

Sberbank CIB (UK) Limited
85 Fleet Street, 4th Floor, London
EC4Y 1AE, United Kingdom
Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

EQUITY RISK DISCLOSURE NOTICE

This Notice is intended solely to inform you about the risks associated with the equity financial 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), SBERBANK CIB (UK) LIMITED (“CIB UK”) 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 products (the “Equity”), descriptions of the associated risks and volatility, the impediments to divestment of equity products, 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 Sberbank CIB (UK) 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.

Table of Contents

1.	<i>NATURE OF THE PRODUCT</i>	3
1.1.	<i>Key characteristics</i>	3
1.2.	<i>Legal nature of the instrument</i>	3
2.	<i>DESCRIPTION OF RISKS AND VOLATILITY</i>	4
2.1.	<i>Types of risk included</i>	4
2.1.1.	<i>Company risk</i>	4
2.1.2.	<i>Insolvency and credit risk</i>	5
2.1.3.	<i>Market risk</i>	5
2.1.4.	<i>Dilution Risk</i>	6
2.1.5.	<i>Operational Risk</i>	6
2.1.6.	<i>Regulatory/Legal/Tax Risks</i>	6
2.2.	<i>Leverage</i>	7
2.3.	<i>Price volatility</i>	7
2.4.	<i>Scenario analysis</i>	8
2.5.	<i>Capital protection or guarantees</i>	9
3.	<i>IMPEDIMENTS FOR DIVESTMENT</i>	9
3.1.	<i>Barriers to divestment</i>	9
3.2.	<i>Illustration of possible exit methods</i>	10
4.	<i>INVESTOR COMMITMENTS OR OBLIGATIONS</i>	10
5.	<i>MARGIN REQUIREMENTS</i>	10

Sberbank CIB (UK) Limited

85 Fleet Street, 4th Floor, London, EC4Y 1AE | Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

Sberbank CIB (UK) Limited is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange

1. NATURE OF THE PRODUCT

The following section defines what Equity is, describes its key characteristics and legal nature of Equity contract.

1.1. Key characteristics

Equity is a financial instrument that represents the ownership of the company's equity capital part. After acquiring the Equity of the issuing company (the "Issuer"), the investor (the "Investor") becomes a co-owner of the company. The Investor receives rights to claim part of the Issuer's income and voting rights, determined by both the law and the company's policies, and bears risks associated with the Issuer's business. The Issuer may provide the Investor with dividend payments in cash or additional equity. On the other hand, the Issuer bears no obligation to increase the value of Equity or to repay the initial cost of Equity to the Investor. Dividend payment for ordinary Equities can be reduced, delayed, or cancelled by changing the dividend policy without the Investor's consent. Additionally, depending on the Equity's prospectus terms and conditions, the Issuer may possess the right to repurchase the stock at any time or at some specified dates.

Preference Equities typically provide the Investor with fixed dividend payments in perpetuity (i.e. an infinite constant stream of identical cash flows), paid prior to ordinary Equities' dividends, but lack the voting right (this may vary depending on the Equity's prospectus terms, but in many cases preferred shareholders are not entitled with voting rights).

Other types of Equities may exist, depending on the national legal system, policies and the Issuer's needs. For Equities 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 ordinary Equities. The categories used below are illustrative only, and are intended to assist you in understanding key features of Equities. The information below should not be viewed as a comprehensive description of any particular Equity transaction. Due to the nomenclature being neither standardized nor sufficiently descriptive in terms of the Equities 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, transaction with Equity arises when the Investor acquires Equity of the Issuer from CIB UK. Described Equity is non-perpetual financial instrument. Equity is subject to Instrument title transfer, i.e. at the time of acquisition, Investor receives all the rights and obligations connected to the Instrument, and holds them as long as Investor owns the Instrument.

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

Sberbank CIB (UK) Limited

85 Fleet Street, 4th Floor, London, EC4Y 1AE | Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

Sberbank CIB (UK) Limited is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange

The general mechanism of Equity is as follows:

- I. At Equity acquisition, Investor shall pay the price of the Equity to CIB UK and receive ownership over the Equity, including the right to claim dividend cash flows and vote at shareholder meetings, as well as the risks associated with holding the Equity;
- II. During Equity ownership, Investor may receive the dividend payments from Issuer as and when specified by the dividend policy of Issuer (in case Equity prospectus provisions for dividend payments). Dividend payments are subject to reduction, delay, or cancellation without Issuer's consent, and are not guaranteed by Issuer or by CIB UK;
- III. CIB UK 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.

Investor should not enter into a transaction with the Equity 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, 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 Equities.

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 financial instruments 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 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 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. Main risk factors involved into Equities, 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 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.

2.1.1. Company risk

Sberbank CIB (UK) Limited

85 Fleet Street, 4th Floor, London, EC4Y 1AE | Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

Sberbank CIB (UK) Limited is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange

After acquisition of 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.

When the Issuer's performance deteriorates or when the market perception of the company turns negative, the Equity price might decrease below the initial price which was paid by the Investor at Equity acquisition, or even decline to zero. The worst case is liquidation of the Issuer, which may result in Equity 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 Equities is the risk of loss caused by the Issuer's failure to fulfil obligations (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. 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 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.

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.

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.

Investor shall constantly monitor the creditworthiness/solvency of 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 Equity acquisition. 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

Sberbank CIB (UK) Limited

85 Fleet Street, 4th Floor, London, EC4Y 1AE | Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

Sberbank CIB (UK) Limited is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange

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

There is a probability that the entire market will decline, thus affecting the price and value of the Equity. 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 Equities or sell them in anticipation of further declines.

2.1.4. Dilution Risk

The Issuer is entitled to issue additional Equities and, depending on the shareholder rights, existing Investors might be asked to put in an additional amount of investment. Otherwise, existing Investors' proportional ownership in Issuer's equity capital is reduced. This is referred to as dilution. The end result may be that the value of existing Equities decreases and the smaller ownership percentage also diminishes each Investor's voting power.

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, 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 Equity acquisition.

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. 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 leverage² is embedded in Equity, 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 the Equity depends on many firm-specific as well as market-wide circumstances.

Price of Equity 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, Equity 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 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 Equity's price. We cannot guarantee that particular Equity 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 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 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.

Please, note that neither we nor you can predict the future performance of Equity based on historical performance. The price of Equity over the term of transaction 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 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 payments received by Investor.

²Leverage 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.

The list of scenarios below is not exhaustive and aims to demonstrate the economic effect of Equity ownership in relation to the specified factors change. It is important for 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, 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.

Scenario 1 (firm-specific level): financial result announcement

Consider Company A (the Issuer) announces profits much lower than expected by investors and analysts; Equity price of Company A rapidly declines on the day of the announcement, as Company A's value decreases to the amount of unexpected loss. Additionally, the price may decline before the day of the financial result announcement as a result of a leak to the media. Also, Equity price may decline further after the day of announcement as investors become pessimistic about Company A's business prospects.

Scenario 2 (industry-wide level): technological shifts

Consider Company B (the Issuer) – the producer of a widely used natural resource “X”. The media announces that another company has developed an artificial and cheaper substitute of resources “X”, which could occupy a large share of resource “X” market. Investors adjust their valuation of Company B to the loss of market share. The price of Company B's Equity declines further as news on development of the new technology spread in the market.

Scenario 3 (reaction to incidents): production incident

Consider Company C (the Issuer) which manufactures device “Y”. News spreads that an accident has happened at one of its factories, meaning the factory will be unable to operate for at least one month and will need reconstruction. Investors adjust their valuation of Company C to the costs of reconstruction and losses from interruption of operations. Consequently, the price of Company C's Equity declines.

2.5. Capital protection or guarantees

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

3. IMPEDIMENTS FOR DIVESTMENT

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

3.1. Barriers to divestment

Illiquidity of Equity may prevent divestment; liquidity of the Equity is directly affected by the supply and demand for that Equity and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) and infrastructure issues. For example, Equities 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. Equities 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 Equities. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position.

Additionally, over-the-counter Equities 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 terms entails a serious risk of loss/lack of liquidity of such an Equity as well

as other complex risks. If the market is not sufficiently liquid, you may be unable to liquidate your position at the desired time.

3.2. Illustration of possible exit methods

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

- **Sale**

An Investor may be able to sell the Equity on the market. In this case, the Investor hands over the rights for the subsequent payments, voting rights and embedded risks to the buyer. The Investor may sell the Equity with gain or loss, depending on current market conditions.

According to accounting, held-for-trading Equity securities, i.e. Equity securities purchased with the intent of selling them within a short time period of usually less than one year, are reported at fair value, and unrealized gains and/or losses are included in the income statement as earnings. They are classified as unrealized holding gains or losses.

Available-for-sale Equity securities, i.e. Equity securities that do not class as held-for-trading but are purchased with the intent of selling before a lengthy time period, are reported at fair value, and changes in value between accounting periods are included in unrealized gains/losses in other comprehensive income accounts in shareholders' Equity until the securities are sold.

- **Redemption**

Specific types of Equities may include provisions that provide either the Issuer or the Investor with additional exit methods. For example, the terms of redeemable Equities may give the Issuer an option to repurchase them in future; occasionally, the Investor may also have an option to sell them back to the Issuer.

The option may arise at or after a specific date, between two dates, or may be effective at any time the Equities are in issue. The redemption price is usually the same as the issue price, but it can be set differently. The Issuer can only redeem shares out of profits or the proceeds of a new Equity issue, which may restrict its ability to redeem Equities even if the management would like to exercise the option.

4. INVESTOR COMMITMENTS OR OBLIGATIONS

When acquiring Equity from Issuer, 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 gain/loss of Investor.

5. MARGIN REQUIREMENTS

Margin requirement refers to the percentage of marginable securities that the Investor must pay for with his/her own money. It can be further broken down into initial margin requirement and maintenance margin requirement.

Sberbank CIB (UK) Limited

85 Fleet Street, 4th Floor, London, EC4Y 1AE | Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

Sberbank CIB (UK) Limited is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange

An initial margin requirement generally refers to the percentage of securities 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. When the Investor is unable to maintain assets above the maintenance margin requirement, a margin call occurs.

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

The arrangements between you and us 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.

Sberbank CIB (UK) Limited

85 Fleet Street, 4th Floor, London, EC4Y 1AE | Phone +44 0 207 583 3257 Fax +44 0 207 822 0779

Sberbank CIB (UK) Limited is authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange