

POLICY OF CUSTOMER CLASSIFICATION OF UNICREDIT BANKA SLOVENIJA d.d.

General Terms and Conditions of Conducting Transactions with Financial Instruments of UniCredit Banka Slovenija d.d. – SUPPLEMENT 3

1 POLICY PURPOSE

The purpose of the Policy of Customer Classification of the UniCredit Banka Slovenija d.d. (hereinafter referred to as: the UCB) shall be to specify individual customer categories, levels of protection and scope of rights ensured to an individual customer category by the UCB at performing investment services and transactions, as well as to specify processes of transition between individual customer categories.

2 DEFINITIONS

Individual terms specified in this Policy of Customer Classification (hereinafter referred to as: the Policy) shall have the same meaning as defined by the UCB General Terms and Conditions of Conducting Transactions with Financial Instruments and the Financial Instruments Market Act (hereinafter referred to as: FIMA-1).

Customer shall be each private individual or legal entity or assets constitute the whole, which does not have a legal personality, and for whom the UCB performs investment services and transactions or ancillary investment services.

Professional customer shall be a customer, who has adequate expertise to make investment decisions him-/herself and estimate risk related to such decisions, and who is considered a professional customer in accordance with Articles 246 to 248 of the FIMA-1.

Non-professional customer shall be customer other than a professional customer.

Eligible counterparty shall be a company, which has adequate expertise and for which the UCB performs stockbroking services or transacts with it for its own account. When transacting with such a customer, the UCB shall not be obliged to consider individual provisions of safe and prudent transacting in accordance with Article 276.

3 CUSTOMER CLASSIFICATION

In accordance with this Policy, the UCB shall classify customers to professional, non-professional, and eligible counterparties. The UCB shall ensure its customers adequate protection in relation to this classification.

The UCB shall ensure its customers a possibility of submitting a written request for a different classification than that of the UCB. Such a request may be filed and at any time. The UCB shall examine customers' written requests in accordance with law and this Policy. Conditions of co-operation with an individual customer adequately change if his/her classification into a certain customer category is changed.

3.1 Professional customers

3.1.1 Professional customers under the law

The UCB shall consider entities, which are deemed professional customers under the FIMA-1, as professional customers:

- a) Entities, who shall acquire appropriate authorization of a competent supervisory authority of a member state or a non-member state or acquire a right to pursue their activities on financial markets in any other way, namely:
 - Credit institutions,
 - Investment companies,
 - Other regulated financial companies,
 - Insurance companies, reinsurance companies, and pension companies,
 - Collective investment Schemes and management companies of such schemes,

- Pension funds and companies managing these funds,
 - Commodity and commodity derivatives dealers,
 - Local companies within the meaning of Article 4 paragraph one point 4 of the Regulation (EU) No 575/2013,
 - Other institutional investors.
- b) Large companies, which, at company level, comply with at least two of the following criteria:
 - Balance sheet value of their assets amounts to 20,000,000 EUR,
 - Their annual net turnover amounts to 40,000,000 EUR,
 - Value of own capital amounts to 2,000,000 EUR,
 - c) The Republic of Slovenia and other states or bodies of national or regional authorities, bodies governed by public law, who administer general government debt, the Bank of Slovenia and other central banks, international and multinational institutions, such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank, and other similar international organizations.
 - d) Assets or other financing transactions.

The UCB shall consider the above stated customers as professional customers on the basis of data, which the customer submits, and on the basis of publicly available data, unless the customer files a written request with the UCB to be considered a non-professional customer or an eligible counterparty, and fulfills all requirements for such treating. The customer shall be obliged to notify the UCB about each change of data, which he/she has submitted to the UCB within the framework of his/her request for a different treating.

The UCB shall inform existent and potential customers, whom it considers professional customers on the basis of the FIMA-1. It shall be deemed that such a customer has accepted his/her classification into the category of professional customers if he/she does not send a written request for a different classification.

If the UCB assesses on the basis of data, which it has received from the customer, or on the basis of other information, that a customer no longer satisfies the requirements, on the basis of which it has started treating him/her as a professional customer, it shall establish adequate procedures in accordance with this Policy to start treating the customer as a non-professional customer.

3.1.2 Professional customers at their request

Private individuals or legal entities with a status of a non-professional customer under the law may require in writing for the UCB to start treating them as professional customers. A professional customer under the law, who has previously required a classification into the category of non-professional customers and whom the UCB has appropriately treated as a non-professional customer, may also require to be treated as a professional customer again.

3.1.3 Process of a new classification at the request of a customer

The UCB may start treating a non-professional customer at his/her request as a professional customer if expertise assessment of such a customer, taking account of characteristics of transactions and services, which the customer is going to order with the UCB, gives reasonable assurance that the customer is capable of making his/her own investment decisions and understanding the meaning of risks related to these decisions.

A private individual shall submit to the UCB a completed Investor Profile – Private Individual document together with a written request to be classified in the category of professional customers. A legal entity shall submit to the UCB a completed Investor Profile – Legal Entity document together with his/her request for a different classification.

If a customer has the status of a micro or small company under the Companies Act-1, the assessment of his/her expertise shall also include persons authorized to conclude transactions in the name of the company. To this end, the customer's person responsible shall complete the Investor Profile – Private Individual form and submit it to the UCB.

The UCB shall warn the customer in writing about the fact that the request for classification into the category of professional customers has legal effect of renunciation to protection and other rights, which the UCB ensures to non-professional customers, as well as of renunciation to investor compensation system.

A non-professional customer shall sign a statement of renunciation to protection of rights and thus confirm that he/she is mindful of the consequences of loss of the level of safety under the FIMA-1 and the cessation of a right to investor compensation.

A customer may require being classified into another category for all or individual investment services or transactions, or for all or individual types of products or transactions.

3.2 Eligible counterparties

3.2.1 Eligible counterparties according to the law

According to the law, the following entities of member states of the European Community shall be deemed eligible counterparties:

- An investment company,
- A credit institution,
- An insurance company or a reinsurance company,
- The UCITS collective investment undertakings and companies managing these undertakings,
- Pension funds and companies managing these funds,
- Other regulated financial companies of the member states,
- A national government or its corresponding office, including a public body that deals with public debt at national level and members of ESBC, who perform their tasks according to Treaty establishing the European Community (Official Gazette RS – International treaties, no. 7/04), Statute of ESBC and ECB (Official Gazette RS – International treaties, no. 7/04) or which perform equivalent tasks according to legislation of other member states.

The UCB shall consider the above stated entities as eligible counterparties on the basis of data, which the customer submits to the UCB, and on the basis of publicly available data, unless such a customer files a written request with the UCB to stop considering him/her an eligible counterparty.

A customer, whom the UCB treats as an eligible counterparty under this item, may require from the UCB to treat him/her, in general terms or in relation to individual transaction, as a customer, who is subject to provisions of the FIMA-1 stated in item 4.2 of this Policy. If the customer concerned asserts this right and if, at the same time, the UCB treats him/her as a professional customer, these provisions of the FIMA-1 shall not be excluded even by means of a mutual agreement concluded between the UCB and the customer.

If the UCB intends to conclude a transaction with a counterparty, to which law of another member state applies, law of the member state, where this company has its registered seat, shall apply for the evaluation and his/her treatment as an eligible counterparty. The UCB shall acquire from the customer his/her express consent for the UCB to treat him/her as an eligible counterparty prior to implementing an order for such a customer.

3.2.2 Process of a new classification at the request of a customer

Any other company, which satisfies the requirements for a professional customer stated in Article 246 paragraph one and Article 247 paragraphs four to six of the FIMA-1, may also require to be treated as an eligible counterparty.

A request to be treated as an eligible counterparty may also be filed by:

- Entities of a non-member state, who rank with entities stated in paragraph 3.2.1 of this Policy;
- Companies of a non-member state, which meet the requirements stated in the previous paragraph of this item.

Item 3.1.3 of this Policy shall apply mutatis mutandis to the procedure relating to a request to be treated as an eligible counterparty. The UCB shall acquire from a customer his/her express consent for the UCB to treat him/her

as an eligible counterparty prior to implementing an order for such a customer.

3.3 Non-professional customers

All other customers, whom the UCB does not treat as professional customers, shall be the non-professional customers.

Customers, who are deemed professional customers under the FIMA-1 and who require to be classified into the category of non-professional customers, shall not pass into the compensation system in accordance with the FIMA-1.

4 APPLICATION OF RULES ON SAFE AND PRUDENT TRANSACTING

4.1 Professional customers

As far as professional customers under the law are concerned, the UCB shall presume for them to have adequate expertise so that all investment services and transactions as well as all products are suitable for them. Therefore, the UCB shall not additionally test the expertise of such customers.

However, as far as professional customers at their request are concerned, the UCB shall adequately estimate their expertise in accordance with item 3.1.3 of this Policy.

4.2 Eligible counterparties

As far as eligible counterparties are concerned, the following shall not apply in accordance with Article 276 of the FIMA-1:

- Separate storage of all documents concerning individual transactions in chronological order for each transaction executed by UCB for the account of a single client or its own account (Article 237 paragraph seven of the FIMA-1),
- Provisions on criteria of proficiency and qualifications of natural persons, who perform in the name of UCB investment advice or give the clients information on financial instruments, investment services and transactions and ancillary investment services shall not apply (Article 250 paragraph three and four of the FIMA-1),
- Provisions on information and market communications as well as payments and benefits related to execution of investments services for a client shall not apply (Article 251 paragraph one and two and ten to eighteen of the FIMA-1),
- Explanatory obligations shall not apply (Articles 254, 255, and 259 of the FIMA-1),
- Obligation to conclude a written agreement and submission of the General Terms and Conditions shall not be required (Article 257 of the FIMA-1),
- Implementation of orders under conditions, which are most favorable, shall not be required (Articles 267 to 270 and 272 of the FIMA-1).

4.3 Non-professional customers

The UCB is able to perform for non-professional customers only services of implementing or accepting and transmission of customers' orders, as well as any ancillary services related to these services, on the assumption that the following conditions are complied with:

a) Services refer to one of the following financial instruments:

- Shares, which are admitted to trading on a regulated market or an equivalent market in a non-member state or MTF, if these are company shares and not units of alternative investment funds or shares incorporating derivative financial instruments,
- Money market instruments, excluding those that embed a derivative or other elements which make it difficult for the client to understand the risk involved,
- Bonds and other forms of debt financial instruments admitted to trading on a regulated market or on an equivalent third country market or on a MTF, excluding those that embed a derivative or other elements which make it difficult for the client to understand the risk involved,
- Units in UCITS, excluding structured UCITS as referred to in the Article

36 paragraph one of Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website (Official Journal of the European Union No 176 of 10 July 2010, page 1) ,

- Structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term, or
- Other non-complex financial instruments.

- b) The UCB performs these services at the initiative of the customer or prospect customer.
- c) The UCB has notified the customer in a clear way that in performing of these services it shall not be obliged to assess adequacy of financial instruments or services and that therefore he/she does not benefit from the corresponding protection of the relevant conduct of business rules,
- d) The UCB carries out measures for detection and management of conflicts of interests.

If a non-professional customer wishes for the UCB to also perform other services for him/her, which are not included in the previous paragraph, he/she shall submit to the UCB a completed **Investor Profile – Private Individual** document or **Investor Profile – Legal Entity** document prior to provision of such services.

If a customer does not wish to provide information in the **Investor Profile** document or he/she provides patchy data, the UCB shall warn him/her that due to such a decision it is not able to assess whether a certain type of investment services or products is adequate for him/her. If the UCB assesses that a certain investment service or product is not adequate for the customer or a prospect customer on the basis of information provided by the customer, it shall warn him/her about it.

In cases from the previous paragraph, the UCB shall perform a stockbroking service for a customer or conclude a transaction with him/her for its account and perform ancillary services relating thereto only when a customer, despite the UCB's warning, requires performance of the service or conclusion of the transaction and makes out an express declaration that he/she has received the UCB's notice warning him/her about consequences of failure to forward information or inadequacy of a service or product for him/her. In cases from the previous paragraph, the UCB shall not be able to perform or shall reject performance of a service of management of financial instruments and a service of investment consultancy for the customer.

Ljubljana, 8th January 2019