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# Prospectus of Žltý melón user

March 2023

## iService, a.s.

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## 1. INFORMATION ABOUT ŽLTÝ MELÓN

### What Žltý melón is

Žltý melón is the financial peer-to-peer platform in Slovakia, which connects people who need to borrow with those who want to invest their money in loans. We have transformed the banking system; loans have become more accessible and investments more profitable. Our operation costs are much cheaper than those of traditional banks; therefore, we may transform our savings into lower loan interest rates for borrowers and higher investment profits for investors.

Žltý melón was founded in Slovakia and it has been in operation since 2012. Behind its operation is a team of people with significant experience in finance and investment management, and credit risk management. More information about the management team you will find at: [https://www.zltymelon.com/kolektivne-poziciavanie#o\\_nas](https://www.zltymelon.com/kolektivne-poziciavanie#o_nas)

### What peer-to-peer lending is

New information technologies, internet and innovations are changing the traditional banking system; there are new possibilities how to invest money or how to borrow money easily and at more favourable conditions. Financial institutions take money from people for low interest; then they must add a margin to cover their sizable costs and profits and at the final stage they lend expensive money further to people. Technologies, however, have made it possible to get rid of expensive intermediaries and transform those savings to people and thus offer loans at more favourable conditions and much higher returns on investments.

This financial innovation is called peer-to-peer lending (or marketplace lending). The first platforms were founded in 2005 and since then it has been available in almost every western country and several billions Euros have been lent. Every year the volume of loans increases significantly which proves that peer-to-peer lending popularity is rapidly increasing.

### What Žltý melón provides

#### Realisation of loans:

- We administer loan auctions and manage the whole process between investors and loan applicants.

- We provide comprehensive administrative and legal background for loans and administer all contracts for borrowers and investors. Contracts meet all legal standards and criteria for your best protection.
- We provide money transfers between all parties – from granting the loan to its final repayment.

#### Protection and safety:

- Our credit analysts provide personal verification and comprehensive risk assessment of each borrower who wants to borrow on Žltý melón on the “best practice” basis.
- We verify reliability and solvency of each applicant to be able to pay future monthly instalments.
- Žltý melón assigns a rating group in compliance with preset criteria to each applicant who passes a positive evaluation. Based on the rating, different interest rates are applied which reflect the risk level of borrowers and requirements of investors on profitability.
- We help investors to manage and diversify their individual level of risk.
- We provide active monitoring of payments, early identification of potential problems and the whole process of soft (pre-court) and hard (court or distress) recovery in case of default monthly payments by borrowers.

#### Operation of Žltý melón:

- We provide customer service and user support which are permanently available for you.
- Our credit analysts individually evaluate each applicant and every loan application.
- Our IT team monitors smooth running of the system, its safety and is continually searching for new ways to make the system more attractive and user-friendly.
- Our marketing team monitors the credit market conditions and makes sure that Žltý melón is the most favourable for all users. It also provides an active marketing so that it can bring plenty of new and high-quality loan auctions for investors. On the other hand, it provides borrowers with enough investors to fund their loans.

#### Specially for investors we provide:

- We have established and provide a new opportunity to invest money and get attractive revenues.
- We obtain, verify and provide information which helps investors decide in which loan to invest.
- We help investors to properly identify and evaluate the accepted level of risk and to assess the expected return on their investment.

## 2. INFORMATION ABOUT LEGAL STATUS AND CONTRACTUAL RELATIONSHIPS

Operation of [www.zltymelon.sk](http://www.zltymelon.sk) portal and service to registered users are provided by the following entities:

**iService, a.s.**, a company incorporated and existing under the laws of the Slovak Republic:

Legal form: joint-stock company  
Created: 02/25/2011  
Registered office: Laurinská 3, 811 01 Bratislava  
ID: 46029796  
Registered: in the Commercial Register of the District Court Bratislava I, Section Sa, File no. 5236 / B  
TIN: 2023206988  
VAT: SK2023206988 (the company is subject to VAT)

The company provides in particular:

- Running of <http://www.zltymelon.com/> website (and it is the portal owner – its information system, web address, and Žltý melón trademark);
- Registration of investors on <http://www.zltymelon.com/>;
- Verification and scoring of borrowers;
- Investors' participation in loan/debt auctions;
- Management and monitoring of investments for investors, including sending their funds as loans to borrowers' bank accounts by order of the investor in terms of the loan auction results, and it also provides crediting the repayments of loans to the investors' virtual accounts, or sending it to the bank accounts of investors on request;
- Management of investors' virtual accounts on <http://www.zltymelon.com/>;
- Contracting with borrowers and related loan documentation in the name and on behalf of investors;
- Process management of soft and legal collection.

In the framework of contractual relations on Žltý melón, iService, a.s. concludes:

- Framework cooperation agreements with the investors registered on the website [www.zltymelon.com](http://www.zltymelon.com/);
- The loan contracts and related contractual documentation with borrowers, acting in the name and on behalf of investors following the results of loan auctions;
- Agreement on the assignment of claims in the name and on behalf of investors.
- Agreement on financial participation in the name and on behalf of investors.

**iSale, v.o.s.**, a company incorporated and existing under the laws of the Slovak Republic:  
Legal form: public limited company  
Created: 08/04/2011  
Registered office: Laurinská 3, 811 01 Bratislava  
ID: 46 289 402  
Registered: in the Commercial Register of the District Court Bratislava I, Section Sr,  
File No. 1416 / B  
TIN: 2023323379 (the company is not subject to VAT)

The company provides in particular:

- Operation of <http://www.zltymelon.com/> portal (together with iService, a.s.);
- Registration of borrowers on <http://www.zltymelon.com/> portal;
- Arrangement of borrowers (with a positive scoring) participating in loan auctions;
- Management of borrowers' virtual accounts on <http://www.zltymelon.com/> portal.

In the framework of contractual relations on Žltý melón, iSale, v.o.s. concludes:

- The framework cooperation agreements with the borrowers registered on the <http://www.zltymelon.com/> portal.

**Združenie na ochranu práv investorov – občanov (“ZOPI”), z. z. p. o.**, /Association of Protection Investor Rights – individuals/citizens (abbreviated ZOPI), z. z. p. o., established and existing under the laws of the Slovak Republic

Legal status: association of legal entities established as non-profit entity  
Created: 07/11/2013  
Registered office: Laurinská 3, 811 01 Bratislava  
ID: 45741867  
Registered: in the Register of Interest Associations of Legal Entities maintained by the Bratislava District Office

ZOPI particularly:

- Represents common interests of the investors registered on Žltý melón;
- Takes over (outstanding) claims from investors for the purpose of easier and more effective recovery of debts in court and distress proceedings and to minimize costs associated with their recovery;
- Provides judicial proceedings and extra-judicial settlement of legal claims of investors;
- Distribution of recovered funds to investors.

In the framework of contractual relations on Žltý melón, ZOPI concludes:

- Agreements on the assignment of claims from non-performing loans with investors registered on Žltý melón portal.
- Agreements on the establishment of a lien with security providers.

### 3. MOST IMPORTANT CONTRACTUAL DOCUMENTS AND CONDITIONS

The basic legal documents which provide for the rights and obligations of registered users and the companies operating Žltý melón portal are:

- General terms and conditions of the <http://www.zltymelon.com/> web portal
- Framework Agreement on Cooperation
- Loan contract

In this part of the prospectus, there is a summary of key terms and conditions in contracts concluded with investors and borrowers, information on the rights and obligations of the parties, on the process development of obtaining loans, information on all fees and charges, and on any other relevant conditions applicable to the parties.

#### 3.1 General Terms and Conditions, and Schedule of charges

of the <http://www.zltymelon.com/> web portal

General terms and conditions of the [www.zltymelon.sk](http://www.zltymelon.sk) web portal (hereinafter referred to as "GTC") contain basic definitions and conditions for contractual relations on our portal. GTC further define the conditions and principles for the use of services provided through Žltý melón and specify in detail the rights and obligations of companies that operate Žltý melón and provide service, borrowers, and investors.

GTC describe and define the following areas:

- Definitions of basic terms
- How to obtain the borrower status (registration, verification, assessment of creditworthiness, conclusion of Framework Agreement on Cooperation with a borrower)
- How to obtain the investor status (registration, verification of identity, Framework Agreement on Cooperation with an investor)
- Internet auctions
- Conclusion of the Loan Contract/ Agreement on the Assignment of Claims
- Loan granting process
- Loan repayment process
- Recovery of loan repayment
- Cancellation of registration and virtual accounts of borrowers or investors
- Schedule of Charges
- Compensation and other



The Schedule of Charges is an integral part of GTC. It includes all fees and charges which borrowers and investors are charged for on the Žltý melón portal. We have a very simple fee structure; both investors and borrowers (if they properly pay off their loan and are not subject to late payment fees) pay only one fee – a fee is charged only when a loan is accepted, or from an instalment collected. In addition, by signing Framework Cooperation Agreements an investor or a borrower is not automatically committed to any act or fee. They will not be charged any fees unless they freely and willingly decide to use services offered by Žltý melón.

In addition to fees and charges listed in the Schedule of charges, registered users are not charged any fees for using the services of our portal. Current Schedule of charges can be found here: <https://www.zltymelon.com/dokumenty>.

The exception to fees and charges is an expenditure of Žltý melón on the process of non-performing loans recovery. These are expenses and fees charged by third parties (e.g. court fee, lawyer's fee, etc.) and they apply to the respective contracting party, and they are largely part of a claim enforced from a debtor (accessory claims).

Current version of the General terms and conditions can be found here: <https://www.zltymelon.com/zmluvne-podmienky>

### 3.2 Framework Agreement on Cooperation - Investor

Between iService and a respective investor

The Framework Agreement on Cooperation is regulated by the Civil Code (Act No. 40/1964 Coll., The Civil Code, as amended); the subject of the agreement includes:

The Investor's Right to:

- Management of a virtual account on the portal [www.zltymelon.com](http://www.zltymelon.com)
- Actively access online loan auctions (i.e. mainly, but not exclusively, search loan queries, place a loan offer);
- Conclude a loan contract with a borrower according to results of an online loan auction in the name and on behalf of the investor;
- Be provided with a loan transfer to a borrower's bank account;
- Be provided with a proper management and control of loan repayments by individual borrowers;
- Be provided with a loan repayments received from borrowers are credited to user virtual account;
- Be provided with recovery of loan funds from individual borrowers, including enforcement through general or arbitration courts, as well as through enforcement proceedings;

- Conclude the Agreement on Assignment of Claims with the Association of Protection Investor Rights – individuals/citizens, z.z.p.o. for efficient recovery of claims against the debtor;
- Conclude the Agreement of a financial participation in the name and on behalf of investors;
- Be provided with additional services when using the internet portal.

The Investor's Obligation to:

- Pay a loan administration fee to iService, which is calculated as a percentage of the borrower's actually executed loan instalment, and its exact amount is stated in the current Schedule of charges (here: <https://www.zltymelon.com/dokumenty>).

The basic principle of borrowing on Žltý melón is that the investor who provides loans as part of their business must not have any business relations with the borrower. Professional lending is under license of the National Bank of Slovakia and is regulated by the Act no. 129/2010 Coll. on Consumer credits and other credits and loans for consumers, as amended.

Therefore, any investor in the Framework Agreement states that they are neither business related to Žltý melón nor to the borrower. Fulfilment of the conditions for entrepreneurial activity in lending automatically disqualifies the investor from an access to loan auctions; in such a case, it is the responsibility of each investor to immediately inform Žltý melón. And also, they shall not operate without an authorized license of the National Bank of Slovakia. Heavy fines are imposed on unauthorized lending business!

By concluding the Framework Agreement an investor is not obliged to any investment, and/or to paying any fee before the investment is accomplished.

The investor is entitled to terminate the Framework Agreement:

- within 14 days from its conclusion, even without giving a reason;
- at any time if they do not have an active investment in the loan.

Before signing the Framework Agreement, the investor receives:

- Pre-contractual information in accordance with § 3 of Act No. 102/2014 Coll. on the protection of consumers in sale of goods or provision of services under remote contracts or contracts executed outside the business premises of the seller, as amended by certain laws, listing basic data and facts;
- Information in compliance with the Act No. 136/2010 Coll. on services in the internal market, as amended,
- The current version of the General Terms and Conditions (GTC)
- Full wording of the Framework Agreement on Cooperation

The investor cannot withdraw from the investment. In certain cases, Žltý melón, however, investments can be sold to another investor through the Secondary Market functionality on the portal.

### 3.3 Framework Agreement on Cooperation - Borrower

Between iSale and a respective borrower

The Framework Agreement on Cooperation is regulated by the Civil Code (Law No. 40/1964 Coll., The Civil Code, as amended); the subject of the agreement includes:

Borrower's right to:

- Actively access online loan auctions (i.e. mainly, but not exclusively, request for the loan in online auctions, set up their own loan auction, manage and terminate the actions, and administer the auction);
- Conclude a loan contract in case of successful auction
- Be provided with administering their virtual account on <http://www.zltymelon.com/> ;
- Be provided with free transfer of the loan to their bank account;
- Be provided with additional services when using the internet portal

The Borrower's Obligation to:

- Pay a loan administration fee to iSale, its exact amount is stated in the current Schedule of Charges;
- Pay a late payment fee, its exact amount is stated in the current Schedule of Charges.

By signing the Framework Agreement, the borrower accepts that:

- The loan will be provided by investors whose identity is unknown, and who act under their user's names or nicknames;
- Funds of the loan are not the property of Žltý melón portal, but wholly owned by individual investors;
- In terms of GTC, the provision of a loan may be conditional on the provision of security by concluding the relevant contractual documentation,
- Investors will not know their identity as long as the loan is paid back properly and on time.

The conclusion of the Framework Agreement does not bind the borrower to any enforced obligation and to pay any fee unless they accept the loan and sign the loan contract.

The borrower is entitled to terminate the Framework Agreement:

- within 14 days from its conclusion, even without giving a reason;
- at any time if they do not have an unpaid loan.

Before signing the Framework Agreement, the borrower receives:

- Pre-contractual information in accordance with § 3 of Act No. 102/2014 Coll. on the protection of consumers in sale of goods or provision of services under remote contracts or contracts executed outside the business premises of the seller, as amended by certain laws, listing basic data and facts;
- Information in compliance with the Act No. 136/2010 Coll. on services in the internal market, as amended,
- The current version of the General Terms and Conditions (GTC)
- Full wording of the Framework Agreement on Cooperation

### 3.4 Loan Contract

Between iService, a.s. on behalf of investors and a relevant borrower

The loan contract is regulated by the provisions of § 657 et seq. Civil Code (Act No. 40/1964 Coll., as amended).

The loan contract contains all the important and legally required information on a particular loan as agreed between the borrower and investors in the online loan auction.

In addition to identification of the parties, which are, on the one side, investors (acting by their unique user's name registered on the <http://www.zltymelon.com/> portal) and, on the other side, borrowers, the loan contract contains the following information:

- Precise identification of the loan – its amount, interest rate, maturity, number of instalments, due dates for instalments, the annual percentage rate of costs, called APRC, bank settling data, and purpose. The exact amount and maturity dates of the loan instalments are set out in the payment schedule to the contract.
- The rights and obligations of the parties - borrowers and investors
- Insurance of the borrower – as long as borrowers choose their loans to be insured with a respected insurance company
- Arbitration Clause

The principal obligation of the borrower is to repay the loan properly and on time. If the borrower fails to fulfill this obligation, Žltý melón proceeds to soft- (pre-judicial) and hard-

(judicial and execution) recovery of loans and charges a late payment fee in compliance with the Schedule of Charges.

The fundamental right of the borrower, except for the right to decide whether the loan under the conditions agreed in the online auction will be accepted or not, is their right to repay the loan early at any time. The early repayment of the loan is charged with the fee to investors in compliance with the Schedule of Charges (here: <https://www.zltymelon.com/dokumenty>)

In case of non-performing loans/default loans, we use a form of arbitration court proceedings. It is less time consuming than state court proceedings and is a quicker option for investors to get their money from non-performing loans.

Loans provided on the portal (excluding real-estate loans from the product line Cashfree) are not secured by specific properties of the borrower. On the other hand, we use means strengthening the recovery of claims, such as salary deductions, which are provided by the borrower with other contractual documents before granting the loan. All the documents are signed to iService a.s., acting for and on behalf of investors.

### 3.5 Data security

Data security is an important element in our operation. All of the information you provide to us is processed in accordance with Regulation (EU) No. 2016/679 of 27 April 2016 on the Protection of Individuals with regard to the Processing of Personal Data and on the Free Movement of such Data (GDPR) and Act No. 18/2018 Z.z. on the Protection of Personal Data (the Act).

Each user of the [www.zltymelon.com](http://www.zltymelon.com) portal gives their consent to the processing of their personal data in a clearly defined range and for the defined purpose. The consent to the processing of personal data, unless otherwise indicated, shall be granted until further notice. The user has the right to withdraw the consent at any time by sending a written notice to the email address [zltymelon@zltymelon.sk](mailto:zltymelon@zltymelon.sk) or by post to the registered address of the iService, a.s. company.

Information on the processing of personal data can be found here: <https://www.zltymelon.com/dokumenty>

### 3.6 Insurance - Borrower

In the process of setting up the auction, borrowers can decide whether they want to insure their liabilities for life events that may limit or prevent them from repaying the loan.

With most of our products the insurance of ability to repay the loan is not a pre-condition for obtaining the loan. On the other hand, this insurance protection can make borrowers more attractive and allow them to get better conditions at the auction. Moreover, in the period of any unexpected troubles, the insurance may greatly help borrowers to bridge this period.

Žltý melón does not provide the insurance itself, but it cooperates with the insurance company Generali Poist'ovňa. We provide complete administration of the insurance as part of our lending process; to arrange the insurance therefore does not take any time, and no extra work.

For clients of Žltý melón, Generali Poist'ovňa offers the two insurance packages:

- **Insurance set A** - basic (death, full and permanent disability and incapacity to work)
- **Insurance set B** - complex (death, full and permanent disability, incapacity to work and loss of employment)
- **Insurance set C** - senior (insurance of the ability to repay the loan in case of death and broken bones) - for borrowers with an entry age of 61 to 62 years

Each borrower must make sure that the insurance is appropriate for them, and that they meet the conditions of the insurance company.

#### 4. REGULATORY FRAMEWORK OF PORTAL

The most important legislation in the Slovak Republic, which regulates relations between borrowers and investors respectively, and between borrowers/investors on the one side and companies operating the [www.zltymelon.com](http://www.zltymelon.com) portal on the other:

- Act No. 40/1964 Coll. Civil Code, as amended;
- Act No. 250/2007 Coll. on Consumer Protection as amended;
- Act No. 102/2014 Coll. on Protection of on the protection of consumers in sale of goods or provision of services under remote contracts or contracts executed outside the business premises of the seller, as amended Consumers in Sale of Goods or Provision of Services under Remote Contracts or Contracts Executed Outside the Business Premises of the Seller, as amended;
- Act No. 128/2002 Coll. on State Control of the Internal Market in Consumer Protection Matters, as amended;
- Act No. 244/2002 Coll. on Arbitration, as amended;
- Government Ordinance No. 87/1995 Coll., which implements certain provisions of the Civil Code, as amended;
- Act No. 492/2009 Coll. on Payment Services and on amendments to certain laws, as amended.

List of main general application laws in the field of the Slovak finance and consumer protection which do not apply to contractual relations on <http://www.zltymelon.com/>:

- Act No. 483/2001 Coll. on Banks, as amended;
- Act No. 129/2010 Coll. on Consumer credits and other credits and loans to consumers and on amendments to certain laws, as amended;
- Act No. 186/2009 Coll. on Financial Intermediation and Financial Counselling and on amendments to certain laws as amended;
- Act No. 566/2001 Coll. on Securities and Investment Services and on amendments to certain laws (Securities Act), as amended;
- Act No. 747/2004 Coll. on Financial Market Supervision, as amended;
- Act No. 266/2005 Coll. on Consumer Protection in Financial Services at a distance, as amended;
- Act No. 335/2014 Coll. on Consumer Arbitration as amended;

## 5. RISKS OF PEER-TO-PEER LENDING

The participation of investors in peer-to-peer lending carries a number of risks; therefore, investment through the system should only be made by experienced people who can afford the potential loss of their investment. There is no guarantee that the invested amount, or part thereof is returned to the investor; or that the investor obtains the expected return.

Within the settings, processes and operation of Žltý melón, we try to mitigate risks, but as with other investments, there is no possibility to completely eliminate risks in peer-to-peer lending as it is based on the nature of the peer-to-peer lending system and legal and regulatory framework in the countries in which it takes place. For this reason, every investor should take into account all the risks associated with their investment before deciding to invest in loans.

Peer-to-peer lending has built a solid position in the world of personal investments since its inception in 2005, and the upcoming regulation at the European level reflects their emerging position. We have built our portal - Žltý melón on proven principles with full seriousness and responsibility, with the aim of long-term development for the benefit of our clients.

Žltý melón has been operating since 2012. During this time, we have consistently fine-tuned and verified the correctness of all our approach, processes, data evaluation as well as our business model. We transparently publish the current, as well as historical, performance of each individual portfolio, as well as the entire portfolio of loans provided through the portal.

Contractual relations between investors and borrowers are their direct relations from the legal point of view, and the existence of the portal does not affect the obligation of the borrower to repay the received loan according to the agreed conditions, properly and on time. However, in the event of the company's demise, it could be complicated for investors to collect their money from a larger number of borrowers. The company operating Žltý melón portal has been making a monthly operating profit since the end of 2019. This profit is highly dependent on the volume of loans provided and the resulting income. The company also plans to further invest in its growth, in the expansion of its activities, in advertising and publicity, product portfolio and is also considering the possible expansion of its scope to several foreign markets. Of course, there is a risk that the future business strategy will not be successful, which would have negative consequences on the financial indicators of our company. Regardless of the above, in the event of bankruptcy, the company has developed an internal back-up plan to ensure the management and processing of individual loans. This plan is based on the cost-minimalist structure of the company's operation necessary for the proper settlement of existing loans, which will be financed primarily from ongoing fees for the management of loans and investments. Even if it is not necessary for the fulfillment of the plan, it is part of the anticipated effort to transfer the management of the loan portfolio



to a third party.

It is also necessary to take into account the risk of competition and the risk of changes in the macroeconomic cycle, especially in connection with changes in interest rates on the financial market. It operates in the sector for which the local and European Union regulatory authorities have just been creating rules and regulations which are to enter already existing legislation on financial markets, payments and credit granting.

In addition to the above mentioned risks, there are also other risks that every investor should take into account before participating in peer-to-peer lending. Identification of all relevant risks which may occur in operating the platform is based on the document by European Bank Authority (EBA) - "Opinion of the European Banking Authority on lending-based crowd-funding", No.EBA/Op/2015/03 of 02/26/2015 - which is devoted to the peer-to-peer lending and crowd-funding, and its impact on the financial market and economic environment. It also deals with risks that might arise for all users of the system and which local regulators should take into account when creating legislation for this new industry. The document can be found at: <https://www.eba.europa.eu/documents/10180/983359/EBA-Op-2015-03+%28EBA+Opinion+on+lending+based+Crowdfunding%29.pdf>

Main peer-to-peer-lending and crowd-funding risks by European Bank Authority and Žltý melón approach to limitation of the risks:

## 5.1 Risks to investors

### **(A) Counterparty and Credit Risk**

(A1) A loan investment based on an unrealistically high rate of return on investment

Risk: This risk may arise when an investor misses profound knowledge and experience in risk assessment of loans, or when the platform does not provide sufficient and reliable information about a specific investment opportunity.

Žltý melón Approach: To minimize the risk, investors get all relevant information about each loan, such as information about a borrower, their financial situation, income and liabilities. All the information has been provided by the borrower and verified by Žltý melón, but some information might be incomplete and/or inaccurate. Investors may also ask a borrower for additional information before they make their final decision on investment.

(A2) An investor loses the capital invested if a borrower is unable to meet their liabilities

Risk: This credit risk may arise when a borrower becomes insolvent, behaves negligently, or does not have sufficient funds to repay the loan. This credit risk is inherent in any loan. However, the risk is higher if the investor fails to assess the borrower or the loan application, or if the platform does not check the creditworthiness of borrowers properly.

Žltý melón Approach: To minimize the risk, investors get all relevant information about each loan, such as information about the borrower, their financial situation, income and liabilities. All the information has been provided by the borrower and verified by Žltý melón, but some information might be incomplete and/or inaccurate. In compliance with the predefined rules, Žltý melón strictly assesses the creditworthiness of each borrower, assigns them rating risk and allows entering loan auctions to those who have a strong potential to repay their liabilities. As in other financial institutions, the creditworthiness of each borrower is determined by internal criteria, significant platform data and by the evaluation of a credit analyst. Statistics of the Žltý melón operation can be found at <https://www.zltymelon.com/statistics>; however, it is important to take into account that past returns do not guarantee future investment returns. At the same time, it is extremely important to limit the credit risk by dividing the whole investment into the greatest possible number of loans. For this reason, there is a set maximum amount of money which can be invested in a single loan.

(A3) An investor does not receive the funds collected from borrowers

Risk: This risk may arise if the platform is not required to apply for a license to provide payment services, or does not have adequate mechanisms implemented to safeguard participant's money.

Žltý melón Approach: Clients' money is strictly separated from the funds belonging to the company, they are kept in separate bank accounts and never enter the company's assets in the company's accounting (they are recorded as receivables from clients). Funds are transferred from client accounts only to client bank accounts (in the case of drawing loans or withdrawing money to client bank accounts) or between client accounts (settlement of client accounts in different banks and different currencies).

(A4) An investor suffers loss because the platform defaults (also relevant for borrowers)

Risk: This risk arises when a borrower does not have adequate information about investors and cannot set out their payment commitments without the platform engagement. Consequently, the risk may arise due to insufficient financial safeguards against platform default such as loan follow-up requirements.

Žltý melón Approach: Any loan funded via Žltý melón is a bilateral legal act between an investor and a borrower. The loan contract and the right of investors to get paid off under the conditions granted in the contract are not avoided if the platform defaults. Subsequently, clients' money not yet invested in loans is strictly separated from corporate money on a separate bank account and such money is never accounted for the possession of the company (but for claims against customers). This fact must also be considered by an insolvency administrator. Otherwise, investors have the right to defend their interests through “exclusive action/exclusive jurisdiction”. Even though the company operating the Žltý melón portal has been making a monthly operating profit since the end of 2019, it has developed an internal backup plan in case of bankruptcy to ensure the management and processing of individual loans. This plan is based on a cost-minimalist operating structure of the company necessary to properly settle the existing loans, which will be financed primarily from ongoing fees for the management of loans and investments. Even if it is not necessary for the fulfillment of the plan, it is part of the anticipated effort to transfer the management of the loan portfolio to a third party.

## **(B) Risk of fraud**

(B1) An investor suffers loss when a borrower acts fraudulently

Risk: This risk can arise due to the fact that the anonymity of the internet provides opportunities for individuals to act under false pretences. This risk would get higher if the provider did not verify or check the identity of each loan applicant.

Žltý melón Approach: On our platform, a borrower is never an anonymous person. Žltý melón carefully checks the identity of all persons. In the process of verifying, we inspect, among others, the records of lawsuits and proceedings against the borrower. Each borrower shall provide two valid identity documents. At the same time, the loan agreement must be signed by the borrower personally before a notary by an electronic verification of the applicant's photo and document in combination with a penny transaction from his verified bank account. Money is always transferred to the borrower's bank account; it is never paid in cash. In case of loan default, Žltý melón initiates legal debt collection and the identity of the borrower is provided to each investor involved in the loan.

(B2) An investor is uncertain about the reputation and the security of the platform (also relevant for borrowers)

Risk: This risk arises when there are no official records and independent information about the platform operation. Furthermore, in most countries, peer-to-peer lending platforms do

not require permission from a national supervisory authority and therefore are not subject to publish detailed information about their operation.

Žltý melón Approach: Žltý melón has been operating since 2012, and there is a large amount of freely available information about its operation. In 2015 one of our investors became the fund managing resources from EU funds, so it must meet strict criteria for investments made. Furthermore, transparent operations and transparent relations are our top priority. For this reason, every user has an access to their account (24/7), including detailed information on the investments made and transactions that have taken place. At the same time, we publish and regularly update detailed statistics on the platform operations.

(B3) An investor's personal data may be stolen or misused (relevant also for borrowers)

Risk: This risk may arise if the platform lacks sufficiently robust document handling policy or if the policy is not implemented properly in practice.

Žltý melón Approach:

Users' safety and protection of personal data is an important element in our operation system. All the information is processed in accordance with the Regulation of the European Parliament and the Council (EU) 2016/679 of April 27, 2016 on the protection of natural persons in the processing of personal data and on the free movement of such data (the so-called "GDPR") and with Act no. 18/2018 Coll. on the protection of personal data as amended. When a user is connected to Žltý melón platform and works with investments, auctions, loans or personal information, all data transmitted are encrypted by SSL technology (Secure Sockets Layer). SSL connection is secured by SSL certificate from Entrust Company. More about safety and privacy can be found at: <https://www.zltymelon.com/bezpecnost-sukromie>

### **(C) Lack of transparency and misleading information**

(C1) An investor is unable to identify conflicts of interests of the platform, its shareholders, managers, or key employees

Risk: This risk arises if the platform or its shareholders, managers or key employees have financial or non-financial interests in the business of certain borrowers. The same is true where the structuring of a compensation agreement leads to a conflict of interest.

Žltý melón Approach: Žltý melón seriously approaches the risk of potential conflicts of interest. For this reason, we have set out the risk management rules of potential conflicts of interest and implemented them into our processes, procedures and internal rules. A

separate document covering this issue can be found at:

<https://www.zltymelon.com/dokumenty>.

(C2) An investor is misled by an opaque pricing structure or misleading information about other terms and conditions applicable to the parties

Risk: An investor is not able to foresee the contractual rights and obligations linked to their investment without full disclosure of the contractual terms and conditions on a platform's website. The same applies if the contracts are not formulated in unambiguous and understandable language.

Žltý melón Approach: General terms and conditions are available on the website for all its visitors (not just registered users). We have a very simple fee structure; both investors and borrowers (if they properly pay off their loan and are not subject to late payment fees) pay only one fee – a fee is charged only when a loan is accepted, or from an instalment collected. In addition, by signing Framework Cooperation Agreements an investor or a borrower is not automatically committed to any act or fee. They will not be charged any fees unless they freely and willingly decide to use services (invest in a loan or accept a loan) offered by Žltý melón.

(C3) An investor wrongly assumes that opportunities advertised on the platform have been subject to an appropriate risk assessment

Risk: This risk arises if the platform does not properly verify and assess investment opportunities and if information available on the website is not conducted in an appropriate and understandable way.

Žltý melón Approach: Žltý melón uses a similar multi-level evaluation system as other financial institutions and banks. Each loan application and borrower is evaluated and verified by Žltý melón; they are verified for their creditworthiness and ability to repay their liabilities. Only those with a positive evaluation are allowed to enter loan auctions and ask investors for a loan. All the information provided by the borrower is verified by Žltý melón, but sometimes it might be incomplete and/or inaccurate. Further information about the evaluation process can be found at: <https://www.zltymelon.com/bezpecnost> in the part Complex evaluation of a loan applicant. On the other hand, it is extremely important to limit the credit risk by dividing the whole investment into the greatest possible number of loans. For this reason, there is a set maximum amount of money which can be invested in a single loan.

(C4) An investor has not been provided with the information necessary to assess a certain investment opportunity and the reputation of the borrower

Risk: Appraising the risk-reward ratio of an investment in a company or business usually requires detailed information about that company or business. Institutional as well as strategic investors usually conduct a so-called due diligence procedure prior to investment to collect the necessary information. A private investor however does not usually have resources to undertake such a procedure. The risk is higher, if the platform has no legal obligation to conduct due diligence procedure on behalf of potential investors.

Žltý melón Approach: This risk applies more to platforms where investors invest in companies and business plans, and not in loans. However, as referred to in point (C3), each applicant for a loan on Žltý melón is multi-evaluated in a similar manner used by financial institutions and banks. We verify each applicant's credibility and ability to repay their liabilities. Only those with a positive evaluation are allowed to enter loan auctions and may ask investors for a loan.

(C5) An investor is uncertain about the rights to withdraw or to cancel an investment prior to its maturity

Risk: Investors may especially risk if they invest money in start-ups where it may not be clear in advance whether and under what contractual terms they are entitled to withdraw their investment. A lack of information can create considerable uncertainty for investors about their exit opportunities, especially if the investment did not evolve as expected, or if it was not sufficiently guaranteed by the contract.

Žltý melón Approach: This risk applies more to the platform where investors invest their money in companies and business plans. However, contracts on Žltý melón have passed and regularly undergo detailed legal analysis to meet strict criteria required by the lending industry. Moreover, in addition to loan agreements, other instruments are also used to secure investments, in particular agreements on deductions from wages, directly by a real-estate by a direct record of pledge on the title deed in the first place (for real estate loans of the CashFree Real estate type), pledge agreements for financed real estate (for real estate loans of the CashFree Hypo type), the developer's buyback guarantee (for real estate loans of the CashFree Housing type), partner buyback guarantee (for partner loans). Each of these security instruments has its limits and cannot be secured by intangible assets; nevertheless they help in the recovery of a claim which the borrower does not repay properly. Liquidity risk and the possibility of investment withdrawal prior to its maturity can be greatly limited by the existence of the secondary loan market, where investors can sell their financial claims to each other.

(C6) An investor is not in a position to assess a certain platform's reputation and probity

Risk: It might be difficult for investors to find independent information about the reputation of a platform because the platform may not be required to publish detailed information about its operation. Furthermore, platforms do not necessarily require permission from a national financial supervisory authority and are therefore not subject to financial supervision.

Žltý melón Approach: Žltý melón has been operating since 2012, and there is a large amount of freely available information about its operation. In 2015 one of our investors became the fund managing resources from EU funds, so it must meet strict criteria for investments made. We publish and regularly update detailed statistics on the platform operation at <https://www.zltymelon.com/statistics>.

#### **(D) Legal risks**

(D1) An investor is uncertain about his or her rights and obligations vis-à-vis the parties involved (also relevant for borrowers)

Risk: This risk arises if the platform fails to disclose understandable information about the services that will be provided, and the description of contractual rights and obligations that will apply to investors and borrowers.

Žltý melón Approach: In a separate section, Žltý melón informs what services it provides for both parties involved. This information can be found at [https://www.zltymelon.com/kolektivne-poziciavanie#o\\_nas](https://www.zltymelon.com/kolektivne-poziciavanie#o_nas). Yet, the detailed description of platform operation, contractual relations and of the rights and obligations is included in our General Terms and Conditions document which each participant receives within the contractual documentation and they can also be found at: <https://www.zltymelon.com/zmluvne-podmienky>.

(D2) An investor faces an inappropriate complaints-handling mechanism on the platform (also relevant for borrowers)

Risk: This risk arises if the platform does not have well-structured complaints-handling regulation applying to the participants.

Žltý melón Approach: Žltý melón has complaints-handling regulation for both parties – investors and borrowers. Documents can be found at <https://www.zltymelon.com/dokumenty>. Moreover, each user can communicate with Žltý melón via phone, e-mail, or the online “Help” form on the website. We have allocated and

trained staff to address issues and communicate with our clients, or with clients-to-be.

(D3) An investor's funds might not be transferred to a borrower

Risk: This risk is higher if the lending platform does not have a license to provide payment services and does not have adequate arrangements in place to safeguard its customers' money.

Žltý melón Approach: All loans are provided by an account transfer; therefore, there are records of each transaction in the information system of the bank with which Žltý melón operates. These transactions are also checked by default within the processes of judicial collection of repaid receivables. Money of clients not invested in loans is strictly separated from corporate money on a separate bank account and the money are never accounted for the possession of the company (but for claims against customers).

### **(E) Liquidity risk**

(E1) An investor can face liquidity problems if an investment is not paid off properly and cannot be terminated prior to its maturity

Risk: This risk arises due to a lack of or an insufficient timeline of fund availability, and when the investor does not have the possibility to withdraw the investment before the term of the loan.

Žltý melón Approach: Each loan on Žltý melón has a fixed maturity and defined repayment schedule, which is available for each investor, not only when making investments, but also for its repayment period. Each borrower may repay their loans early. In this case, investors get their investment back with higher returns, which follows the logic of the annuity repayment of loans. However, the main timeline risk can arise in cases if the loan is not repaid properly and is proceeded to its legal enforcement. There are precisely targeted measures and practices which may lead to the execution of borrower's property. Recovery procedure is explained in detail in the "Elaborated system of claim recovery" section at <https://www.zltymelon.com/bezpecnost>. Even though the recovery procedure is strictly defined, its real time demand is individual and depends on the borrower's assets, their attitude to the debt, and their will to cooperate and pay off. On the other hand, situations such as an illness or death of the borrower, the declaration of personal bankruptcy or a failure to comply with conditions of the insurance company which entitle the borrower to insurance repayment, may lengthen the recovery procedure. Liquidity risk and the possibility of investment withdrawal prior to its maturity can be greatly limited by the existence of the secondary loan market, where investors can sell their financial claims to each other.



## **(F) Operational risk**

(F1) An investor suffers a loss when the platform experiences technical or operational issues

Risk: This risk arises if the platform operates insufficiently, or when the platform is technically faulty.

Žltý melón Approach: All key actions on Žltý melón are taken by internal employees of the company who provide professional service and manage the operation of the platform. Our website and system are secured with the highest IT security standards; all data are stored in a secure database on secure servers located in the data-centre of Amazon Web Services (AWS), a subsidiary of Amazon. AWS is the largest provider of cloud solutions in the world, with the highest standard of security and reliability. Our operating systems are maintained and regularly updated with the latest security patches. Anti-virus software is regularly updated and always contains the latest available virus database. To prevent unauthorized activities and attacks, our systems are protected by a firewall. All data are regularly backed up and archived.

## **5.2 Risks to borrowers**

### **(A) Counterparty and Credit Risk**

Risks A3 and A4 have already been described above in the “Risk to investors” section.

### **(B) Reputation risk / Risk of fraud**

Risks B2 and B3 have already been described above in the “Risk to investors” section.

### **(C) Lack of transparency or misleading information**

(C7) Borrowers cannot be certain that a risk assessment of their application has been conducted pursuant to generally applicable standards and rules

Risk: The risk to borrowers is that they could be assessed incorrectly therefore attract less interest from potential investors.

Žltý melón Approach: Žltý melón has specific rules and procedures for the evaluation of loan applications; they are similar to those used by traditional financial institutions operating in the market. Alongside the system verification process, each loan application is assessed by experienced credit analysts.

(C8) Borrowers may not receive a loan because investors are not able or willing to provide funds as agreed

Risk: This risk arises if the platform does not have processes that ensure that investors commit money to projects in a timely fashion and that investors provide direct debit authorisation.

Žltý melón Approach: Each investor has their own virtual account on Žltý melón. When they enter the auction and offer to fund investment opportunities, the system automatically locks the funds in the account and at this stage those funds cannot be manipulated. There are only four possible ways to unlock the funds – if the investment offer is put out from the auction by other investors with better conditions for the borrower; or if the auction is cancelled; or if the loan documents are not signed and the loan is not accepted by the borrower; or if the loan is funded and the funds are sent to borrower’s account. Each step is solved by the system, beyond any intervention of a natural person.

## **(D) Legal risks**

Risk D1 and D2 have already been described above in the “Risks to investors” section.

(D4) Borrowers’ project ideas could potentially be copied

Risk: This risk arises because borrowers have to disclose their ideas on the platform to promote their business and to attract potential investors. However, the ideas could potentially be copied or could be taken advantage of by other person.

Žltý melón Approach: This risk relates primarily to platforms that provide financing for projects and business plans. In the segment of personal loans, this risk is practically nonexistent.

## **(E) Liquidity risks**

(E1) Borrowers can face liquidity problems if the provision of funds is delayed after the project has met the required financial threshold

Risk: Similarly to risk (C8), this risk arises if the platform does not have processes that ensure that investors provide funds to projects in a timely fashion.

Žltý melón Approach: Steps undertaken by Žltý melón to prevent such a risk are described in (C8). The entire loan is transferred to the account of the borrower, or the contracting party (especially in the case of real estate loans), immediately upon signing the loan documentation and delivering it to Žltý melon and meeting all conditions of the loan.

## **(F) Operational risk**

Risk F1 has already been described above in the “Risks to investors” section.

### **5.3 Risks to platforms**

#### **(B) Reputation risk/Risk of fraud**

(B4) Platforms face the reputation risk if loans are not repaid by borrowers intentionally

Risk: This risk can arise due to the fact that users on the platform act under their user’s names (nicknames). Those platforms which do not use strict personal identification procedures risk as the anonymity of the internet provides opportunities for individuals to act under false pretences and thus take funds from investors on behalf of false identities. In the long run, presumably due to high loan-default rates, such problems could lead into reputation problems for the platform, and potentially even to the failure of the platform.

Žltý melón Approach: Žltý melón carefully checks the identity of all persons. In the process of verifying, we inspect, among others, the records of lawsuits and proceedings against the borrower. Each borrower shall provide two valid identity documents. At the same time, the loan agreement must be signed by the borrower personally before a notary or by electronic verification of the applicant's photo and document in combination with a credit transaction from his verified bank account. Funds are always transferred to the borrower’s bank account; it is never paid in cash. Žltý melón uses a multi-level evaluation system of borrowers similar to the one used by financial institutions and banks. Also, each borrower is evaluated and verified for their creditworthiness and ability to repay their liabilities. Only those with positive evaluation are allowed to enter loan auctions.

## (F) Operational risk

(F1) Platforms are at risk of attacks by hackers

Risk: This risk arises if corporate governance arrangements on a platform do not exist or are insufficient. Another causal driver is that a particular platform is technologically faulty.

Žltý melón Approach: All key actions on Žltý melón are taken by internal employees of the company who provide professional service and manage the operation of the platform. Our website and system are secured with the highest IT security standards; all data are stored in a secure database on secure servers located in the data-centre of Amazon Web Services (AWS), a subsidiary of Amazon. AWS is the largest provider of cloud solutions in the world, with the highest standard of security and reliability. Our operating systems are maintained and regularly updated with the latest security patches. Anti-virus software is regularly updated and always contains the latest available virus database. To prevent unauthorized activities and attacks, our systems are protected by a firewall. All data are regularly backed up and archived.

## (G) Money laundering

(G1) and (G2): Platforms might be misused for, or shut down due to fraudulent or money laundering activities.

Risk: This risk arises due to a lack of or insufficient customer due diligence with regard to addresses, creditworthiness, criminal records, etc. Furthermore, a lack of applicable anti-money laundering regulation can be a causal driver for the risk that a particular platform will be misused for such purposes.

Žltý melón Approach: As described in (B1) and (C3), Žltý melón conducts a detailed assessment of each application and the applicant, including consistent personal identification. Also, every investor must send a copy of a valid identity document upon registration. There are only cashless transfers to the user's account. We have also put in place mechanisms to warn of risky transactions, and thus we could limit risks to misuse the portal or to prevent money laundering activities.

## 6. TAXES AND FEES

Based on their own investment strategy, each investor determines which loans and what amount of money to invest, and also imposes specific conditions on their investment. In addition to an agreed interest rate and the non-performing loans rate, the amount of returns earned from investments on Žltý melón is affected by paying fees, taxes and contributions.

The only standard fee to investors is the monthly fee charged for investment management. The fee is a fixed percentage of the monthly instalments collected (actually paid) from borrowers. Monthly investment management fee is not collected on loans which the borrower has not paid the instalment for so the fee applies only to money invested.

### Compensation for late payment

If the borrower has not repaid an instalment on time, a late payment fee is charged for each month of the delay. Out of this amount, investors collect 65 % as a compensation for late payment. The remnant amount is used by Žltý melón to cover part of their recovery costs.

The investor is charged for withdrawals from the account if the money is transferred from Žltý melón account to their bank account.

Schedule of charges can be found at <https://www.zltymelon.com/ako-zaraba>.

Žltý melón does not pay taxes or health insurance contributions resulting from their returns on investment provided through this system. It is for each investor to fulfill this legal obligation and declare their income in an annual tax return. The investor can generate a confirmation of income from Žltý melón for tax purposes directly in his virtual account. On Žltý melón, the investor achieves the loan interest, which is under the current version of the tax law classified as income from capital. Reported partial tax base of capital also serves as the basis for the calculation of health insurance contributions.

## 7. DATA SOURCES AND METHODOLOGY FOR CALCULATING RETURNS ON INVESTMENTS

A whole series of data, reports, graphs and statistics on the development and status of their investment portfolio as well as the entire Žltý melón loan portfolio is available for all users on the website. These data are mainly available on <https://www.zltymelon.com/statistics> or in the investor's account. Žltý melón uses a few basic indicators and summaries concerning the return on investments ratio. The main profitability indicators and the methodology for calculating the returns on investments is described below.

### How we calculate the Net Interest Rate and Net Investment Returns

The **Net Interest Rate** statistic for your investment portfolio provides you with a clear indication of what you can actually expect to earn on our platform, taking into account your investment fees, the current mix of loans in your portfolio as well as the expected losses from any loan defaults.

We calculate this statistic using the scheduled monthly installment payments for your current loan portfolio, which includes the repayments of loan principal, interest charges, penalty fees minus our administration fees. We then adjust this amount to take into account the expected losses resulting from any loan defaults as well as expected income you will earn from the legal enforcement and collection of those debts that we undertake on your behalf. These adjustments are based on the historical performance of our loan portfolio and the recovery rates for loan defaults on our platform.

Finally, we take the adjusted monthly installment amount for your investment portfolio and weight it based on the average maturity dates and investment amounts for the individual loans in your portfolio, to provide you with the **Net Interest Rate** for your investment portfolio on Žltý melón.

This statistic not only allows us to provide you with a simple and highly accurate statistical representation of the current 'real-time' performance of your investment portfolio, but we also use this same methodology to provide statistics about the performance of our entire loan portfolio and the average returns earned by all of our investors.

It also allows us to provide you with a Net Investment Return statistic, which gives you a simple yet highly accurate projection of the future earnings from your investment portfolio on an annual (p.a.) basis, while also fully taking into account the diverse mix of maturity dates and interest rates for the individual loans you have invested in on our platform.

Your Net Investment Return statistic is calculated at the end of each calendar month and therefore reflects the most recent data about your investment portfolio at the end of the previous month.

### **How we calculate loan default rates and 'Risk Vintages'**

Risk Vintages are a standard tool for comparing the quality of a loan portfolio and risk management. The graph we provide you with shows how the levels of loan defaults on our platform has changed over time, based on the most recent loan repayment data and the year loans were provided.

This gives a simple and clear visual overview of the percentage of loans that default on our platform in relation to when they were issued (e.g. the % of loan defaults after 6 months, 12 months or 24 months), as well as how this compares for loans issued in different years.

## 8. FREQUENTLY ASKED QUESTIONS

In this section, we list a selection of the most frequently asked questions of our clients.

All frequently asked questions and the answers can be found at: <https://www.zltymelon.com/faq-investor>.

### Can one person be registered as an investor and as a borrower?

Yes, it is possible. You must, however, register two separate user accounts on our system, one for investing on Žltý melón and one for your loan application.

### Do I pay registration fees?

No, registration on our system is free and allows you to access those parts of the system, which unregistered users cannot enter; for example, you will be able to see the details for individual loan auctions.

### Who can invest on Žltý melón?

Citizens of any country covered by SEPA (Single Euro Payments Area) may invest on Žltý melón; provided they are over 18 years old, have full legal capacity, and have a bank account in one of the SEPA countries.

The countries covered by SEPA included all EU countries (Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, the Netherlands, Croatia, Ireland, Latvia, Lithuania, Luxembourg, Hungary, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, United Kingdom of Great Britain and Northern Ireland, Spain, Sweden, and Italy), as well as other EEA countries (Iceland, Liechtenstein, Norway, Switzerland and Monaco).

### How can I invest?

You invest your money by offering to fund part of a borrower's loan through the specific auctions or selecting one of our automated investment portfolios on Žltý melón platform. When doing so, you must always indicate the amount you want to invest and the interest rate at which you are willing to offer funds to the borrower. After the borrower accepts your offer, which is then combined with funds from other investors, the money for the loan is transferred to the borrower's account.

Every time you lend money and a borrower accepts your offer you will receive a confirmation



with the amount you invested and the interest rate for your investment that you indicated in your offer.

Before you are able to make your first investment, you need to register on the Žltý melón website and fund your Žltý melón investment account (the minimum amount you must fund your account with is the amount you have offered to invest and fund the borrower's loan with).

The entire registration and investment process is quick and easy, meaning you can start investing and earning money on the site the same day you register. You can find more information about registration and making your first investment in the How the investment process works section.

### How much can I invest?

The minimum amount you must deposit on Žltý melón to begin investing is 25 EUR and there is no maximum limit for your total investment portfolio (the combined amount of all of your investments in individual loans). However, to help secure your investment and provide you with some protection against potential risks, you can only invest a maximum of 250 EUR in any one individual loan, or 25% of the loan amount if you have already created a minimum investment portfolio.

With secured real estate loans CashFree, the maximum amount of one investment is not limited.

We strongly advise you to sufficiently diversify your investments across as many loans as possible that meet the criteria you have decided on for your investment strategy, as doing so will help ensure more stable returns on your investment and limit your exposure to risk.

### How much can I expect to earn from my investments?

Žltý melón provides investors with a recommended interest rate for every loan that is both fair for borrowers and also reflects the level of risk for investors as determined during our assessment process and indicated by the credit scoring category assigned to the borrower.

The recommended interest rate is calculated based on a number of factors, including our detailed knowledge of the current standard conditions in the lending market, so that it is fair to both borrowers and investors, while also including a risk premium set by our comprehensive evaluation of the original loan application. The risk premium is determined during our assessment process and reflects the risk to investors that a borrower will default on a loan, meaning that with sufficient diversification of an investor's portfolio the income

from loans that are repaid should cover any potential losses resulting from investment in any loans that are not repaid and eventually default.

The recommended interest rates provided by our system are not binding and it is ultimately up to each individual investor to determine the exact interest rate for their offer to fund any individual loan, which is based primarily on their expected return on investment and the level of risk they are willing to accept as part of their investment strategy.

The average overall return on investment for the entire portfolio of loans provided on Žltý melón since we started operating in 2005 is 8 - 10 % p.a.

You can find more detail information about the current performance of investments and loans on Žltý melón in the Statistics section of our website).

#### How do I know what interest rate I should set for a loan?

Although we provide investors with a recommended interest rate, it is ultimately up to each individual investor during the loan auction to set the interest rate at which they are willing to offer to fund part of a borrower's loan. In standard loan auctions – where the interest rates are determined by investors rather than borrowers - setting your own loan interest rate helps you control how quickly your offer is accepted by potential borrowers, as well as how much you will earn on your individual investments.

When setting the interest rate for your offer to fund a borrowers loan you should keep in mind that when a loan auction has been fully funded by investors, the offers with the lower interest rates are the ones that are selected to be combined into the eventual loan taken out by the borrower. If during the loan auction your offer to fund a loan is discarded from the auction and replaced by an offer, or offers, from other investors that are willing to fund the loan at a lower interest rate, you may still choose to re-enter the auction, but you will need to offer the borrower a lower interest rate in order to displace these new investment offers.

Ultimately, the interest rate you choose to offer a borrower all depends on your requirements regarding your expected returns on your investment and also how an individual investment offer fits within your broader investment portfolio and investment strategy. To calculate an appropriate interest rate correctly for any given loan auction interest rate you can use our recommended interest rate as the starting point for your decision, but in order to ensure your offers are not displaced, it is also important that you look at the offers currently being made by other investors who want to fund that particular loan.

The process for setting interest rates works slightly differently in loan auctions for Preferred Interest Loans, where borrowers determine their preferred interest rate themselves (at a level

not lower than 2% below our recommended interest rate), which is done when they set up the loan auction. This interest rate and the type of loan auction is clearly marked so that investor can quickly and easily decide if they are interested in making an offer to fund the loan at the interest rate set by the borrower.

While this type of loan auction provides less control and flexibility for investors, it also provides greater security in terms of earning more stable returns and finding enough loans to invest in, as once an investor chooses to invest at the interest rate set by the borrower they are guaranteed that if the loan auction is fully funded their offer will not be displaced by other investors since the loan auction will immediately terminate and making offers at a lower interest rate is not possible.

### How do I evaluate the credit risk of a borrower?

During loan auctions we provide investors with all of the important information about loan applicants that is necessary to help you decide if you want to make an offer to fund their loan including information about their income and expenses, and the risk class. If you need further information before making your final decision you also can ask borrowers additional questions to make sure you are making the correct investment decision based on your chosen investment strategy.

Every applicant for a loan on Žltý melón must first pass our comprehensive evaluation process, which verifies their personal credibility, current financial situation and ability to meet their repayment obligations. Only individuals with a clear background and who we have identified as being highly likely to repay their loans consistently and on time can borrow through Žltý melón.

Applicants who fail to pass our credit scoring assessment, who have negative credit history, or who do not meet all of the required eligibility criteria borrowers cannot access loan auctions and attempt to get their loan funded by investors.

We assign a credit rating category – AA, A, B, C, D, D-, HR and H, H1 with real estate loans – to all loan applicants that manage to pass our rigorous assessment and screening process.

*AA represents the lowest risk category of borrowers, as they are people with a good credit history as well as a clearly established financial situation that will allow them to easily make their scheduled loan repayments. At the other end of the spectrum, borrowers within the HR category, referred to as 'Sufficient', represent the highest risk class of borrowers. However, our stringent evaluation process ensures that even these applicants have had their financial circumstances and credit history fully verified, meaning they are able to consistently repay their credit commitments and other financial obligations.*

Assigning a credit rating category to each approved loan applicant is a significant element that can help investors in deciding which loan auctions fit best within their investment strategy and the desired level of risk for their investment. The credit rating category is also a key determining factor used by our system to determine the recommended and maximum interest rate that investors can offer to borrowers during their loan auction. However, within these set parameters it is ultimately up to you as an individual investor to determine the interest rate you are willing to offer borrowers during a loan auction.

### How do I decide which loan auctions I should invest in?

When investing on Žltý melón, you should look through all of the loan auctions currently in progress and assess the details provided for each of their loan applications. It is important to choose auctions that best match your investment profile and desired investment strategy.

For secured real-estate loans with ratings H and H1, or borrowers in the credit rating category AA or A, there is a lower risk of repayment failure than if you were to invest in loan auctions with borrowers that were assigned a credit rating category of C, D and D-. However, the higher level of risk associated with these borrowers also means that the potential returns on your investment are also higher, as the interest rates paid by borrowers in the lower risk categories are much lower.

The most important rule that you should follow on Žltý melón, regardless of your investment profile and strategy, is to ensure you have sufficient diversification within your investment portfolio, as this will provide you with more stable returns on your investment and lower your exposure to the risks associated with any one individual borrower defaulting on their loan. You can find more information about how to build a sufficiently diversified investment portfolio in the Investment security section of our website.

### How can Žltý melón ensure that the money I have invested will be repaid?

While we are fully confident in the sophisticated nature of our assessment processes and the benefits of investing on our platform rather than with a traditional bank, Žltý melón cannot guarantee the security of your investment.

We are a loan management company, rather than an investment advisory, meaning we provide you with all of the necessary information on borrowers and their loan application so that you can make the key decisions about your investments by yourself.

The most important to realise is that if you sufficiently diversifying the investments in your portfolio on Žltý melón you will dramatically reduce your exposure to risk and protect yourself from failures that can result in you losing your investment.

One of the most important factors for all of the people who invest or borrow money on Žltý melón is that the whole system is safe, secure and provides them with the best possible terms for their loan or investment.

This is also our number one priority. Our efforts to create, grow and operate Žltý melón would be entirely meaningless without this commitment to provide a safe, fair, and transparent platform for our users.

You can learn more about the risks of investing on Žltý melón and how to limit your exposure to risk in the Investment security section of our website.

#### Can borrowers and other users see my personal data?

All loan auctions on Žltý melón and other activities on our system are anonymous; you are only identified by your chosen user name (nickname) that you create when you first register and can be anything you want.

Your personal information and data are also kept private and secure. The system does not disclose any personal information about investors to borrowers or other users on Žltý melón. We will also never sell or disclose your personal information, unless required to by law, and we ensure that all of the data our users provide is encrypted and stored securely using the highest level industry standards.

You can read more about our commitment to security and your privacy in the Safety and Privacy section of our website.

#### Do I know who I'm lending money to?

For security reasons, we do not provide the name or the exact contact details for borrowers during loan auctions. However, all relevant information about borrowers, their income, expenses, and their risk category is available so that you can fully evaluate the loan auction and make your investment decisions.

You can also ask borrowers additional questions to find out any further information that you need to make an accurate and informed decision about whether to make an investment offer to fund their loan.

In the event that a borrower fails to make their scheduled repayments or defaults on their loan we will provide all of the necessary and relevant data to investors when appropriate as part of our collections process.

### How is my investment protected?

When investing through Žltý melón, you can choose from secured or unsecured loans with a higher yields. Secured loans are additionally secured by a partner's guarantee or a pledge agreement for the financed real estate.

Loans are granted and agreed on the basis of legal documentation prepared by a law firm with extensive experience in this field and that is similar to the loan contracts used by banks and other financial institutions. Every borrower that is employed must sign The Agreement on Wage Deductions in order to obtain their loan after it has been funded by investors, which helps ensure we can easily collect their agreed repayments directly in the event they fail to make them on time.

In the event that the borrower defaults on their loan, we act on behalf of investors to collect the debt and cover all of the upfront costs associated with pursuing the debt via a legal petition to the Arbitration Court, where we increase the amount owed by the debtor to reflect the costs of collection. After the court awards a decision against the borrower for the debt we work with professional executors to collect the debt through legal claims against the property of the borrower.

Our comprehensive debt collection services, provided free of charge to investors is highly effective and ensures that investors have a high chance of recovering their money promptly.

### What contracts do I sign as an investor?

Besides accepting the General Terms and Conditions of Žltý melón, investors also sign the Framework Agreement on Cooperation, which allows them to access and participate in loan auctions. If they decide to invest their in loans arranged through Žltý melón on more than one occasion, there is no need to sign any additional contracts with Žltý melón or the individual borrowers whose loans they fund.

All investors, whether they make one or multiple investments, receives the same complete level of service in relation to their investment. This includes, but is not limited to, providing an investor's funds to the borrowers whose loans they have funded as well as calculating and crediting their virtual account on Žltý melón with the money paid to them by borrowers through their loan instalment repayments.

In the event that one of the loans an investor has funded is not repaid promptly or the borrower defaults, we provide a full collections services that includes communicating with

borrowers as well as managing and covering the costs of any legal action that is required to recover the full debt owed to investors.

#### Do I lend money to just one person?

No. Žltý melón strongly recommends that you diversify your investment into as many borrowers as possible to decrease your exposure to risks arising from non-repayment and also to help you earn stable returns on your investment.

Our system limits how much you can invest in funding any one individual borrower's loan and we recommend that you spread your investment across at least 40 different loans to ensure your portfolio is sufficiently diversified. You can achieve this by investing small sums with different products and many different borrowers, while also paying attention to their age, sex, region, income group and credit rating category, as these factors will help further diversify your investments.

You can learn more about diversifying your investment in the Investment security section of our website.

#### How are my investments managed?

You do not have to actively manage your investments, we do it for you. We monitor the repayment progress for each loan, check whether the funds collected from borrowers match the expected instalment, interest or insurance payment. We ensure that all components of a scheduled loan repayment are correctly itemised and divided among individual investors proportionally, based on the percentage of the loan that they funded. In this manner, with each scheduled loan repayment you, as an investor, automatically receive a part of the original loan principal, as well as a part of the agreed interest payment charged on the loan.

Investment management includes monitoring of loan repayments and maturity. Žltý melón actively monitors each borrower and loan in order to proactively identify the very first signs of any potential repayment difficulties and loans that are possibly in danger of default. If this happens, we automatically initiate a multi-level approach to communicate with the borrower and take all necessary measures to ensure that the loan is repaid and to maintain the security of your investment.

#### What if a borrower is late in making their repayments?

Žltý melón actively monitors each borrower and identifies even the first signs of potential payment failure and potential problem loans. Our sophisticated debt collection system consists of two parts – soft and hard collection. This system of debt recovery is highly effective

and is based on procedures and policies that correspond to the standards developed by banks and other financial institutions in the market.

Compared to these institutions, however, Žltý melón has a significant advantage as our portfolio is not nearly as large or complex, which makes managing it expensive and inefficient. Our smaller size, streamlined business model that is not bogged down by legacy systems and expertise in this area of consumer lending means we can approach each non-performing loan individually, developing a tailored approach that is more efficient and maximises the amount we are able to recover for investors.

You can learn more about our debt collection process in the Investment security section of our website.

#### Can I recover debt owed to me by a borrower myself?

Yes. However, Žltý melón has developed a highly effective and full service debt recovery system, including established partnerships with a leading law firm and enforcement agencies that specialise in this area, which it offers to all investors free of charge.

If you nevertheless prefer to deal with the problem of non-repayment independently, we will provide you with all of the necessary legal documents and information to do so, including the identity of the borrower.

#### How can I see the level of loan defaults and late repayments?

Žltý melón tracks the performance of every loan arranged on our platform, paying specific attention to the individual clients, groups of clients and specific loans that are determined to have a higher than average risk. We monitor the repayments and performance of loans within these high risk classes, as well as amongst other identified types of borrowers and risk classes, in order to track the development of delays in repayment and loan defaults.

Based on the data and analysis resulting from the active monitoring of loans on our platform, we continually review and update our prediction algorithms for the default rates of loans within individual credit rating classes, as well as the impact identified trends in non-performing loans have on the risk premium pricing for loans. When all of this is put together we are subsequently able to use this detailed analysis to adjust the recommended interest rates generated by our system and help ensure our investors are able to earn stable returns and minimise their exposure to risk.



You can find more information about the current development of default rates for loans on our platform, as well as about our net interest rate for investors after accounting for non-performing loans in the Statistics section of our website.

### Do I pay an investment fee?

The only standard fee investors pay is the monthly fee for managing their active investments in loans to borrowers. The fee is a fixed percentage of the monthly instalment repayments collected from borrowers and is automatically deducted from the amount collected before it is transferred to the investor's account.

However, Žltý melón is not like a traditional bank and so we believe our profits should be contingent on you making a return on your investment. For this reason, the monthly investment management fee is not collected on loans for which the borrower has not made their scheduled instalment repayment, or if they have repaid only part of it. The investment management fee applies only to money already invested with loans on our platform and is not charged on any funds that are currently held in your account but not yet invested via a loan auction.

You can find further information about the fees we charge in our Valid Schedule of Charges.

### Where do I deposit my money before funding loans for borrowers?

Before funding a loan for a borrower through your investment offer in a loan auction you need to transfer money from your bank account to your virtual investment account on our platform.

The money you transfer to your Žltý melón account is not held by us, but is deposited in a separate account opened at a major bank solely for that purpose and which is separated from the financial resources and all other bank accounts used by our company. Your money does not leave this account until a loan is fully agreed with a borrower whose loan you have funded, at which point the money is transferred directly to the borrower.

Money held for investors in this manner is not owned by iService, a.s., and therefore we do not account for it in our annual returns or operational budgets, nor do we use it in any other purpose than the one described above.

Currently, we use the services of two Czech banks with branches in Slovakia - UniCredit Bank Czech Republic and Slovakia, a.s. and Fio banka, a.s. - to open and operate these bank accounts on behalf of our investors.

The financial resources of our company, as well as the funds deposited on behalf of investors

in these separate accounts, are subject to the protection of the bank deposit guarantee scheme, as determined by the actual wording of the 'Czech Act No. 21/1992 Coll. on Banks, as amended'. This deposit guarantee scheme would provide protection for investors in the unlikely event that both the firms behind Žltý melón, as well as the banks where investors funds are deposited, were to experience financial difficulties and/or file for bankruptcy.

### How do loan auctions work?

After a loan applicant has successfully passed our comprehensive credit assessment and verification process they are able to set up a loan auction and request funding for their loan from investors. Individual auctions are displayed in the "Auctions" section of our website, which is only visible to registered users of the platform.

On Žltý melón, there are two main types of auctions - Standard Auction and Risk-less Investment.

For Standard Auctions, the loan auction lasts for a maximum of 7 days. However, once the auction has been funded by investors to 100% of the amount requested by the borrower, it will then terminate in 24 hours, regardless of how long the auction was originally set to last for.

Throughout the duration of the auction, investors can offer an amount of money they want to invest in the loan and set the interest rate for which they are willing to lend this amount of money to the borrower. In order to provide security for investors, the maximum amount an investor can offer to fund in any one particular loan is set at 250 EUR (or 25% of the loan amount if you already have a higher investment limit). Žltý melón will provide investors with a recommended interest rate for their offer to fund a loan, but the exact conditions under which investors are willing to lend a borrower money is entirely between them. During the auction, investors can ask the borrower additional questions in the 'Details of your loan' section of the auction page, in order to get a clearer picture about the borrower or find out any information not listed in the standard auction details, which they need to make an informed decision on whether to make an investment offer to fund the loan and on what terms.

When the loan is fully funded to 100% of the amount requested by the borrower, they can choose to end the loan auction early and accept the conditions offered by the various investors that have chosen to fund their loan. If not, the auction will continue until the scheduled termination date and the borrower has the opportunity to wait for other investors' offers in the hope of securing a lower interest rate for their loan.

The system will automatically discard offers from investors with higher interest rates and

replace them with better offers at lower interest rates if and when they are made by new investors during the course of the auction. If an investor's offer is discarded and replaced by a new offer at a lower interest rate, they are still able to place a new offer at a lower interest rate in order to replace an existing offer made by another investor.

The borrower can also end the auction early, even if the loan has not reached 100% funding for the amount originally requested by the borrower, at which point they will accept the agreed interest rates and conditions offered by investors for the portion of the loan that has received funding. A borrower can only choose to end a loan auction early once at least 500 EUR of their original loan amount has been funded.

Once the loan auction is over, borrowers have the option to accept the loan if they agree with the terms and conditions offered by investors, or to reject it. As part of accepting a loan, applicants have the additional option of rejecting some investment offers with the highest interest rate.

The Risk-less investment auction works in a similar manner, but lasts for 14 days rather than 7 and in this case borrowers determine the preferred interest rate for their loan themselves, rather than waiting for investors to set the interest rate they are willing to offer. The preferred interest rate set by the borrower is clearly listed in the auction details, making it easy for potential investors to quickly decide whether or not they are interested and willing to make an investment into the loan under the conditions set by the borrower.

While in these auctions investors have less control over setting the interest rate for their investment, if an investor does decide to accept the borrower's listed terms and make an investment offer, they then have the benefit of a guarantee that their offer will not be discarded by another investor. This is because the loan auction will immediately terminate once it reaches 100% funding for the amount requested by the borrower.

### What are CashFree loans?

CashFree loans are specialized real-estate loans used for the purchase of a new home and their biggest difference from standard loans is their security.

The CashFree Housing loans are provided in partnership with a well-known real estate developer and is used to cover the first deposit needed to secure the reservation of a new home bought by the applicant. The properties being purchased with these loans are currently under construction. As these loans are linked to real estate, the developer also provides an additional guarantee for investors, in the form of a full refund of their investment if the borrower has difficulties maintaining their loan repayments.

The CashFree Hypo loans are used to co-finance bank mortgages for the purchase of a new home. The primary requirement for this loan is to secure a traditional mortgage with a bank in Slovakia. These loans are secured through an pledge contract for financed real estate that allows investors to claim money owed to them through the sale of the property, after the bank that issued the mortgage.

The CashFree Real estate loan is used to finance housing. The loan can replace a bank mortgage or it can be used as a bridging loan, to help clients to get money for the time until they settle their new home. The loan is secured directly on the title deed in the first place.

### How do automatic investment works?

In case you do not want to enter your investment offers manually, you can use the Investment Manager and its 'Autoinvestment' feature which will make your investment offers for you based on certain criteria you select and which match your desired level of risk and investment strategy.

When setting up the autoinvestment feature, you can either choose to use one our predefined investment strategies, or choose your to create your own. When you do this you will specify the detailed conditions for the loan auctions that you wish to make investment offers on, such as the borrower's risk class and type of loan, as well as well as your expected level of earnings from your investment, which is determined by the interest rates you offer to borrowers.

Once you have setup the autoinvestment tool, it will continually monitor the current loan auctions available on our platform and make investment offers to borrowers in the loan auctions that meet your chosen investment criteria. In order to keep you updated about the progress of your automatic investments, we will send you notifications about any investments made in loan auctions that met your specified criteria, as well as any other relevant information about the progress or status of your investment offers and the loan auctions these offers have been made in.

The autoinvestment feature is available to all investors and as such it operates in a way that treats all investors fairly and equally with regards to making automatic investment offers, however in the case where there are more investors willing to fund a loan auction that are needed to fully fund the loan, the autoinvestment system will prioritises the investment offers that have the lowest interest rates and also take into account when they were made.

You may choose to only make investment offers via the autoinvestment tool, however, you can of course also choose to use it in alongside your manual investment offers, which helps ensure you can maximise the returns on your investment by carefully selecting loan auctions that are on the margins of your investment criteria and strategy.

Our system provides you with full control over the use of the autoinvestment feature and it can easily be turned on or off at anytime within the Investment Terminal dashboard of your My Account area.

#### Can I terminate my investment before the loan is due?

Yes, in a case you need to collect invested money before the loan is due, you can sell your investment on our Secondary market to another investor. You choose for how much you would like to sell it and agree with a new investor on specific terms.

We also run a program of increased liquidity. Participating investors have the right to request an early repayment of part or all of their portfolio at any time. If the investments meet the criteria and there is enough money in the program, we will arrange it.

#### How does the Secondary market of investment works?

Our Secondary market makes it easy for you to sell any of your active investments on Žltý melón early to other investors in our community, meaning you can quickly turn your investments back into cash when you need it, regardless of how many months are left on the loan.

#### **The way the Secondary Market works is simple:**

- The seller creates an auction for the investment they want to sell and the asking price
- Auctions run for a maximum of 7 days but can be cancelled at anytime by the seller for any reason
- If a loan repayment is made during this period, the auction will be automatically cancelled
- Investments can be purchased instantly by making a bid at or above the asking price for the auction
- Buyers can also bid an amount lower than the asking price for the auction, with an expiry date for their offer, which is then either accepted or rejected by the Seller

#### **How pricing works on the Secondary Market**

Prices for investments are listed as a % of the current remaining loan principal, which can be a premium price (>100%) or a discount price (<) depending on the type of loan and current repayment status.

If an investment is not sold within the 7 day auction period the seller has two options:

- Restart the auction immediately at a reduced price; OR
- Wait at least 30 days before restarting the auction, with any asking price they want

If a loan auction is restarted immediately, the asking price must be reduced by a minimum amount, which is based on the current loan repayment status:

- At least 0.1% for 'Good Repayments' (loans with less than 30 days late repayments)
- At least 1.0% for 'Late Repayments' (loans with more than 30 days late repayments)
- At least 5.0% for Default/Collections (loans where repayment is made via legal enforcement)

If a seller cancels the auction during the 7 day period, it counts as 'unsold' and the price reduction rules mentioned above will apply.

### **How to view the Secondary Market**

You can quickly access the Secondary Market via the top menu bar or the dedicated section of the Investment Terminal.

### How do I collect monthly repayments for loans I've invested in?

When a borrower makes their scheduled monthly loan instalment repayment, the part of the instalment payment that is attributable to your original investment (including both loan principle and interest charges) is immediately credited to your virtual Žltý melón investment account. This money can then be reinvested in other loans, or can be transferred to your bank account.

### Can I withdraw the money repaid to me by borrowers?

Of course. You have full control of all of the money in your investment account and can transfer it back to your bank account at any time you wish.

The funds available to withdraw includes all of your deposited money that is not currently invested in loans you have funded (or that is reserved for loan offers you have made, but that have not yet been accepted or rejected by the borrower) as well as all the collected monthly instalment repayments made by borrowers.

### Can I reinvest the money I receive from a borrower's repayments?

We recommend reinvesting your money as often as possible within your chosen investment strategy, as it allows you to maximise the return on your original investment.

You can of course transfer the money in your investment account back to your bank account any time, however, Žltý melón gives you the opportunity to earn higher returns if you reinvest your money in new loans. By doing this you will profit by reinvesting through Žltý melón, especially when compared to the returns you would earn by depositing your money with a traditional bank.

#### How is the income I earn from investing in loans taxed?

On Žltý melón, the investor earns money from the loan interest paid by borrowers as part of their scheduled monthly instalment repayments, which is taxable in compliance with the Law on Income Tax. Žltý melón does not pay any taxes on behalf of investors that are associated with the earnings associated with the returns on their investments in any loans provided through our platform.

It is for each investor to fulfil this legal obligation in accordance with the laws of the EU and whichever country or countries they have a legal tax obligation in as a result of their employment, residency, nationality or any other factor arising such an obligation under the applicable laws and regulations of that sovereign power.

#### What is the notification centre?

You can easily try out the new Notification Centre using the new icon at the top of the page to access your personalised “Feed” of investor information.

The notification centre provides you with a constantly updating news feed with all of your notifications about your activity on Žltý melón. The information you can find here is the mostly the same as you have previously received via email, but in an easier to digest format that won't clog up your email inbox! We have also added several new notifications to help you get the most out of using our platform.

Notifications are divided into several different categories and we have included several filters on the left to help you get the information you want as quickly as possible. You can mark individual messages as ‘read’ or mark multiple messages as ‘read’ at once in order to clean up your news feed.

#### How do I follow another user, what information will I see and can I stop other people from following me?

As well as provide a central location for all of your notifications we have also added the ability for you to ‘follow’ other users on Žltý melón in the same way you would on Twitter or other



social networks. This innovative feature will allow you keep track of what your friends or some of our top investors are doing in order to help you learn from other people in our community and increase the profits you earn from your investments.

You can easily follow another investor by searching for their name within the notification centre, or by using the 'Follow' button in their investor profile. Once you follow an investor information about their investment activity will be displayed in your news feed and if someone follows you they will be updated about your activity.

We are always conscious about protecting your privacy at all times, so if you do not want to share you investment activity with other users it is easy to 'Block' any investor that has decided to follow you.

#### Can I configure which email notifications I receive?

Yes, you can easily control your email notification settings and which notifications appear in your Feed using the options in your Profile.





## 9. CONTACT

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