SIB (CYPRUS) LIMITED
License Number: KEPEY 066/06
Reg. office: 2-4 Arch Makarios III Ave, Capital Center, 9th Floor, P.O.Box 21255, CY-1505, Nicosia, Cyprus
Head office: Alpha Business Center, 1st Floor, Block B, 27 Pindarou Street, CY-1060, Nicosia, Cyprus
Postal Address: P.O. Box 20934, CY-1665, Nicosia, Cyprus
Tel: +357 22 419 000 | Fax: +357 22 419 100

EQUITY WARRANTS RISK DISCLOSURE NOTICE

This Notice is intended solely to inform you about the risks associated with the equity warrants instrument (the "Instrument") described below, and to ensure that you're aware of its nature and risks so that you are able to make informed decisions. We do not intend to provide any investment, legal, financial, tax or other advice through this Notice, and you should not rely on this Notice as a recommendation to enter into the transaction with the Instrument. Nothing in this Notice amends or supersedes the express terms of the transaction with the Instrument between you and us or any related governing documentation [1].

We are acting solely as an arm's length contractual counterparty in connection with the Instrument, and not acting as your advisor, representative and/or fiduciary. Despite any communications between you and us in connection with or with respect to the transaction with the Instrument (before or after its settlement), SIB (CYPRUS) LIMITED ("SIB") neither provides any guarantees, representations or warranties, nor accepts any liability whatsoever, for any actual financial results, intentions or expectations you may have in connection with the Instrument or its conformity with any specific goals.

Notwithstanding any other provision herein, you may refer to your professional financial, legal and/or tax advisers for a full and comprehensive analysis of the economic and legal nature of the Instrument, as well as its tax and/or accounting impact.

This Notice contains five sections, and will take you through the nature of equity warrants, descriptions of the associated risks and volatility, the impediments to divestment of equity warrants, the commitments or obligations of the investor arising from a transaction, and any margin requirements, associated with transaction.

[1] In this notice,
- "we", "us" refer to SIB (CYPRUS) LIMITED;
- "you", "your" refer to each person to whom this Notice is delivered or addressed in connection with entering into, executing or agreeing upon the terms of, transactions with the Instrument and any/or of associated or affiliated companies and their directors, officers, employees and agents.

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1. NATURE OF THE PRODUCT

The following section defines what an equity warrant is, describes its key characteristics, and also the legal nature of an equity warrant.

1.1. Key characteristics

A warrant in general, 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 (the "Issuer").

An equity warrant is a certificate issued with a security giving the Investor the option of buying a stock at a certain strike price for a certain period of time. Equity warrants are the most common type of warrants.

An equity warrant can last for several years. When an equity warrant is exercised, the shares that fulfill the obligation are not received from another investor, but directly from the issuing company.

An equity warrant is exercised when the Investor informs the Issuer their intention to purchase the shares underlying the warrant. It is essential for the Investor to understand that the right to subscribe, which a warrant confers, is invariably limited in time, with the consequence that if they fail to exercise this right within the predetermined timescale, the investment becomes worthless.

If you plan on exercising an equity warrant, you must do so before the expiration date. The more time remaining until expiry, the more time for the underlying security to appreciate, which, in turn, will increase the price of the equity warrant (unless it depreciates). Therefore, the expiry date is the date on which the right to exercise ceases to exist.

A warrant's "gearing" is the way to ascertain how much more exposure you have to the underlying shares using the warrant as compared to the exposure you would have if you buy shares through the market. In certain structures warrants may involve a high degree of gearing so that a relatively small movement in the price of the underlying securities may result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of equity warrants can therefore be volatile.

You should not buy an equity warrant unless you are prepared to sustain a total loss of your investment, plus any commission or other transaction charges.

Different types of equity warrants may exist, depending on the national legal system, policies and the Issuer's needs. For equity warrants with specific characteristics, we recommend that you refrain from purchasing such securities if you do not fully understand inherent risks and consequences of risk events. We encourage you to seek professional advice whenever you lack relevant experience.

The following is a discussion of certain material risks, terms and characteristics of equity warrants. The categories used below are illustrative only, and are intended to assist you in understanding key features of equity warrants. The information below should not be viewed as a comprehensive description of any particular equity warrant transaction. Due to the nomenclature being neither standardized nor sufficiently descriptive in terms of the equity warrants to capture all important transaction features and variations, a particular instrument may (despite the same name) carry additional or different risks, terms and/or characteristics than described herein.

1.2. Legal nature of the instrument

In legal terms, a transaction with an equity warrant arises when the Investor acquires equity warrants of the Issuer.

The scope of equity warrant transactions with SIB covers buying and selling equity warrants issued by Russian and non-Russian issuers at venue or OTC markets within pre-defined limits.

Professional clients and/or eligible counterparties are assumed to have the required knowledge and experience to evaluate the potential losses, common to the Instrument. Retail client should be able to read and understand this Risk Disclosure document.

Selling or transferring restrictions may be applied to the Instruments as prescribed in more detail in relevant issue documents.

The Investor receives all the rights and obligations connected with the equity warrant, and will hold them as long as they own the Instrument.

The following paragraph provides the general notion of equity warrants and the obligations of the involved parties. We do not intend to provide any legal advice through the following paragraph. You should be aware that particular equity warrants may have additional terms and characteristics other than described below; therefore, additional review of the particular transaction and its specifics may be required.

The general mechanism of an equity warrant is as follows:

I. An equity warrant is issued by the company itself which are attached to the shares bought by Investor;

II. Equity warrants will be deemed to be exercised on the date as and when specified by relevant issue documents;

III. Exercise style of equity warrants can either be American or European;

- If American style, the Investor can exercise to buy/sell the underlying asset on or before the expiry date;
- If European style, the Investor can exercise on the expiry date only;

IV. The conversion ratio refers to the number of units of the underlying asset exchanged when exercising a unit of an equity warrant;

- for example, if the conversion ratio to buy a stock is 3:1, this means the Investor needs three warrants to purchase one share;

V. The expiry date is the date on which an equity warrant will expire. The warrant becomes worthless if it is not exercised on or before the expiry date as and when specified by relevant issue documents;

VI. An equity warrant may be settled by cash or physical delivery upon exercise as and when specified by relevant issue documents;

VII. New shares are issued by the company for the transaction if required;

VIII. Relevant issue documents may specify that ordinary shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, paid or made on the ordinary shares by reference to a record date prior to the relevant exercise date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the ordinary shares on or after the relevant exercise date and otherwise will rank pari passu in all other respects with ordinary shares in issue at the exercise date;

IX. Upon exercising the equity warrants, the Investor shall pay the price of the exercise price and receive ownership over the shares, including the right to claim dividend cash flows and vote at shareholder meetings, as well as the risks associated with holding the equity;

X. SIB acts solely as an independent counterparty and does not bear any responsibility for the Issuer fulfilling the obligations described above, including providing payments in full and on time and granting any other benefits, and for future performance of the equity warrant.

Investor should not enter into a transaction with equity warrants if its economic and legal essence, documentation, conditions and/or risks remain unclear or do not correspond to the purposes, intentions and expectations of Investor.

2. DESCRIPTION OF RISKS AND VOLATILITY

This section describes the risks and volatility, characterizing equity warrants, and will take you through the different types of risk involved, impact of leverage usage, price volatility and its causes, feasible scenarios and their impact, and capital protections or guarantees embedded in equity warrants.

2.1. Types of risk included

Not all Instruments are suitable or appropriate for all Investors. Specific risks of each Instrument depend largely on its terms, as well as on the financial position of counterparties. Bearing in mind your circumstances, objectives and expectations, financial position and level of expertise, you should be comfortable that your chosen Instrument is appropriate and suitable for you and, where necessary, you should seek appropriate independent advice in advance of any decisions.

Equity warrants may involve a certain degree of risk and are intended for counterparties that are willing to accept such risks and that are able to absorb the losses that may occur. You should not acquire equity warrants unless you understand the nature of the Instrument and the extent of your exposure to risk. Whenever you have doubts about the meaning of any of the disclosures or warnings described below, it is recommended to seek independent legal, financial, and/or tax advice.

Equity warrants may be subject to the risk of the Issuer's financial underperformance/losses, negative market perception of the Issuer's performance, and overall market and economic conditions. The main risk factors involved in equity warrants, their causes and impact on the Investor are described below. Please, note that the following list of risks is not aimed to be exhaustive, and particular equity warrants may be subject to other types of risks, different from described below.

Please be aware that risk factors may occur simultaneously and/or may compound each other resulting in unpredictable impact on the value of equity warrants.

2.1.1. Company risk

After exercising an equity warrant and acquiring equity, the Investor becomes the co-owner of the company; therefore the Investor can participate in the shareholder meetings and vote for/against particular agenda items, is entitled to claim part of the Issuer's income, and bears risks associated with the Issuer's business.

The cash flows (e.g. dividends) paid to the Investor are closely tied to performance of the Issuer, which is not stable for ordinary equities and depends on a variety of factors. Due to floating cash flows, the Investor is not able to determine the return on the Instrument at the time of investment and cannot compare it with that of instruments with fixed rates.

If the Issuer's performance deteriorates or if the market perception of the company turns negative, the equity price might decrease below the initial price which was paid by the Investor at acquisition, or even decline to zero. The worst case is liquidation of the Issuer, which may result in the equity warrant becoming untradeable, leading to loss of the total amount of investment.

2.1.2. Insolvency and credit risk

One of the major risks inherent in equity warrants is the risk of loss caused by the Issuer's failure to fulfil obligations under equity warrants (e.g. because of mismatch between Issuer's liabilities and assets, which is insolvency), or the risk of deterioration of the Issuer's creditworthiness and/or financial situation, which is an event of credit risk.

The Issuer's insolvency may negatively influence the price of its Equity and the associated equity warrants held by the Investor. In addition, insolvency of the Issuer may result in likely decrease, delay or cancellation of the dividend, depending on the character and expected length of financial distress.

The Issuer's credit risk may relate to its credit rating change: if the Issuer's credit rating is downgraded by one of the rating agencies, the price of the Equity and equity warrants may decrease as investors associate the Issuer with higher credit risk. Generally speaking, any changes to the analysts rating on Equity may have a psychological impact on the market. Shifts in ratings, whether negative or positive, often cause swings far larger than it's justified by the events that led the analysts to adjust their ratings. Furthermore this is compounded by the "gearing" inherent in equity warrants.

If the Issuer announces default and the company is liquidated, shareholders' rights are subordinated to the rights of other stakeholders (e.g. debt holders). Therefore, it is possible that the Investor will not receive proceeds from liquidation of the Issuer's assets, and the equity warrants will be worthless.

In case of bail-in (where the company in financial distress exchanges debt of the creditors for equity of the company), the price of the Equities will likely go down as the equity capital will now be distributed among a larger number of shareholders, while the value of total Equity will remain the same. This will in turn negatively affect the value of equity warrants.

The Issuer may fail to transfer the shares underlying the warrant for any other reasons and Investor will not receive the shares.

In case of buying ordinary shares with warrants being issued to subscribers of ordinary shares in the placing, the counterparty of the Investor is the Issuer. Investor shall constantly monitor the creditworthiness/solvency of the Issuer. The Investor shall also note that there are different methodologies that can be used to assess creditworthiness/solvency of the Issuer. It is up to the Investor to choose a specific methodology, however we strongly encourage the Investor to have professional financial advisors assessing creditworthiness/solvency of the Issuer prior to acquisition of equity warrants. The Investor shall not rely exclusively on the opinion of rating agencies or other institutions (including analytical units or their representatives) which may publish their assessment of creditworthiness/solvency of the Issuer.

2.1.3. Market risk

The price of equity warrants depends on many market factors, such as fundamental factors (e.g. earnings base of the Company they are attached to), technical factors (e.g. inflation, market structure, demographics, market trends), and market sentiments, referring to the behavior of market participants. Prices of equity warrants may be volatile over time. The magnitude and duration of price changes cannot be predicted at the acquisition of equity warrants.

There is a probability that the entire market will decline, thus affecting the price and value of the equity warrants. This risk, in turn, may be influenced by external factors such as political or economic distress, force majeure, etc.

There is the risk that a particular sector experiences weakening as a result of political and economic factors, negative news, industry obsolescence, etc. Such periods of weakness can however provide buying opportunities, but existing Investors must decide whether they want to hold these equity warrants or sell them in anticipation of further declines.

2.1.4. Dilution Risk

Equity warrants dilute the overall value of equity in shares because the company must issue new shares upon exercise. Therefore, the number of outstanding shares of a company on a fully diluted basis increases even though the value of the company remains the same. Similarly, equity warrants can trigger adjustments in the conversion ratio of outstanding preferred stock classes, depending on the price at which they are issued; preferred stockholders may have approval rights over warrants in the first place.

2.1.5. Operational Risk

Operational risk is the risk of loss to the Investor arising from inadequacies in, or failures of, processes, procedures, systems and/or controls for conducting transactions, including (i) recording, monitoring and quantifying the risks and contractual obligations associated with transactions, (ii) recording and valuing transactions, (iii) making payments or deliveries, (iv) exercising rights before they expire, including option exercise rights, in a manner that complies with the terms of the relevant transactions, (v) meeting regulatory filing, reporting and other requirements, or (vi) detecting human error or systems failures, including disaster recovery procedures. Losses from operational risks can be substantial, including the loss of the entire value of an Instrument.

2.1.6. Regulatory/Legal/Tax Risks

When acquiring equity warrants, the Investor should consider the regulatory, legal, tax and/or accounting consequences of the transaction. Obtaining qualified advice from legal, tax and/or other professionals may be necessary for the Investor to understand and assess regulatory, legal and/or tax risks inherent in such transactions, as well as treatment of the transaction in accounting and reporting. Such consultations should be conducted before the acquisition of equity warrants.

Markets are subject to ongoing and substantial regulatory changes. Regulatory or legal actions and changes can, amongst other issues, alter the economic effect of any transaction. Legal changes could even have the effect of marking a previously acceptable equity instrument illegal or not legally enforceable.

Due to the complexity of tax laws and different considerations applicable to each market participant, you should also consider your tax consequences of acquiring certain equity warrants. It is possible that the current interpretation of tax laws or understanding of practice may change, or even that the law in some countries may be changed with retrospective effect.

In some areas, legislation and regulations governing transactions with equity instruments may be absent, or subject to inconsistent or arbitrary interpretation. Accordingly, it is possible that the legal and tax implications may differ significantly from the original assumptions of the Investor, so the tax and legal consequences of the transaction will be different to those that the Investor has assumed.

Such risks are unpredictable and can depend on numerous political, economic and other factors. Note that legal terms and conditions of a transaction may contain provisions which could operate against your interests. For example, they may permit early redemption at a time which is unfavorable to you. Where you are unclear as to the technicality of legal documentation or any expressions which are used to reflect terminology used in the equity products market, we would strongly recommend that you seek independent legal advice.

2.2. Leverage

Although no leverage[2] is embedded in equity warrants, you should remember that the use of leverage (which has the effect of magnifying potential positive or negative outcomes) may significantly increase the impact of any of the risks described.

2.3. Price volatility

The price of an equity warrant depends on many firm-specific as well as market-wide circumstances.

The price of equity warrants fluctuates with unpredictable magnitude and length. It depends on performance of the Issuer and other companies, industries, general economic conditions, investor sentiment, and other factors.

Investor sentiment is the overall attitude of investors towards a particular security or financial market. It is not always based on fundamentals; sometimes markets are driven by emotion, so market sentiment is not always synonymous with fundamental value.

In addition, an equity warrants price may rapidly increase or decrease due to unexpected public events that indicate a threat/benefit to the Issuer's future earnings. Such events may include public relations and reputation issues, events of the Issuer's business risks, and others.

However, several patterns may exist in equity warrant price movements that are typically observed on the market. Please be advised that the following trend description is designed to provide you with information on potential factors that could influence an equity warrants price. We cannot guarantee that the particular equity warrant you acquire will follow the trend described below.

A common trend is connected to dividends declaration and payment; the declaration of a dividend naturally encourages investors to purchase stock. Whenever investors know that they will receive a dividend if they purchase the stock before the ex-dividend date, they are willing to pay a premium. This causes the price of stock to increase in the days leading up to the ex-dividend date. On the ex-dividend date, stock price typically decreases to account for the fact that new investors are not eligible to receive dividends and are therefore unwilling to pay a premium.

Overall equity price volatility – especially in emerging markets – can be extreme. Price discrepancies, low trading volumes and wide pricing spreads are widespread, and unpredictable price movements are not uncommon on these markets. Additionally, as news about a country becomes available, the financial markets may react with dramatic price increases and/or decreases within a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty, and regulation found in more developed markets. For example, these markets might not have regulations governing the market, and/or price manipulation, and/or insider trading, and/or other provisions with respect to the availability of information and the use or misuse thereof in such markets. The risks associated with nationalization or expropriation of assets, the

[2] Leverage is any technique involving the use of borrowed funds in the purchase of an asset, with the expectation that the after tax income from the asset and asset price appreciation will exceed the borrowing cost.

imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution shall also be considered.

Moreover, as for unlisted Equities, no centralized pricing source exists (as exists for exchange traded instruments), so such Equities and their associated warrants may be difficult to evaluate. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same equity warrant.

Please note, that neither we nor you can predict the future performance of an equity warrant based on historical performance. The price of an equity warrant over the term of the transaction or until expiration may bear little or no relation to the historical price.

Potential outcomes of risk events and price volatility are illustrated below.

2.4. Scenario analysis

Financial risks of Investor connected to equity warrant ownership may be related to company-specific factors (e.g. press releases on financial results, dividend announcements, launch of new products), industry performance (e.g. industry sales forecasts, technological shifts), and market reaction to incidents (e.g. public relations issues, accidents, political issues in country of presence).

Below are some scenarios for changes in specified factors and their impact on the equity warrant holder.

The list of scenarios below is not exhaustive and aims to demonstrate the economic effect of equity warrant ownership in relation to the specified factors change. It is important for the Investor to acknowledge that there is no limit to the possible scenario variations. Past performance is no guarantee of future performance and the highlighted scenarios may or may not occur. Note that the actual values will differ depending on terms of the equity warrant, and this analysis should not be considered as an indicator of future performance.

Probability of each scenario could differ and depends on political situation, government trade, fiscal and monetary programs, exchange rate polices, the state of the market and industries, as well as the external environment, etc.

Consider a hypothetical equity warrant with a strike price of EUR 30 and an expiration date five years from now. Let’s say the shares of the company currently trade at EUR 10 per share. We will take three points in time with hypothetical stock prices and review how the equity warrants are valued in the following scenarios:

Scenario 1: Stock price is below the equity warrant strike price

By way of example, consider a case where the stock price today is EUR 10 and the warrants have a strike price of EUR 30. Exercising the warrants today does not make sense. It will force the equity warrant holder to purchase new stock at EUR 30 per share while the stock is available on the secondary market at EUR 10 per share. Therefore, the warrants will not be exercised. The warrants will also have very little value because they are so far “out of money”. The warrants will still have some value. This value comes from the fact that the warrant does not expire for some time, and there is potential the stock price might exceed EUR 30 per share at some point before expiation of the equity warrant.

Scenario 2: Stock price rises above the equity warrant strike price

By way of example, if the stock price rises to EUR 35 per share before expiration of the equity warrant, the value of the warrants is worth at least EUR 10. This is because the equity warrant holder is now able to exercise the warrants, buy the stock at EUR 30 and sell it back in the market at

EUR 35 for a EUR 5 profit per share. Knowing this, the market moves to bid up the price of the warrant until the possibility of profiting by just buying the warrant and exercising it right away disappears.

Scenario 3: At expiration, stock price is at or less than the equity warrant strike price

In this example, the equity warrant will expire worthless since there is no possibility of profiting by exercising the warrants. Note, the stock may have fallen say 20% from its value in scenario 2, however the value of the warrants has declined by 100%. This example illustrates the warrants are highly leveraged and magnify the gains or losses on the stock.

2.5. Capital protection or guarantees

No capital protection or guarantees are embedded into equity warrants, so neither Issuer, nor SIB can guarantee that the Investor will get back any part of the amount invested.

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3. IMPEDIMENTS FOR DIVESTMENT

This section deals with divestment of equity warrants, describing the potential barriers and illustrating the possible exit methods.

3.1. Barriers to divestment

Illiquidity of the Instrument may prevent divestment. For example, equity warrants of small or medium-sized companies and companies with low credit ratings may lack interest of institutional and risk-averse investors. As a result, it may be impossible to acquire or sell them in a timely manner. Equity warrants of certain Issuers or Issuers in financial distress may stay illiquid for a long time. In addition, unfavorable price spreads may be set for such equity warrants. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position.

Additionally, over-the-counter equity warrants do not circulate on stock exchanges or among bidding process organizers; they allow for a variety of customization options aimed at achieving specific financial or managerial objectives and risk mitigation which, however, may or may not be achieved.

Customization of equity warrant terms entails a serious risk of loss/lack of liquidity of such an equity warrant as well as other complex risks. If the market is not sufficiently liquid, you may be unable to liquidate your equity warrants at the desired time.

3.2. Illustration of possible exit methods

The risks of the equity warrant may be managed or exited by means of:

- Sale

  An Investor may be able to sell the equity warrants on the market. In this case, the Investor hands over the rights for the subsequent embedded risks and benefits to the buyer. The Investor may sell the equity warrants with a gain or loss, depending on current market conditions. Time decay is a major factor the Investor must have considered when purchasing equity warrants.

- Buy Back

  Relevant issue documents may specify that Investor may sell the equity warrants to the Issuer. The Investor may sell the equity warrants with a gain or loss, depending on current market conditions and price proposal from the Issuer.

4. INVESTOR COMMITMENTS OR OBLIGATIONS

When acquiring equity warrants from an Issuer, the Investor bears in full all of the relevant obligations and commitments, according to the nature of the product described in Paragraph 1.

As described in the scenario analysis in paragraph 2.4, movements in company-specific factors, industry performance, and/or market reaction to incidents may considerably affect the Investors gain or loss.

5. MARGIN REQUIREMENTS

Margin requirement refers to the percentage of cash the Investor must pay for, with their money. It can be further broken down into initial margin requirement and maintenance margin requirement.

An initial margin requirement generally refers to the percentage of cash required to be provided when the Investor opens a position. When the Investor holds securities bought on margin, in order to allow some fluctuation in price, there are certain minimum margin requirements. This is generally called the maintenance margin requirement. If the value of securities falls below the maintenance margin requirement, a margin call occurs.

If the Investor is subject to margin requirements, SIB will require Investor to provide assets as margin that are related to you, in order to ensure that we have sufficient margin as required at any time.

The arrangements relating to how the margin calls will be funded will be set out in our client clearing agreement.

If the Investor is not subject to margin requirements, no margin requirements or similar obligations are applicable.