NOTE for investments in Financial Instruments and Related Risks

I. General investment Risks

Investment risks, without limitation, which are related to the general operation of the financial system, financial institutions, investment firms and issuers, which issue Financial Instruments that constitute the investment object, and for which reason they are classified as “general risks”, are presented below. One of these risks or a combination thereof may affect the value of an investment. Despite the efforts of the aforementioned organizations for the avoidance of such risks, it is not always possible to avoid them, regardless of whether they are related to specific Financial Instruments or with specific financial institutions.

1. Systemic Risk

Failure of one financial institution to fulfill liabilities due may cause the failure of other institutions (including investment firms) or undertakings to fulfill their obligations when they become due. Thus, a domino effect risk is created due to the transmission of insolvency, particularly in the context of the operation of payment and securities settlement systems, to a series of financial institutions. The engagement of any investment firm in the financial sector exposes them, thus, to the systemic risk, which, if it occurs, may also reflect to its clients.

2. Political Risk

International political, diplomatic, military developments may affect the course of money and capital markets, e.g. political instability, election of a government and more specific governmental choices in key sectors of the social and economic life of a country may affect the price of the Financial Instruments that are traded in that country or the companies registered or engaged in such country.

3. Inflation Risk

The inflation (Consumer Price Index) course may affect the real value of the invested funds and the expected returns.

4. Foreign Exchange Risk

Any change in the foreign currency exchange rate may affect the value of an investment made in a currency other than the investor’s main currency, as well as the liabilities or the receivables of business entities.

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5. <u>Interest Rate Risk</u>

The course of interest rates may affect the trading price of some Financial Instruments, such as bonds and derivative Financial Instruments that have an underlying value that is affected by such changes.

6. <u>Credit Risk</u>

The failure of one of the contracting parties to perform their contractual obligations may cause damage. The effect of the credit risk is multiple: It may relate to the issuer - and, therefore, the Financial Instruments - the financial institution or the investment firm - and, consequently, harm its solvency.

7. <u>Market Risk</u>

Any changes to the market may cause the value of any Financial Instrument to reduce. The most usual market risk factors are as follows:

(a) Shares risk, namely the risk that the price of shares changes due to various factors; (b) interest rate risk (see no. 5 above); (c) Foreign Exchange Risk, namely the risk of changes in the foreign currency exchange rate (see no. 4 above); (d) Commodity risk, that *relates* to the risk of changes in commodity prices, such as metals or wheat.

Any change to the shares or other indexes is also a factor considered for the assessment of the market risk.

8. <u>Liquidity Risk</u>

The liquidity risk is a financial risk caused by any lack of liquidity in the market, in respect of one or more Financial Instruments. The lack of demand and offer harms the marketability of Financial Instruments and renders them vulnerable to speculation and manipulation, negatively affecting the chances of achieving a "fair price". The liquidity risk is mainly found in emerging markets or markets with small trading volumes ("shallow markets").

9. <u>Operational Risk</u>

This risk is created due to insufficient internal procedures, staff and information or communication systems, as well as due to external factors, such as natural disasters or terrorist attacks. The aforementioned factors may affect trades settlement or reduce the trade value. This risk includes, without limitation, the risk of technical systems crash of a regulated market or of an investment firm, the risk of unsuitable management of a listed company, etc.

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10. <u>Regulatory and Legal Risk</u>

This risk originates in: (a) Changes in the legal and regulatory framework that governs the markets, trades in these markets, taxation of investments performed in a specific market. These changes may affect in multiple ways the investments; (b) Legal issues in terms of contract performance caused, mainly, due to unclear, vague and general legislative provisions.

11. <u>Trading Systems Risks</u>

Any temporary failure or suspension in the Trading System of a regulated market or Multilateral Trading Facilities (MTF) may disturb the smooth operation of the market and damage to the investors' interests, in particular when someone wishes to settle an open position.

12. <u>Settlement Risk</u>

A more specific form of credit risk that is caused by the failure of performance of the obligations of counterparties that participate in payment and securities settlement systems.

13. <u>Concentration risk</u>

It is the risk assumed by an investor who invests all his funds in a single Financial Instrument.

14. <u>Leverage Risk</u>

The term "leverage" is used to describe methods or strategies for the multiplication of the possible profit or loss, e.g. by borrowing money or use of products such as derivatives. Investment in leveraged products may result in greater returns. However, you must be aware that leverage may as easily multiply losses.

II. Risks per category of Financial Instruments

The Company provides investment services resulting to transactions in the following Financial Instruments, which are subject to the following basic risks:

II.1. Shares

Shares are the tools representing the rights of a shareholder in a company. Shares may be issued as bearer or registered ones. Each share represents a part of the share capital of a company. Payments of dividends and increase in the shares value may occur but are not guaranteed. Shareholders have financial and property rights, which are determined by the law and the company's Articles of Association. Trades in shares may involve risks which include, without limitation, the following:

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(a) Corporate Risk: A shares purchaser does not lend funds to the company, but becomes a co-owner of the company. Thus, investors participate in the company's growth, as well as in the possibility of profit or loss. This makes performance forecasting of such an investment difficult. In exceptional cases, the company may be declared bankrupt, resulting in the loss of all invested amounts.

(b) Price Fluctuation Risk: Shares prices may fluctuate in unpredictable manner, resulting in a loss risk. Prices may increase or decrease, in the short term, in the medium term and in the long term, without any possibility of determining the duration of these regular cycles. The general Market Risk must be replaced by the specific risk that relates to the same company. Both risks, jointly or separately, affect the shares prices.

(c) Dividend Risk: Dividend per share depends mainly on the profits allocated by the company and its dividends policy. In cases of low profits or loss, payment of dividends may be reduced or may not take place at all.

(d) Liquidity Risk: Reduced marketability in the market may negatively affect the chance of achieving a fair price, cause delays or render very difficult the liquidation of shares, as well as "facilitate" speculation and shares manipulation practices.

II.2. Bonds

Bonds are negotiated debt securities, which are issued as registered or bearer ones, by one company or a governmental body, to creditors. The duration of the debt, as well as the terms and conditions for the repayment are determined in advance. Unless differently regulated, bonds are repaid on their maturity date. Payments of interest on bonds may either (i) be fixed throughout its term, or (ii) vary and are often linked to reference indexes (e.g. FIBOR or LIBOR). The bond purchaser (creditor) has a claim against the issuer (debtor). Trades in bonds may involve risks which include, without limitation, the following:

(a) Insolvency risk: The issuer may become, temporarily or permanently, insolvent, resulting in his failure to pay the interest or repay the bond. An issuer's solvency may change due to one or more factors, including the issuing company, the financial sector of the issuer and/or the financial and political situation of the countries involved. The deterioration of the issuer's solvency will affect the price of the securities issued.

(b) Interest Rate Risk: The uncertainty that characterizes the movement of interest rates results to a situation where the purchasers of fixed interest rates securities assume the risk of a reduction in the value of the securities, if interest rates rise. The longer the term of the loan and the lower the interest rate, the greater the sensitivity of the bond to an increase of the market interest rates.

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(c) Credit Risk: A bond's value will decrease in case of default in an obligation or a low credit score of the issuer. In general, the higher the relevant interest rate (in relation to the interest rate of a zero-risk security, with a similar maturity and rate structure), the higher the credit risk the issuer sees.

(d) Prepayment Risk: A bond issuer may include a term that allows the prepayment of the bond, e.g. if the market interest rates fall. This prepayment may result in a change to the expected performance.

(e) Risks involved in specific bonds paid through the issue of cheques: Bonds repaid through the issue of cheques have a maturity date that is difficult to determine. Therefore, unexpected changes to the performance of such bonds may occur.

(f) Liquidity Risk: This risk is significant in cases where the investor wishes to liquidate the bond before its maturity. In such case, due to lack of marketability, the investor may achieve a lower price. The trading venue of the order, e.g. whether it is executed inside a regulated market or over the counter, may affect marketability.

(g) Risks involved in specific types of bonds: Additional risks may be connected to specific types of bonds, such as floating rate bonds, inverse floating rate notes, zero coupon bonds (final return), bonds denominated in foreign currency, convertible bonds, reverse convertible securities, inflation indexed bonds and subordinated bonds. In respect of such bonds, it is recommended to review the risks indicated on the prospectus of the issue and not to purchase any such securities unless you fully understand all associated risks. In respect of subordinated bonds, it is recommended to request information on the ranking of the bond compared to other bonds by the same issuer. In fact, if the issuer goes bankrupt, such bonds will be repaid only after the repayment of creditor who are ranked higher and there is a risk that you will receive no compensation. In the case of reverse convertible securities, there is a risk that you will not be fully compensated but only receive an amount upon maturity that will be equal to the underlying securities.
Particular attention must be paid to complex bonds, such as, for example, convertible bonds, subordinated bonds, credit linked bonds, bonds incorporating derivatives (they are based on the value of a different Financial Instrument or another underlying financial asset or index, such as foreign currency or interest rates, in order to produce or enhance a specific investment strategy or hedge or offset specific risks).

II.3. Foreign Markets and Securities Denominated in Foreign Currency

Trades in foreign markets, including financial markets of developing countries (**Emerging Markets**), involve different risks from trades in markets of developed countries. Due to the fact that through our Company you may invest in Financial Instruments traded in other markets outside of

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Greece, our Company, upon your request, will inform you for the relevant risks, both of these markets and of each such Financial Instrument. In any event, you should be aware that any possible profit or loss from trades in foreign markets or contracts and securities denominated in a foreign currency will be affected by the fluctuations of the currency exchange rates and that investments in Emerging Markets are exposed to additional risks, including increased inflation, interest rates fluctuation, unfavourable repatriation laws and fiscal measures and macroeconomic and political risk.

II.4. Mutual Funds

Any investment in any Mutual Fund involves a certain level of risk, as they are presented, without limitation, below. Possible investors must read the prospectuses of the Mutual Funds before completing their investment and must consider that previous returns of Mutual Funds do not guarantee future ones. Possible Investment Risks:

(a) Market Risk: The return of a mutual fund is affected by international, local, political and financial uncertainties.

(b) Interest Rate Risk: Any change in the interest rates affects the return of Mutual Funds that invest their assets in bonds or other fixed income securities.

(c) Credit Risk: The risk of failure of payment of interest or fund by the issuer of bonds and the downgrade of the credit rating of the issuer are two indicative risks that may adversely affect the return of a Mutual Fund that has invested in such securities.

(d) Foreign Exchange Risk: When investments are made in a currency different from the base currency, any change in the foreign currency exchange rate will adversely affect the return of the Mutual Fund.

(e) Risk connected to underlying assets: Any small change in the price of the underlying asset may have significant impact on the price of the Mutual Fund.

(f) Liquidity risk: Any attempt to liquidate any security in a market lacking respective demand may result in significant fluctuations in the security's price. Securities with great marketability involve a lower liquidity risk.

II.5. Derivatives

Trades in derivatives involve great levels of risk. The investor's capital amount (initial margin) is small compared to the underlying value of the derivative contract. Due to such leverage, losses may be disproportionately large. Additional information regarding risks involved in trades in derivative products can be found in the separate contract for derivatives of our Company, which must be signed by any Client wishing to make such trades.

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III. Postponement of Trading

Under specific conditions, the trading of a Financial Instrument may be difficult or impossible, resulting in the investor being unable to execute its order, in whole or in part. For example, significant fluctuations, unfavourable or unconfirmed market information, affecting the price fluctuation may result in suspension of trading by the competent authorities, permanently or temporarily, with a consequence of a temporary or permanent loss of the investment in the said security.

IV. Investment that cannot be promptly liquidated

It is possible that an investment in Financial Instruments cannot be easily and promptly liquidated. This depends on the terms of issue of the Financial Instrument, such as corporate bonds with predetermined prepayment dates or Financial Instruments not traded in regulated markets but through market makers.

V. Special Risks for Complex Financial Instruments

V.1. A product may be considered complex if such product:

* is a derivative product or includes a derivative product (a derivative product means a Financial Instrument the value of which is based on the value of another Financial Instrument or another underlying financial asset or index, such as foreign currency or interest rates – often included in a financial product in order to enhance a specific investment strategy or hedge or offset specific risks);

* includes underlying assets or indexes that cannot be easily assessed, or their prices or values are not available to the public;

* has a determined investment period, e.g. sanctions in case of premature withdrawal, which are not clearly indicated;

* utilizes multiple variables or complex mathematical formulas to calculate the return on the investment;

*includes guarantees or fund protection which apply under conditions or are partial or which may be revoked subject to the occurrence of specific events.

The specific products presented below are examples of products that must be considered complex: securities originating from securitization, types of bonds such as convertible or subordinated

bonds, certificates, contracts for differences (CFDs), credit linked bonds, structured financial products, warrants, some exchange traded funds (ETFs) with the aforementioned characteristics.

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V.2. Basic Risks involved in investment in complex products:

(a) Liquidity risk: Liquidity risk is defined as the risk that you may not be able to easily liquidate the product before its maturity if needed. If the product has not liquidity, it is very possible that the investor may be obliged to sell the product at a price significantly lower than the indicative market price (losing, thus, money) or may not be able to sell it at all.

(b) Leverage Risk: The term "leverage" is used to describe methods or strategies for the multiplication of the possible profit or loss, e.g. by borrowing money or use of products such as derivatives. An investment in leveraged products may potentially achieve better returns, but it may as easily multiply the losses.

(c) Market Risk: The market risk is the daily risk of losses resulting from the fluctuations of the market prices. Complex products may be exposed to various market risks, since they are often designed for investment in different markets of underlying instruments (e.g. shares, interest rates, currency exchange rates, commodities).

(d) Credit Risk: Credit risk is the Risk of the issuer of the product or a company with which the issuer transacts goes bankrupt and, thus, the issuer is not able to perform its contractual obligations for repaying the investment.
Credit Rating
Some F.I. are rated by credit rating agencies. In order to invest in such a rated product, you should be sure that you understand the meaning of such ratings. A low rating would indicate that there is greater risk of bankruptcy of the issuer and, thus, higher risk of not recovering the money you invested. A high rating would indicate less probability of the issuer going bankrupt. However, it does not necessarily mean that the investment will have the expected return. You should also be aware that the rating of an issuer may change during the life of the product.

(e) Complex Structure Cost: Complex structures in a product may mean that the product has higher costs because you pay for the underlying characteristics of the product. In addition, fees and commissions are usually integrated in the product structure and, thus, they are not immediately apparent.

VI. Special risks for Financial Instruments that are subject to a possible resolution regime

VI.1. Introduction
Resolution authorities may, among others, exercise and implement powers and the resolution tools over failing credit or other institutions foreseen in the relevant legislation.

As an alternative to government bail-out, the resolution of failing credit institutions is subject to a new approach, which may have significant consequences for the investors, since it may affect the Financial Instruments issued by the credit institution (e.g. shares, bonds, etc.) that are not secured

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by sufficient assets or other guarantees or are not subject to special protection. Consequently, investors that have invested in the said Financial Instruments issued by failing institutions and entities may suffer total or partial loss and damage to their investments under resolution, since they will not be able to hope for a government bail-out of failing credit institutions.

VI.2. Financial Instruments subject to a resolution regime

The Financial Instruments that are subject to a resolution regime are all unsecured Financial Instruments by an institution or an entity. The following are included, without limitation, to this definition:

a) credit institutions and investment firms established in the European Union (EU);

b) financing institutions established in the EU, when the financing institution is a subsidiary of a credit institution or an investment firm;

c) financial holding companies, mixed financial holding companies and mixed holding companies that are established in the EU;

d) parent financing holding companies established in one member-state, parent financing holding companies established in the EU, parent mixed financial holding companies established in one member-state, parent mixed financial holding companies established in the EU.

Financial Instruments means the unsecured Financial Instruments issued by the aforementioned institutions and entities and which are subject to MiFID, such as, without limitation, shares, bonds, etc.

VI.3. Related Risks

In view of the foregoing, some of the risks specifically related to Financial Instruments that may be subject to a resolution regime and the distribution thereof to clients, are the following:

(a) Credit Risk/Counterparty Risk: This risk that is linked to the solvency of the credit institution, may be augmented by a possible lack of clear indications regarding the time the resolution authority will intervene and the inability of the investors to understand the regime and the operation of the resolution, as well as the risk of losing the investment, in particular in relation to the risk of loss of the investment under insolvency conditions outside the context of resolution.

(b) Liquidity Risk: The lack of protection through government bail-outs and the possibility of subjecting the specific Financial Instruments to a resolution regime, renders them more vulnerable under conditions of market pressure. In addition, if no sufficient liquidity secondary market exists for the said Financial Instruments, it will be even more difficult for investors to ascertain and respond to the various indications that may be shown by the credit institutions regarding their financial situation.

(c) Concentration Risk: The fact that the specific financial products are distributed by the credit institutions / the investment firms (having manufactured them) to a large extent to their customers ("self-placement") may augment the risk of insufficient spread of the investment portfolios of such

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type of products.

VI.4. Possible impacts on the investors

The impacts on the investors in case of implementation of the resolution are significantly dependent on their ranking in the creditors ranking list, which may have been changed due to the provision for priority to depositors. For example, in case of investment in subordinated bonds, it is possible, depending on the resolution measure that may be implemented or if the cancellation and conversion of the investment bonds/securities occurs, that the investors are treated less favourably than holders of senior securities. Moreover, holders of unsecured Financial Instruments will be treated less favourably than the depositors, whose deposits are eligible for protection under the deposits guarantee scheme.

Besides, the extent of a possible loss of an investor depends significantly on the amount and the percentage of claims ranked in the same or worse position compared to the position in which his claim is ranked. In particular, in case of subjection to resolution:

a) The invested amount and/or any amount owed may be nullified or the security may be converted into common stock or other holding securities to stabilize or absorb the losses.

b) Any transfer of assets to an intermediate institution or in the context of sale of activities may limit the ability of the institution to fulfill its payment obligations.

c) The maturity of the Financial Instruments or the interest rate thereof may be changed, and payments may be suspended for a specified time period.

d) The liquidity of the secondary market of any unsecured securities may be vulnerable to fluctuations in the Financial Instruments markets.

e) The existing liquidity mechanisms (e.g. repurchase contracts with the issuer – institution) may not be able to protect the investors against the necessary liquidation of the said instruments against an amount significantly lower than the original investment amount, in case of financial difficulties of the issuer.

f) Creditors are entitled to compensation, provided that their treatment during resolution is less favourable than their treatment under bankruptcy procedures pursuant to the general provisions. The compensation payments, if any, may be significantly delayed compared to the contractually foreseen payment deadlines (similarly to delays in the recovery of the value in cases of insolvency).

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