECORD DATE: Usually the 5th working day after the AGM (in the period of GM+5...GM+30 days).
Payment Execution	The market practice in Slovakia involves no fixed payment date but a payment period of 60 days from the record date for equities.

10.2 Interest & Maturity Payments

Coupon (interest) payments are usually paid on the due date provided that documentation required to apply for such a payment is with the issuer prior to the due date. Interest payment may be delayed by one day for corporate bonds, because senders' bank may cut one value date.

Announcements	Interest & Maturity Payments are announced as a part of issue terms.
Dating Conventions	Dating conventions are set in the issue terms and conditions, which are published at the date of issuing the fixed income instruments. Securities holders are entitled to receive interest (principal) according to the actually settled position on the record date. EX DATE: Government bonds – not applied, Corporate Bonds – set in Issue Terms. RECORD DATE: Corporate bonds – coupon date - 30 working days (in general), Government bonds – coupon date - 1 working day.
Payment Execution	Payment date is specified in issue terms.

11. TAXATION

11.1 Withholding Tax

The Income Tax Act, effective from 1 January 2004, brought a significant change to the tax system valid starting from 1993. From 1 January 2004 until 31 December 2012, a tax rate, i.e. a 19% flat tax was valid for all types of income of corporate entities and physical persons. Starting from January 2013 the new tax legislation increased the tax rate for corporate entities to 23%, for private individuals to a max. 25%. From January 2014, corporate income tax rate decreased from 23% to 22%. The amendment to the Income Tax Act effective since 1 January 2017 changed corporate income tax rate from 22% to 21%.

Interest

Non-residents

Treaty countries – definition of Treaty Country Tax Payer includes also countries with whom Slovakia has no Double Taxation Treaty, but who are signatories to other agreements covering exchange of information to which Slovakia is also a party (e.g. treaties between the EU and such countries).

Exemption from withholding tax on interest from government bonds and T-Bills since 1 January 2011 remains valid.

Exemption from withholding tax on interest from non-government bonds since 1 July 2013 remains valid.

19% withholding tax rate remains on interest from deposits; tax rate may be reduced by applicable Double Tax Treaty.

Non-Treaty countries

Definition of a Non-Treaty Country Tax Payer for the purposes of application of the new withholding tax has been narrowed down. List of Non-Treaty countries has been published by the Ministry of Finance.

Exemption from withholding tax on interest from government bonds and T-Bills since 1 January 2011 remains valid.

Exemption from withholding tax on interest from non-government bonds since 1 July 2013 remains valid.

35% withholding tax rate was introduced on taxable income in case when source of such income is determined in SK (e.g. interest on deposits, royalties, payments for services) defined by Income Tax Act, effective from 1 March 2014.

Residents

Corporates

No withholding tax rate applied on interest income from government bonds and T-Bills; income needs to be included in annual tax return of local residents.

Exempt from 19% withholding tax on interest income from non-government bonds, unless income is paid to Fund of the National Property, National Bank of Slovakia and local non-profit organizations, in case of such taxpayers, 19% WHT will be applied.

Private individuals

Exempt from withholding tax on interest from government bonds and T-Bills; income needs to be included in annual tax return of local residents. 19% withholding tax has been introduced on interest income from non-government bonds from 1 January 2014.

Dividends

The amendment to the Income Tax Act was approved by the Parliament on 23 November 2016 and published in the Collection of laws on 19 December 2016. The amendment has been effective since 1 January 2017. Current changes should be applicable to dividends distributed out of profits generated in a taxable period beginning on or after 1 January 2017. That in principle means that it will be applied in practice starting from 2018 (after closure of financial year 2017).

The tax rate depends on the country of residence as follows. Treaty countries are all countries with which Slovakia has concluded a Double Tax Avoidance Treaty or a Treaty on Exchange of Information for Tax Purposes (including similar multilateral instruments). In principle this includes all EU/EEA and OECD member countries and a wide range of other countries.

- Dividends (including payments such as liquidation proceeds, settlement shares or shares in profit payable to a silent partner) received from or paid to taxpayers who are resident in non-treaty countries will be subject to tax at a rate of 35% (applicable to both individuals and legal entities).
- Dividends paid to individuals who do not reside in a non-treaty country will be taxable at a rate of 7%.
- Dividends paid to legal entities who do not reside in a non-treaty country are not subject to tax.

Tax Rates	Type of Income	Tax Rate
	Dividend	0/7/35%
	Interest on Government Bonds	0%
	Interest on Corporate Bonds	0%
	Interest on Deposits	19%
	Patent, License fees and Royalties	19%

Relief at Source In accordance with the prevailing rules and regulations, local issuers are classified as paying agents for tax purposes and are therefore responsible and liable for all tax filing, including the acceptance of the necessary taxation documents from the investors. The issuer is responsible to withhold the tax according to the provisions of a respective Double Taxation Treaty upon receipt of an investor's certificate of tax residency.

Tax Reliefs No tax reliefs are in place.

11.2 Capital Gains Tax

There is no separate capital gains tax. Capital gains in Slovakia are added to regular income and are subject to standard income taxation for both individuals and companies. A capital loss from the sale of an asset may, in most cases, be offset against regular taxable income.

Non-residents

Capital gains by EU residents from sale of shares issued by SK taxpayers are not taxable. This only affects taxpayers from Germany, as all other EU residents are anyway exempt from tax on such gains under existing DTTs.

Non-EU residents are subject to a capital gain tax (Tax securement "zabezpečenie dane" at a 19% tax rate) from sale of shares (issued by SK tax payers) to SK tax residents (buyer). Tax securement at a rate of 19% is realized by SK tax residents (buyer) within settlement of sale price (reduction of 19%). In case the seller is from a Non-Treaty Country (List of Non-Treaty countries was published by the Ministry of Finance), the tax securement rate will be 35%. Capital gain tax is defined in Article 16 section 1 subsection e5 and subsections g,h,i of Income Tax Act no. 595/2003 Coll. as later amended. Due to complexity and vagueness of the above mentioned regulation and the lack of interpretation by the Ministry of Finance, tax securement is not applied at present.

Residents

Capital gains of local residents, both individuals and companies, are added to the annual tax return and are subject to standard income taxation.

Tax Rates 21% for Slovak tax resident corporates; progressive tax up to 25% for private individual tax residents.

Relief at Source N/A, capital gains taxes are not withheld at source.

Tax Reliefs No tax reliefs are in place.

11.3 Stamp Duty

There are no stamp duties applicable in connection with securities transactions.

Tax Rates N/A

Tax Reliefs N/A

11.4 Other Taxes

Value Added Tax

The standard VAT rate of 20% applies to most goods and services.

11.5 Tax Reclamation Process

Tax reclaims are not an established market practice.

11.6 Double Taxation Treaties

Due to the amount of data, for the most up to date DTTs please refer to our website: <http://gss.unicreditgroup.eu>

DTTs are listed in the /MARKET/DOCUMENTS section.

12. DISCLOSURE REQUIREMENTS

12.1 Obligations for Issuers

Issuers of listed securities are obliged to use the stock exchange information system IRIS in order to fulfil their information disclosure obligations stipulated in the Listing Rules of the BSSE. The investors thus have at their disposal quicker access to more precise information.

Regular reporting requirements include:

- A mid-year report and a yearly report on its financial performance;
- Changes in their financial situation or other facts in the course of the year, which could cause a substantial change in the price of the shares or restrict the issuers' ability to fulfil their obligations arising from a share issue;
- Possible refusal of the general meeting of the shareholders to approve the issuers' annual financial statements (within 30 days), including the grounds for the refusal and the course of action to be taken in order to resolve the meeting's comments.

The issuer cannot publish the reports before sending them to the Stock Exchange.

If an issuer intends to make an announcement to the media, which either relates to its financial situation or could significantly affect its business activity and the price of its shares, they must notify the BSSE of the date and location of such an announcement at least one working day in advance.

12.2 Obligations for Investors

The Stock Exchange Act imposes disclosure requirements on shareholders with voting rights breaching the thresholds of (both above and below) 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% from the capital of any listed share issue within four working days of the acquisition or dispersal; such disclosure needs to be made to the National Bank of Slovakia and to the issuer. Three days thereafter, at the latest, the issuer is allowed to make the information public. The disclosure report shall include the following information: issuers name, type of securities, name of the shareholder, resulting shareholding and the date on which the threshold was reached or crossed.

An investor that has bought 33% or more of the shares of a certain company must make an offer to other shareholders to buy out their shares.

12.3 Violation Consequences

Under the Act on Securities and Investment Services the issuer shall not withhold information, which may be important for taking a decision concerning the acquisition of its securities and shall not provide incorrect information about its financial situation. Any issuer is liable for the damages resulting from its violation of these duties.

If the National Bank of Slovakia finds that the investor (holder of shares) has not fulfilled their disclosure obligation, it may start proceedings against him. If the shareholder has a registered address in another EU member state, the NBS will refer its findings to the competent authority in this member state.

13. ACCOUNT MANAGEMENT

13.1 Common Account Structures

In Slovakia there is a specific regulation regarding securities account structures. Members of the CDCP may have at least two main securities accounts opened - one for the participant's own portfolio and the other for the clients' assets - in order to provide for proper segregation (these accounts are opened in the books of the CDCP). The securities account opened for client assets has a segregated structure in the books of the respective member and within the CDCP database, where each account is opened, maintained and named in the name of one of its clients. These accounts are decisive in order to identify the ownership of the securities deposited in them, i.e. the owner of an account in the books of any member and within CDCP database is considered to be the beneficial owner of securities held in the account. Further segregation of these accounts into sub-accounts is possible in the books of the particular member but only for reporting purposes.

Custodians usually offer the following possibilities for securities account structures:

- One or more omnibus accounts with further segregation for reporting purposes;
- Segregated (individual) ownership accounts for each client;
- Combination of the above.

Segregated Accounts

Segregated accounts in the name of clients can be opened within the CDCP database upon the receipt of account opening documents, which must be notarised and legalised.

Omnibus Accounts

In case a client chooses to open an omnibus account, the main issue with such multi-beneficiary accounts is the issue of disclosure and reporting obligations as well as the monitoring of the level at which a mandatory takeover bid may have to be announced. Although thresholds for such reporting obligations are usually high enough so that only strategic investors may reach them, clients would still need to remember that the owner of the account is considered to be the beneficiary of the securities deposited in it.

With regard to taxation, the following considerations are of importance in case an omnibus account is opened:

- The omnibus account holder is considered to be the sole owner of securities in such an account;
- Any income resulting from securities in such an account are taxed according to the DTT between Slovakia and the country of tax residence of the account owner;

Nominee Accounts

The nominee concept is recognised in Slovakia through system of Holders' accounts. These are opened by CDCP for eligible entities which must be T2S participants (central depository, foreign central depository, securities broker, foreign securities broker or a bank with an authorization to perform custody services). CDCP keeps records only about the type and quantity of the securities. Other related information is kept only by Holder. The law governing the subsequent sub-register of the Holder shall be decisive in order to determine the legal ownership in respect of the securities. Holder may be required, under Slovak regulatory provisions, to disclose the identity of the beneficial owners of securities in order to meet the information duties towards Slovak regulatory or governmental authorities and to ensure a correct withholding tax rate on income payments with respect to securities held on Holder's account. The Holder also acts as a tax withholding agent for coupon payments. Disclosed beneficial owners shall provide for additional documents that may be required by local issuers for corporate actions or general meetings (e.g. specific POA, disclosure).

13.2 KYC/AML Requirements

Slovakia has established laws designed to prevent money laundering and terrorist financing – these are contained within the Act on the prevention of Criminal Activity and Terrorist Financing. The obligations of banks in this area are also regulated in the Act on Banks and the Act on Police Forces.

The following controls and procedures have been implemented in order to support Know Your Customer (KYC) initiatives:

- Client's identification and verification of identification;
- Identification of the beneficiary owner (in case the client is a legal entity or corporation);
- Obtaining information on the purpose and intended nature of the business;
- Identifying the origin of funds;
- Identifying whether the client acts on his own behalf;
- Conducting ongoing monitoring at least once a year;
- Special procedure for the PEPs;
- Updating documents, data and information.

14. DISCLAIMERS

This publication is presented to you by:
 Corporate & Investment Banking
 UniCredit Bank Czech Republic and Slovakia a.s.
 Šancová 1/A
 81333 Bratislava
 Slovakia ("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 its 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., Rome 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 Registered Office in Rome: Via Alessandro Specchi, 16 - 00186 Roma, 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 Rome: 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

UniCredit Bank Czech Republic and Slovakia a.s.
as of 30 June 2018

UniCredit Bank Czech Republic and Slovakia a.s.
Corporate & Investment Banking
www.unicreditbank.sk

Šancová 1/A
81333 Bratislava
Slovakia