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INTRODUCTION

This notice is a general description of the nature and risks of financial instruments associated with the investment and ancillary services that Hemafinance Bank may provide to its professional clients and eligible counterparties. This notice cannot disclose all the risks associated with financial instruments. You should refrain from entering into any of these investments unless you understand their nature and the extent of your exposure to risk and potential loss. These risk warnings should be taken into account when deciding whether or not to transact with Hemafinance Bank in relation to the relevant products or transactions (for the purposes of this notice, referred to as “**digital assets**”, “**financial products**”, “**financial instruments**”, “**investments**” or “**products**” interchangeably).

You should also go through any relevant documentation which may highlight a non-exhaustive set of other risks that are specific to a particular financial instrument or service. You should not rely on the risks within this notice as being the only risks in relation to a financial instrument or service. You should refrain from entering into any such transactions unless you fully understand all such risks and have independently determined that the transaction is appropriate for you.

Any evaluation of transactions should be made only after seeking advice from independent professional accounting, financial, investment, legal, regulatory, tax and other advisors; Hemafinance Bank is not your advisor.

This notice is provided by Hemafinance Bank and is supplementary to the Terms of Business which you may receive from time to time from Hemafinance Bank. This notice may be amended by Hemafinance Bank from time to time. By providing any trading instructions to us after receipt of this notice, you will be taken to have acknowledged and you accept that it has been properly notified by Hemafinance Bank with respect to the risks listed herein and you acknowledge and accept that any one or more of these risks could lead to loss which could, in certain circumstances, exceed your initial **investments** and **capital**.

GENERAL

There are some risks that will apply generally to any investment. The value of investments and the income from them may fluctuate and go down as well as up. There is no guarantee that you will get back the amount initially invested. The value of investments may be affected by a variety of factors, including economic and political developments, interest rates and foreign exchange rates, as well as issuer-specific events.

Past performance is not a guide to future performance. Investments denominated in currencies other than your base currency carry the risk of exchange-rate movements. A movement in exchange rates may have a separate effect, unfavorable as well as favorable, on your gains and losses. Hedging techniques may, in certain circumstances, be limited or not be successful.

The market for some investments may be restricted or illiquid. There may be no readily available market and from time to time there may be difficulty in dealing in such investments or obtaining reliable information about the value and extent of risks associated with such investments. The insolvency or any institution, including Hemafinance Bank, acting as a party to a contract in a financial product (or otherwise providing a service) may expose you to financial loss.

Certain investments may need third parties to act in relation to investments traded or held by you (e.g. custodians, settlement agents, exchanges). Your investments may be at risk in the event of failure and/or fraud in respect of one of these third parties.

FINANCIAL INSTRUMENTS AND PRODUCTS

EQUITY SECURITIES

Buying equity securities (the most common form of which are shares) will mean that you will become a member of the issuer company and participate fully in its economic risk. Holding equity securities will generally entitle you to receive any dividend distributed each year (if any) out of the issuer's profits made during the reference period.

The risks associated with dealing in shares may involve, but not be limited to, the following:

- In the event of insolvency of the issuer, your claims for recovery of your equity investment in the issuer will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the issuer. If the issuer company went bankrupt, all sums invested could be lost.
- The dividend per share will depend on the earnings and dividend policy of the issuer company. If the company does not make any profits or losses money, dividend payments may be reduced or not made at all.
- If you buy equity securities you will be exposed to both the specific risks associated with individual securities held (and the financial soundness of their issuers), as well as the systemic risks of the equity securities markets. Share prices may fluctuate causing risk of loss.
- Shares may be difficult to sell and prove to be illiquid at certain points in time.
- There is a risk that an issuer may issue more of its shares and thereby potentially reducing the value of a holding and put downward pressure on the amount of dividends per share.

DERIVATIVES

A derivative is a contract entered into between parties for the exchange of payments calculated by reference to an underlying asset, rate or index. A derivative can be traded “**over-the-counter**” (i.e. outside of an exchange or **other trading venue**) or on an exchange (“**exchange-traded**”).

In general, derivatives involve the following risks:

- Market Risks.
- Counterparty Credit Risks.
- Loss of Investment.
- Contingent Liabilities.
- Unlimited Loss.

- Leverage Risks.
- Legal Risks.
- Collateral Risks.
- Basis Risks.
- Early Termination.
- Basis Risk.
- Liquidity Risks.
- Risks of Adjustment and Clearing Risks.

WARRANTS

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities.

A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavorable or favorable, in the price of the warrant.

The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale then the investment becomes worthless.

You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

FUTURES

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The '**gearing**' or '**leverage**' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

FUTURES AND OPTIONS CONTRACTS

Futures and options contracts can also be referred to as contracts for differences. These can be options and futures on the **FTSE 100 Index** or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option and you should be aware of these as set out above.

OFF-EXCHANGE TRANSACTIONS IN DERIVATIVES

A particular derivative may be arranged as an off-exchange derivative transaction. While some off-exchange markets are highly liquid, transactions in off-exchange or '**non-transferable**' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the

value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

BONDS

Bonds are negotiable debt instruments issued in bearer or registered form by a company, a government body or other entity to creditors, whose par value at issuance usually represents a fraction of the total amount of the debt. The duration of the debt as well as the terms and conditions of repayment are determined in advance. Unless stipulated otherwise, the bond is repaid either at the maturity date, or by means of scheduled payments, or at different rates determined by drawing lots. The interest payments on bonds may be either;

- fixed for the entire duration or
- variable and often linked to reference rates. The purchaser of a bond (the creditor) has a claim against the issuer (the debtor).

In addition to the risks outlined in “**Debt Instruments**” above, investments in bonds may involve risks including, but not limited to, the following:

- Insolvency Risks.
- Disinvestment Risks.
- Early Redemption Risks.
- Credit Risks.
- Tax Call Risks.
- Risk Relating to Market Conditions.
- Termination of Listing and Risks Specific to Certain Types of Bond.

STRUCTURED PRODUCTS

Structured products provide economic exposure to a wide range of underlying asset classes, generally taking the form of a debt obligation embedding a derivative. The level of income or capital growth derived from a structured product is usually linked to the performance of the relevant underlying asset(s).

The range of products may include those where the return is linked to an index or indices, a basket of securities or other specified factors which relate to one or more of the following: **equity** or **debt** securities, **interest rates**, **currency exchange rates**, **commodities**, **depository receipts**, **shares in ETF's**, **interests in mutual funds**, **warrants** or **dividend futures contracts**.

The potential return from the structured product may be different to that which may be achieved as compared to directly holding the underlying asset.

CURRENCY RISKS

In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a foreign currency, a movement in exchange rates may have a favorable or an unfavorable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency will negatively affect the value of an investment denominated in that currency.

Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading.

Where a financial instrument or service (a “**bundled product**”) is composed of two or more different financial instruments or services, the associated risks may be affected by the interaction between the different components. As a result, the risk profile of the bundled product may be greater than that of the individual components.

For example, the different components of the following may interact to affect the overall risk profile of the bundled product:

- Products Embedding a Derivative.
- Products which have Derivatives as Underliers.

The list of bundled products set out above is non-exhaustive. Where an instrument is a bundled product, we may provide additional risk disclosures to the extent required under applicable rules.

This may include providing an adequate description of the legal nature of the financial instrument, the components of that instrument and the way in which the interaction between the components affects the risks of the investment. You should not deal in any bundled product unless you understand its nature and the extent of your exposure to risk and potential loss.

EMERGING MARKETS

GENERAL

You should be aware that there are significant additional risks in investments in an emerging market, such as markets in the **Middle East, Africa**, parts of **Asia and Eastern Europe** and the **Russian Federation** which are not typically associated with well-developed markets.

Such investments should be considered as highly speculative, involve a high degree of risk and may result in the loss of the entire investment. Generally, any investment in an emerging market is only suitable for sophisticated investors who fully understand and appreciate the risks involved.

Accordingly, you should exercise particular care in evaluating the risks involved and must decide for yourself whether, in the light of those risks, investment is appropriate.

These risks set out are not intended to be exhaustive and there may be other risk factors which you should take into account in relation to a particular investment.

POLITICAL RISKS

Factors such as external or internal conflicts, coups and racial and national tensions create political instability in emerging markets. Political instability can significantly influence any investment.

Furthermore, changes in the political scene may have an impact on the ability to repatriate capital, dividends and profits earned and generally on investment and investment ownership rights. In many emerging markets it is not possible to say whether political reforms aimed at creating a multi-party democracy and transition from a centrally planned economy to a market economy will be successful. There is the possibility that these goals could be disrupted or even reversed due to political, social, economic, ethnic or religious instability.

ECONOMIC RISKS

The underlying economic infrastructure of many emerging market is significantly less developed than in more mature economies and many emerging markets suffer from major macroeconomic problems including hyperinflation, public deficits, unemployment, overdependence on the performance of one or more particular sector(s) (such as commodity markets), volatile interest rates, shortages of basic raw materials and increased levels of poverty.

Economic policies and reforms may be taken for reasons other than long term macroeconomic development and stability. Economic policies and reforms may fail, creating a challenging macroeconomic environment for issuers of any securities and prolonged periods of severe economic disruption potentially also leading to total economic collapse.

INVESTMENT RISKS

Settlement Procedures and Ownership Risks - the capital markets in many emerging markets, and the institutions on which they depend, are undeveloped. Therefore, the procedures for settlement, clearing and registration of security transactions can give rise to technical and practical problems. In the worst cases this could lead to disputes over title to securities. In other cases, inefficient systems may result in delayed payments.

Risks may also arise in relation to local custody arrangements; the provision of custody services is a relatively novel practice, and the controls put in place in more mature markets may not be available. In addition, the country-specific law of many emerging markets (particularly those countries whose legal systems are based on European civil law systems) generally do not recognize the distinction between legal and beneficial ownership with the consequence that nominee arrangements cannot be guaranteed to be effective. This can have significant adverse tax implications for you because of uncertainty as to the tax treatment and liability to tax as between the custodian and beneficial owner.

Securities, especially equity securities, are usually registered in book-entry form only and are not evidenced by actual certificates. Title is therefore dependent on the register of stockholders being properly maintained. At worst, you could lose the value of your investment because your interest in securities has not been correctly registered or has been removed, or the register itself has been lost or destroyed.

In addition, you may have to make payment on a purchase or delivery on a sale before receipt of securities or, as the case may be, sale proceeds. In some emerging markets there is a requirement for each investor to have a unique investor number or identifier. We may require you to provide us with your investor number or identifier at the time you place an order with us and any failure or delay in doing so may result in your order not being placed or not being executed in accordance with your instructions.

Repatriation of Funds - the laws of certain emerging markets can in some cases prohibit the repatriation of funds invested therein. Therefore, there can be no guarantee that all such funds will be capable of being remitted to the Counterparty. Although certain emerging markets have specific legislation which currently provides assurances of the rights of foreign investors to remit profits and dividends from their Investments, such rights may be subject to restrictions. The legislation of emerging markets may change or be reinterpreted to prevent repatriation.

Corporate Actions - there is no centralized source of disclosure of corporate actions in many emerging markets. The obligation to disclose may solely be limited to press announcements. Legislation governing corporate actions may be different from that in more developed countries. We will bear no responsibility or liability for failure on our behalf to locate or identify such relevant events.

Exchange Rates and Controls - securities of issuers based in emerging markets are, with few exceptions, denominated in foreign currency which may not be externally convertible into other currencies, although, subject to restrictions, certain such currencies are convertible within their own country of origin. The value of investments measured in **USD** or in other hard currency such as the Euro can fluctuate significantly due to volatile exchange rates and high inflation.

ADDITIONAL RISKS

SUSPENSION OF TRADING

Under certain trading conditions it may be difficult or impossible to liquidate a position.

This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

SECURITIES LENDING AND REPURCHASE TRANSACTIONS

Securities lending and repurchase transactions may affect your tax position and you should consult a tax advisor before proceeding. Securities lending involves one party providing legal title to the relevant security for a limited period of time, in exchange for legal ownerships of collateral. A repurchase transaction involves the sale of securities alongside an agreement for the seller to buy back the securities at a specified price and time.

As a result of lending securities or entering into a repurchase transaction, you will cease to be the owner of the relevant securities as in each case, the transaction involves the transfer by one party of title to securities to the other party, although you will have the right to reacquire at a future date equivalent securities (or in certain circumstances their cash value or the proceeds of redemption). However, except to the extent that you have received collateral, your right to the return of the securities is subject to the risk of insolvency or other non-performance by the borrower.

These types of transactions also entail operational risks such as the non-settlement or delay in settlement of instructions. Since you are not the owner during the period securities are lent out, you will have not voting rights nor will you directly receive dividends or other corporate actions although you will normally

be entitled to a payment from the borrower equivalent to the dividend you would otherwise have received and the borrower will be required to account for you for the benefit of corporate actions. Full details will be contained in any securities lending or repurchase agreement you enter into and the above description is subject to the terms of any such document.

BRRD - BANK RECOVERY AND RESOLUTION DIRECTIVE

The BRRD aims to reduce threats to financial stability by establishing a framework for the recovery and resolution of EEA credit institutions and investment firms (and, in due course UK credit institutions and investment firms by virtue of on-shored BRRD). The BRRD gives “**resolution authorities**” the power to rescue failing European financial institutions by using a bail-in tool that involves either the cancellation of the liabilities (typically unsecured) of the failing entity, in whole or in part, or the conversion of such liabilities into another security, including ordinary shares of the surviving entity (if any).

The BRRD resolution regime (in particular, the exercise of the bail-in tool) could cause you to lose some or all of any investment in financial instruments issued by EEA entities in scope of the BRRD (which would include EEA credit institutions, certain EEA investment firms and potentially other entities within the group). The terms and rights associated with such financial instruments (e.g. date of maturity or interest rate payable) may be varied or payments suspended, or the instruments may be converted into ordinary shares or other instruments of ownership, which have different risks or rights associated with them.

Your investment in such instruments issued by an institution that is subject to the **BRRD** resolution regime may therefore be written down to zero and you will lose the entire capital you have invested in that instrument or security. Even when you have not invested directly into such instruments, where you have invested into instruments which are exposed to such “in-scope” instruments, where such underlying instruments are subject to “**bail-in**”, there may be an adverse impact to the value and return of your investments. The exercise of the “**bail-in**” and other powers under the BRRD resolution regime may not constitute an event of default under the terms of your investments and you will have limited recourse to challenge the use of such measures.

PROPRIETARY INDICES

The following list contains certain risk factors associated with an investment in a financial instrument linked to one or more Hemafinance Bank proprietary indices for which Hemafinance Bank is the Index Administrator. E-Finance Bank has endeavored to cover what it perceives to be the key risks, but there may be additional risks in general or risks specific to a particular investor which are not included below. Any investor must make an independent assessment of the appropriateness of any transaction in light of their own objectives and circumstances including the potential risks and benefits of entering into such a transaction. If you are in any doubt about any of the contents below, you should obtain independent professional advice.

Return - There is no assurance as to the return of the Index, which may not reflect past performance. The level of the Index (the “**Index Level**”) may go down as well as up, depending on the performance of the constituents of the Index (the “**Components**”) and the weighting strategy that the Index implements. The weighting strategy may not be successful or may not be as successful as other strategies employing the same or a similar strategy implemented in a different way. The performance of the Index could be

significantly less than the performance of alternative indices and benchmarks with similar risk characteristics.

The Index Level (or any Component thereof) may fall to zero and investors in financial products linked to the Index could lose their entire investment. Unless the relevant Index manual specifies that the Index is floored at zero, then the value of such Index (or any Component thereof) may fall below zero and have a negative value, in which case an investment linked to such Index may incur losses that exceed such investment's notional amount. The Index is composed of a number of Components and is intended to offer a return which may be replicated by an investment in the corresponding assets or instruments, weighted appropriately. However, the Index Level is calculated according to an algorithm as set out in the relevant Index manual and is not the same as holding the portfolio of Components. Unless otherwise indicated in the relevant Index manual, there is no active management of the Index.

The Index will be rebalanced according to an algorithm on the relevant rebalancing days, whereas an actively managed investment may respond more immediately or directly to market, political, financial or other factors, and potentially more effectively than the Index.

There may be significant differences between the return of the Index and the return from an actual holding of the Components. Such differences may arise from, amongst other reasons, the impact notional fees and costs embedded in the Index, from the treatment of any income earned from such Components (e.g. dividends) and from the way that the Components are valued and notionally traded. In the event that there is an increase in investments seeking to capture a similar objective to that of an Index, or a change in market structure, this may negatively affect the Index.

In such circumstances, the features or rationale that the Index is seeking to capture may cease to exist or change; and this may lead to a negative performance of the Index. Investors should be familiar with indices and financial instruments in general. The Index may embed leverage, as described in the Index manual. Any such leverage will result in the magnification of the performance of the Index, as well as any costs deducted from the Index, and consequently, the loss associated with any financial product linked to the Index can be substantial.

Components – Multiple Components, Correlation between Components, Weighing of Components, Short Exposure of a Component, Reliance on External Sources.

NO INVESTIGATION

Neither the Index Administrator nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Component, including with respect to any publicly-available information that is disclosed in these Risk Factors or the relevant Index manual with respect to any Component. Consequently, there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any financial instrument linked to the Index.

FEES AND COST

The Index Level will include notional fees and - or costs (which may be referred to as a notional cost, fee, charge, spread or similar term) as described in the relevant Index manual.

Unless otherwise specified in the Index manual, the impact of such fees and - or costs will be to reduce the Index Level. As a consequence, the Index will underperform a hypothetical investment portfolio of the same Components from which no such fees and - or costs are deducted. If the Index represents a leveraged exposure to the Components, the impact of the fees and - or costs will be magnified accordingly.

Due to market conditions (such as Index disruption), the Index Calculation Agent may determine to increase the costs that are deducted from the Index. Any such increase must be determined in accordance with the policies and procedures of the Index Calculation Agent, including under the supervision of the Oversight Committee, but without any specific limitation on the amount and duration of such increase. It is likely that the performance of the Index will be adversely affected by any such increase in costs.

CONFLICTS OF INTEREST

Discretion - The Index Calculation Agent may exercise a degree of discretion or expert judgement in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Discretion will be exercised in a commercially reasonable manner, but it may have an adverse effect on the Index.

In making determinations or using expert judgment, the Index Calculation Agent will not take into account the interests of any investors in financial products linked to the Index and will not consider the effect its determinations or expert judgement may have on the value of any such investment. All determinations shall be at the Index Calculation Agent's sole discretion and shall be conclusive for all purposes and shall bind all investors in any investments linked to the Index.

Hemafinance Bank may act as the Index Calculation Agent in respect of one or more Components of an Index and accordingly, may exercise direction or expert judgment in making certain determinations or calculations with respect to any such Component.

The exercise by the Index Calculation Agent of any such discretion or expert judgement with respect to a Component may have an adverse effect on the Index. In performing its role as index calculation agent of a Component, the Index Calculation Agent will not take into account any impact that its determinations will have on the Index.

Neither Index Calculation Agent nor the Index Administrator owes any fiduciary duties with respect to an Index or a Component.

Hedging - Hemafinance Bank may hedge its obligations under investments linked to the Index, including by trading the Components or other instruments linked thereto. Such hedging activity could affect the value of the Components and therefore the Index Level.

Investors have no rights in any of Hemafinance Bank's hedge positions. Hemafinance Bank's hedging activity may generate revenues that are not passed onto investors in financial products linked to an Index.

Hemafinance Bank will effect its hedging activities without consideration of whether these may negatively affect the value of any investment linked to the Index.

Trading activities - Hemafinance Bank is engaged in a range of activities that could affect the Index Level or the level or value (as applicable) of any Component.

Hemafinance Bank may engage in trading the Components or other instruments linked to the Components of the Index for its own account or for other customers. Such activity may adversely affect the Index Level. Hemafinance Bank may receive substantial returns from its trading activities, including in circumstances where the value of an investor's investment relating to the Index declines.

Information - Hemafinance Bank may have access to information relating to a Component, investments linked thereto and the Index, in each case which it is not obliged to use for the benefit of any person investing in any financial products linked to the Index.

Hemafinance Bank may publish research or express opinions or provide recommendations that are inconsistent with investing in products linked to the Index and which could negatively affect the performance of the Index.

Internal Marks and Internal Models - If indicated in the relevant Index manual that the Index references certain input data generated by Hemafinance Bank, rather than being sourced from regulated markets or exchanges or being based exclusively on executable quotes (“**Internal Marks**”) or if indicated in the relevant Index manual, the Index uses internal models (“**Internal Models**”) to generate levels or prices used as inputs for certain parts of the calculation of the Index then Hemafinance Bank may not, and is not required to, consider the Index either in its calculation of such Internal Marks or Internal Models or policies related thereto (including any changes to such calculations or models).

Hemafinance Bank shall have no liability for any effect that any Internal Marks or Internal Models (including, in each case, any changes thereto) may have on an Index.

Commodity Indices - If any of the Components is a Commodity Index, then investor should be familiar with investments in commodity markets, financial instruments and indices in general. Commodity markets can be highly volatile.

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