EuroTime Bank

RISK WARNING DISCLOSURE

PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES

RISK WARNING DISCLOSURE

INTRODUCTION:

This notice aims to provide a high-level summary of the features and perils of financial instruments that EuroTime Bank-ETB could offer to its eligible counterparts and professional clients. However, it is essential to recognise that this disclosure cannot address every conceivable risk that may emerge from the use of these instruments.

We urge you to seek the advice of impartial professionals, such as accounting, financial, investment, legal, regulatory, tax, and other advisors, before making any decisions concerning transactions. Please be aware that EuroTime Bank is not acting in the capacity of your advisor.

EuroTime Bank-ETB is issuing this notice as an addendum to the periodically provided Terms of Business. Please note that EuroTime Bank-ETB may revise this notice at its discretion. By issuing any trading instructions subsequent to receiving this notice, you are acknowledging that you have received and understood the risks outlined herein, and that you accept that one or more of these risks could potentially result in losses exceeding your initial investments and capital.

2. RISK WARNINGS

2.1 The varying types of instruments carry differing levels of risk, which may not align with your individual circumstances or risk tolerance. It is important to acknowledge that this Risk Warning Disclosure may not encompass all potential risks and significant factors associated with the financial instruments that we may handle on your behalf.

Prior to granting us permission to trade any of the instruments detailed below, it is imperative that you have a comprehensive understanding of their characteristics and the potential risks involved in relation to your investment. Only once you are satisfied with this information should you proceed with authorising us to engage in such transactions.

2.2 As a Professional Client, you are presumed to possess the necessary expertise, experience, and knowledge to comprehend the risks associated with making decisions related to your investment. It is expected that you have the requisite skillset to fully understand the complexities involved.

2.3 We have compiled a list of financial instruments that we may potentially trade on your behalf under our discretionary investment management agreement. Our aim is to aid your decision-making process by providing a brief summary of each instrument and highlighting the inherent risks associated with certain products that may be considered high risk.

3. FINANCIAL INSTRUMENTS

3.1: We are authorised to execute transactions on your behalf pertaining to a diverse range of investment products. To provide you with a comprehensive understanding of these products, we have included a concise overview of each below.

3.2 Shares:

A share, also known as equity, is the right which a member of a company has to have a certain proportion of the capital in that company. When a share is purchased, the investor becomes a part-owner or shareholder in the company. Most companies are limited by shares, thus an investor's liability is limited to the amount paid for (or owing on) the shares should the company fail or become insolvent. Many shares are traded on recognised exchanges such as the main market of the European Stock Exchange or AIM. The price of a share can go up or down, in line with market conditions and an investor may therefore lose their capital. The performance of a share may be influenced by a number of factors some of which are outside the control of the company issuing the shares. Such risk factors may include the financial performance and prospects of the company, the performance and prospects for the industry in which the company operates, and general financial and stock market conditions, particularly in the jurisdiction(s) where the company operates or is listed.

There are different classes of shares, including ordinary shares, preference shares and deferred shares. The rights attaching to each class of share depends on the provisions of the memorandum and articles of association, or on the special resolutions of the company in question. The common classes of shares are ordinary shares which have no guaranteed amount of dividend but carry voting rights, and preference shares, the holders of which receive dividends (and/or repayments of capital on winding up of the bank) in priority to the holders of ordinary shares but have no voting rights.

Shares that are listed on stock exchanges are known as "quoted" shares(unlisted

shares), and their prices are subject to fluctuations based on market conditions, meaning that their values may go down or up. On the other hand, investing in unlisted shares or shares of small companies involves an additional risk of losing money due to their illiquid nature when bought and sold.

For example, purchasing and selling unlisted shares is more difficult than with quoted shares as the market is smaller and there are often restrictions on the transferring of unlisted shares.

3.3 Bonds and certificates of deposit:

A bond is a loan to a company. It is a debt security in which the authorised issuer (equivalent to the borrower) owes the bond holder (equivalent to the lender) a debt. The issuer is obliged to repay the bond holder the principal at the maturity date and interest at intervals throughout the life of the bond. Certificates of deposit ("CDs") are negotiable instruments evidencing a deposit with a bank and have similar features to bonds. Consequently the bond/certificate holder is taking a credit risk on the issuer.

After maturity, the bond/CD is redeemed and the issuer has no more obligations to the bond/certificate holders. The maturity can be any length of time, and bonds typically have a term of up to 30 years. An exception to this are perpetuals (bonds with no maturity). By market convention, CDs are normally referred to as short-term marketable instruments and have a maturity of up to five years. There is however no reason in principle why longer maturity CDs cannot be issued. The coupon or interest is usually at a fixed rate throughout the life of the bond/CD, although it can also vary with a money market index.

The interest rate that the bond/certificate holder receives is influenced by a variety of factors, such as current market interest rates, the length of the term and the credit worthiness of the issuer. These factors are likely to change over time, so the market value of the bond can vary after it is issued. As a result of these differences in market value, bonds are priced as a percentage of their "par" value. As such, the prices of bonds can rise to above par value (in which case you will be trading at a premium) or fall below par value (equivalent to trading at a discount).

Bonds can be bought and sold in the market and their price can vary from day to day. A rise or fall in the market price of a bond does not affect what you will receive if you hold the bond until it matures. You would only receive the par value of the bond (plus any coupon payment to which you have been entitled during your ownership of the

bond), irrespective of what you paid for it.

3.4 Units (collective investment schemes):

Units are rights or interests in this context . In a collective investment scheme, participants buy shares that represent their ownership of a portion of the scheme's assets. The value of these shares will typically increase or decrease based on the performance of the underlying assets.

One of the main advantages of collective investment is the reduction in investment risk. Collective investments by their nature tend to invest in a range of individual securities and consequently, the capital risk is reduced. However, if the securities are all in a similar type of asset class or market sector then there is a systematic risk that all the securities could be affected by adverse market changes. To minimise or avoid systematic risk, investment managers may diversify into different non- perfectly-correlated asset classes. The other advantage of collective investment is that it can reduce the dealing cost - pooling money with that of other investors gives the advantage of buying in bulk, making dealing costs an insignificant part of the investment.

However, there are costs involved in collective investment schemes. It is usual for the fund manager managing the investment decisions on behalf of the investors to expect remuneration. This usually takes the form of an up-front fee or initial charge, and an annual fee taken periodically and which is based on a percentage of the value of the fund. Both charges are included in the price of units or shares of the funds. Sometimes a performance (variable) fee may be charged as well as or instead of the annual fee.

You should be aware that with this type of investment, although you can choose the type of fund to invest in, you have no control over the choice of individual holdings that make up the fund. A further feature of collective investment schemes is that, as an investor, you will usually have none of the rights that someone investing directly in the assets underlying the fund would enjoy (for example, discounts on the company's products and the right to attend the company's annual general meeting and vote on important matters).

Some collective investment schemes are open ended i.e. they have variable capital and are priced and dealt on a regular basis at a net asset value. Others are closed ended i.e. their capital is fixed. These collective investment schemes are frequently referred to as Investment Trusts and are traded on stock exchanges where the price

is dependent on demand. Consequently they may trade at a premium or discount to their net asset value.

The value of an investment in a collective investment product is determined by the value of the underlying investment made by the product's managers. Hence any income received from investing in a collective investment scheme may vary with the dividends or interest paid by the underlying investments and so could fall as well as rise. In the case of open ended funds, such as hedge funds, there may be limits to the ability to redeem units and such funds may also engage in shorting or leveraging techniques. Collective investment products that focus on a country, sector or market index may display greater volatility than the wider market and so should be considered as higher risk than more widely invested collective investment products. It may not be possible to trade units or shares in collective investment products if there is no liquid market.

3.9 Asset Backed Securities and Structured Products:

Asset Backed Securities and Structured Products are typically investments that entitle the holders to receive payments that depend primarily on the cash flow from a specified pool of assets, that by their terms convert into cash within a finite time period, together with rights or other assets designated to assure the servicing or timely distribution of proceeds to holders of the Asset Backed Securities or Structured Products.

The term 'Structured Product' may cover a number of different product types with different features which vary in complexity. It is important that you understand the risk profile of a particular Structured Product, as it may vary. Asset Backed Securities and Structured Products generally are created by the transfer of assets and/or collateral to a special purpose vehicle (which may be a trust, limited liability company, corporation or other entity), which becomes the issuer of the Asset Backed Securities and Structured Products. The sponsor or originator usually establishes the special purpose vehicle as an entity outside of its corporate structure (often referred to as an “orphan entity”). Thus, in case of default, there is usually no recourse against the originator's other assets. The special purpose entity may issue securities in the form of debt secured by the underlying assets or securities in the form of ownership interests in the underlying assets. With certain types of Asset Backed Securities and Structured Products, primarily securitisation, a servicer (often the originator) is responsible for collecting the cash flow generated by the underlying assets and

distributing such cash flow to security holders in accordance with the terms of the issued securities. In certain transactions a party unrelated to the originator will perform these functions.

The structure of Asset Backed Securities and Structured Products and the terms of the security holders' interest in the underlying assets may vary widely depending on the type of collateral, whether the collateral is fixed or revolving, the tax, accounting or regulatory treatment desired by the originator, investor preferences, and the use of credit enhancement including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the Asset Backed Securities and Structured Products and the return to holders in such Asset Backed Securities and Structured Products.

Asset Backed Securities and Structured Products are often subject to extension and prepayment risks which may have a substantial impact on the timing of their cashflows. The average life of each individual security may be affected by a large number of factors such as structural features (including the existence and frequency of exercise of any optional redemption, mandatory redemption or prepayment or sinking fund features), the payment or the prepayment rate of the underlying assets, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets. As a result, no assurance can be made as to the exact timing of cashflows from the portfolio or on the notes. This uncertainty may substantially affect the returns on each class of notes.

3.13 Distressed Debt:

Distressed debt describes debt issued by companies that are already in default, are in distress or are heading toward such condition. Historically, distressed debt has traded at discounts to a rational assessment of their risk-adjusted value for a number of reasons. For example, banks or institutional investors often have constraints that prevent them from investing in such circumstances. In some circumstances this has led to above average returns (adjusted for risk) for investors in this asset class.

When companies enter a period of financial distress, the original holders often sell the debt to a new set of buyers. Investors in distressed securities often try to influence the process by which the issuer restructures its debt, narrows its focus, or implements a plan to turnaround its operations. Investors may also invest new money into a

distressed company in the form of debt or equity. Investors in distressed securities typically must make an assessment not only of the issuer's ability to improve its operations but also whether the restructuring process (which frequently requires court supervision) might benefit one class of securities more than another.

3.17 Private Debt:

Due to the unique and customised nature of the documentation evidencing private debt assets and the private syndication thereof, these assets are not as easily purchased or sold as liquid publicly traded securities. Although the range of investors in private debt has broadened in recent years, there can be no assurance that future levels of supply and demand for the asset will provide the degree of liquidity which currently exists in the market. Credit risk affects liquidity which may be reduced further if the asset is impaired. In addition, the terms of these assets may restrict their transferability without borrower consent. We will consider any such restriction, along with all other factors, in determining whether or not to acquire participation in each asset.

Private debt assets are subject to unique risks, including the possible invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Further, where exposure to these assets is gained by purchase of Sub-Participations there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the sub-participant for monies received in respect of assets directly held by it. In analysing each asset or Sub-Participation, the Investment Manager will compare the relative significance of the risks against the expected benefits of the investment.

4. DERIVATIVES INSTRUMENTS:

4. A derivative is a financial instrument, the value of which is derived from the value of an underlying asset. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some mother value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

4.1 Options:

An option is a derivative contract which gives the investor the right to perform a specified transaction with the other party to the contract, but does not place an obligation on the holder to perform the transaction. The future payoffs relating to an option are determined by the price of another security.

A "call" option gives the investor the right to buy at the agreed price at any time between the date of the option and its expiry date. A "put" option gives the investor the right to sell at the agreed price between the date of the option and its expiry date. Buying options is generally less risky than selling them as a decision can be made to simply allow the option to lapse if the price of the underlying asset becomes unfavourable. The maximum loss to an investor is the premium on the option and any commission or other transaction charges. However, if a call option is bought on a futures contract and later exercised, the future will be acquired, which will in turn leave an exposure to risks associated with Futures (please see section 4.2).

Some options operate on a margined basis which carries additional risks. Margin trading means that the investor may not pay the full premium on the option at the time it was bought but the investor may be subsequently called upon to make a series of payments against the purchase price. If the market moves against an investor, they may be called on to pay substantial additional margin at short notice in addition to the margin which was paid to establish or maintain the position. If margin is not paid within the time required, the position may be liquidated and the investor will be responsible for the shortfall. Non-margined transactions may, in certain circumstances, still require the investor to make further payments in addition to the purchase price that was paid upon entering into the option contract.

Writing an option carries with it a higher level of risk than buying options as the investor may be required to provide a margin (described above) to maintain the position. The investor will ultimately risk losing a greater sum than the premium received. In addition, writing an option means accepting a legal obligation to purchase or sell the underlying asset if the option is exercised against the investor, however-much the market price has changed in relation to the exercise price. If the investor already owns the underlying asset which they have agreed to sell, the risk is reduced. If the underlying asset is not owned, the risk can be unlimited.

Examples of options include index future options, single stock options (both equity and bond), swaptions, (i.e. an option giving the investor the right but not the

obligation to engage in a swap see 4.4 for more information on risks relating to credit default swaps) over-the-counter ("OTC") equity and bond options (both including index), commodity options and currency options.

4.2 Futures:

Futures contracts are standardised contracts to buy or sell an underlying instrument or asset at a certain date in the future (the delivery date), at a specified price (the futures price). Once in place, the contract obliges the parties to buy/sell in accordance with the terms of the contract. Whilst considerable financial gains can be made on futures contracts, they carry a high degree of risk:

If the investor purchases a future to sell an investment, it is possible that the investor may suffer considerable losses should the settlement price (the price of the underlying asset on the delivery date) of the underlying instrument have risen over the pre-set futures price through potentially unforeseen circumstances. Contingent orders may be placed, such as "stop-loss" or "stop-limit" orders which will not necessarily limit losses to the intended amounts, since market conditions on the exchange where the order is placed may make it impossible to execute such orders.

Futures contracts have a contingent liability and carry margin risks. The high degree of leverage that is often obtainable in futures trading because of small margin requirements can work against as well as for the investor. In particular, an investor may be required to pay a series of payments against the purchase price instead of paying the whole purchase price immediately.

Examples of futures include index futures, bond futures, interest rate futures and commodity futures.

4.3 Warrants:

A warrant is a derivative security that gives the holder a time-limited contractual right (but not the obligation) to purchase securities from the issuer at a specific price and within a certain time frame. The securities subject to the right may be equity shares, in which case the warrants are known as equity warrants. For debt securities, the warrants are known as debt warrants.

It is important for anyone considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time. The consequence of this is that if there is a failure to exercise this right within the pre-determined time-scale then the investment will become worthless. Another risk

associated with warrants is that a relatively small movement in the price of the underlying security may result in a disproportionately large movement in the price of the warrant which may be favourable or unfavourable. The prices of warrants can therefore be volatile.

Warrants should not be purchased unless the investor is prepared to sustain a total loss of the money that has been invested plus any commission or other transaction charges.

Transactions in off-exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate a position, or to assess the value of the warrant or the exposure to risk. Bid 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 a fair price is.

4.6 Forwards:

A forward is a contract between two parties who agree that at a certain time in the future one party will deliver a pre-agreed quantity of some underlying asset (or its cash equivalent in the case of non-tradable underlying) and the other party will pay a pre-agreed amount of money for it. This amount of money is called the forward price. Once the contract is signed, the two parties are legally bound by its conditions: the time of delivery, the quantity of the underlying and the forward price. Forward contracts are instruments traded over-the-counter.

5. TRADING RISKS

5.1 Non-readily Realisable Investments:

If the investments comprise of any government or public securities, or securities that are not listed or planned to be listed on an EEA state official exchange or traded frequently on an exchange that is recognised as an investment or designated investment exchange, it is not guaranteed that market makers will be willing to trade or that sufficient information will be accessible to evaluate the current value of the investment in question.

5.2 Off-exchange Transactions in Derivatives:

It may not always be apparent whether or not a particular derivative is arranged on exchange or in 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 a fair price is.

5.3 Suspensions 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 losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

6. GENERAL RISK INVOLVED IN DEALING WITH PRODUCTS

6.1 Credit risk:

Credit risk is default risk, which refers to the risk that a borrower will fail to make the required payments on a debt obligation. It is the risk that a borrower will default on their obligations, resulting in a loss for the lender or investor. This risk can be caused by a variety of factors, including economic conditions, the creditworthiness of the borrower, and changes in interest rates or other market conditions. Financial institutions employ various strategies to mitigate credit risk. It's important to recognise that the counterparty's credit risk is strongly correlated with its likelihood of default, credit exposure, and potential recovery rate.

6.2 Market risk:

Markets can be developed in many different ways and so the price for investments in each market is dependent on several factors such as supply and demand, and other economic variables. In emerging markets social, economic and political changes can also influence these factors and as such the profitability of any investment in this market.

You should also be aware that trading conditions may differ in every market. 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.

6.3 Liquidity risk:

Liquidity risk is the risk that you will not always be able to obtain an appropriate price for your investment when you sell it. When certain securities and derivatives are impossible to sell, or can only be sold with difficulty and at a sharply reduced price, the market is said to be illiquid. Liquidity risk occurs especially with shares in unlisted or poorly capitalised companies, investments with sale restrictions and certain structured products.

6.4 Interest rate risk:

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Interest rates can go up or down and may not work in your favour. Generally, bonds and shares are exposed to this risk. When you invest in shares , it is important to be aware of this risk to enable you to take appropriate action should future interest rates not be favourable to you.

6.5 Settlement risk:

Settlement risk is the risk that one party in a financial transaction will deliver cash or securities, but the other party will fail to deliver the agreed-upon asset, leaving the delivering party with a financial loss. Settlement risk is common in cross-border transactions, where there may be time-zone differences, currency conversion issues, and differences in payment and settlement systems

6.6 Insolvency risk:

A firm's insolvency, or that of a bank involved with the transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash.

6.7 Contingent liability risk:

Contingent liability transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in future contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a

position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit.

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered into the contract.

6.8 Electronic trading:

We carry out trading of designated investments, including the investments set out in this risk warning, on an electronic trading system. Undertaking transactions on an electronic trading system carries inherent risks such as hardware and software failure. The result of a system failure may be that orders are not executed according to instructions, or is not executed at all.

6.9 Regulatory and legal risk:

The risk that a change in laws and regulations will materially impact a security and investments in a particular sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape and as such alter the profit potential of an investment. This risk is unpredictable and may vary from market to market. In emerging markets, such risk may be higher than in more developed markets. For example in emerging markets the inadequacy or absence of regulatory measures can give rise to an increased danger of market manipulation, insider trading. In addition, the absence of effective financial market supervision can affect the enforceability of legal rights.

Should you have any queries in relation to the contents of this document, you should contact Euro Time Bank Customer Relations

DISCLAIMER

Trading foreign currencies, as well as involvement with financial commodities and securities, can present a challenging and potentially profitable opportunity for investors. However, before deciding to participate in the Forex market, it is crucial to carefully consider your investment objectives, level of experience, and risk appetite. Most importantly, do not invest money you cannot afford to lose.

There is a significant exposure to risk in any foreign exchange transaction. Any transaction involving currencies carries risks, including but not limited to the potential for changing political and/or economic conditions that may substantially affect the price or liquidity of a currency. Investments in foreign exchange speculation may also be susceptible to sharp rises and falls as the relevant market values fluctuate.

The leveraged nature of Forex trading means that any market movement will have an equally proportional effect on your deposited funds. This can work both for and against you. Not only may investors get back less than they invested, but in the case of higher risk strategies, investors may lose the entirety of their investment. For this reason, when speculating in such markets, it is advisable to always seek guidance from our available online administrators for assistance with these trades.