OVERVIEW OF FINANCIAL INSTRUMENTS, INVESTMENT PRODUCTS AND RISKS ASSOCIATED WITH THEM

This overview aims to warn the customers of First Investment Bank AD of the risks associated with the investment products and services provided by the Bank so that they are able to understand the characteristics and risks of the services and investments offered, and as a result make informed investment decisions.

It is the opinion of First Investment Bank AD that customers should not use such products and services unless they understand the nature of the transaction are entering into, all aspects of the contractual relationship, and the degree of risk they are exposed to. Before undertaking an investment, customers need to make sure that the respective product or service is suitable for them.

All financial products carry some degree of risk, including low-risk investment strategies. The types of risk to which potential investments are exposed depend on the way instruments are created or developed. Different instruments involve different levels of risk exposure, and their specificities need to be taken into account when making investment/trading decisions

I. Risk categorization of investment products

In compliance with Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, **Commission Delegated Regulation (EU) 2017/565**, as well as the local Markets in Financial Instruments Act, First Investment Bank AD (the Bank) categorizes the risk profile of the investment products it offers according to the nomenclature below.

Table.1 (Five-rank risk categorization)

Risk class	**Description**
R1	No fluctuations of the investment value, except usual risk
R2	Low fluctuations of the investment value (up to 10% on a yearly basis, with possible higher fluctuations)
R3	Balanced level of fluctuations of the investment value (above 10% on a yearly basis, with a possible loss of the whole investment in particular cases)
R4	Speculative investment that may lead to losing the whole investment made, due to the Principal's aim of higher profit potential
R5	Extremely risky investment that may lead to additional financial liabilities for the Principal, apart from losing the whole investment made

Provided by the above criteria stated in Table.1, the investment product, described below are categorized in the following risk groups:

[1]**Table.2 (Complex investment products - derivatives)**

Product	**Risk class**
FOREX forward	R5
FOREX swap	R5
FOREX option buy	R4

[1]Transactions direction (buy / sell) is from the point of view of the Principal

FOREX option sell	R5
Cross currency swap	R5
Interest-option buy	R4
Interest option-sell	R5
Interest rate swap buy	R4
Interest rate swap sell	R5
FRA buy (The transaction is subject to individual approval by the Bank)	R4
FRA sell (The transaction is subject to individual approval by the Bank)	R5
Equity option buy (The transaction is subject to individual approval by the Bank)	R4
Equity option sell (The transaction is subject to individual approval by the Bank)	R5
Futures (The transaction is subject to individual approval by the Bank)	R5
Commodities (The transaction is subject to individual approval by the Bank)	R5
KIKO- Knock-In/ Knock-Out options (The transaction is subject to individual approval by the Bank)	R5

Table.3 (Standard investment products)

Product	Risk class
Bonds	
Bulgarian government securities	R2
Foreign securities rated A-AAA	R2
Local and foreign corporate bonds rated higher than BBB-(S&P)	R3
Unrated Bulgarian corporate bonds	R4
Foreign bonds rated lower than BBB - (S&P)	R4
Shares	
Shares of enterprises rated higher than BBB- (S&P)	R3
Foreign shares rated between B and BBB - (S&P)	R4
Local shares traded on Official market	R4
Foreign shares rated lower than B (S&P)	R5

Shares not traded on Official market	R5
Bulgarian collective investment schemes	
Investment funds on money market, managed by Management companies with a majority shareholder, companies licensed under the Law on Credit Institutions	R2
Investment funds on bonds, managed by Management companies with a majority shareholder, companies licensed under the Law on Credit Institutions	R3
Investment funds on bonds, managed by Management companies with a majority shareholder, companies not licensed under the Law on Credit Institutions	R4
Equity and high-risk funds	R5
Foreign investment funds	
Funds on money market	R2
Investment funds in foreign currency rated up to BBB (S&P)	R2
Other investment funds	
Mixed investment funds	R3
Mutual funds	R3
High-profit investment funds	
Hedge funds	R4
Venture-capital investment funds	R4
Special purpose vehicles	
Shares of local special purpose investment trusts	R4
Shares of foreign special purpose investment trusts	R4
Others	
Structured products with a 100% guarantee of invested capital	R3
Structured products with no guarantee of invested capital	R4
Warrants	R4
Unit linked life insurance	
Fund based life insurance	R2

II. General description of financial instruments under Art. 48 of Commission Delegated Regulation (EU) 2017/565

The Bank accepts, executes and/or transfers orders for transactions in financial instruments, as follows:

- Shares of Bulgarian issuers admitted to trading on the Bulgarian Stock Exchange - Sofia ("BSE") or traded on OTC markets;
- Shares of foreign issuers admitted to trading on major regulated markets in Europe and the United States;
- Rights on capital increase of companies – issuers of such shares;
- Warrants;

- Depository receipts representing shares admitted for trading on regulated markets of financial instruments (DR, ADR, GDR, etc.);
- Corporate and municipal bonds issued by Bulgarian companies traded on the BSE-Sofia and on international regulated markets;
- Bulgarian and foreign government securities;
- Units/shares of collective investment schemes;
- Compensatory instruments;
- OTC derivative instruments on interest rates or currency;
- Instruments on the money market, including OTC instruments on the money market.

Main characteristics and associated risks of the financial instruments the Bank executes orders for

In general, securities are divided into equity and debt instruments. Equity instruments entitle the holder to ownership of the relevant share of capital of the company or collective investment scheme, respectively to a share of the profits.

Debt instruments represent a liability (debt) of their issuer to the holder.

Other instruments traded on the Bulgarian markets are the compensatory instruments. There are also other types of financial instruments, such as the derivative instruments that can be derived from equity, debt instruments, or other underlying assets.

Shares

Shares are securities issued by joint stock companies which certify ownership by the holder of a relevant portion of the company's equity. They entitle the holder to a dividend, to a voting right in the general meeting of shareholders, and to a liquidation share.

Investing in shares is associated with all kinds of risk to the investor, mainly with market risk, liquidity risk, currency risk, issuer risk and settlement risk.

Market risk for investments in shares is associated with the probability of the price of securities going down because of market factors, or the so called systemic risk.

Liquidity risk for investments in shares is associated with the risk that the investor cannot sell the quantity of shares he/she wants to sell. Liquidity risk of the shares traded domestically is associated with the freely tradable volume of securities (free float), and determined for each traded issue. If the company is not public or its shares are rarely traded, the liquidity risk is significantly higher than with companies admitted to trading on stock exchanges, which may make the potential sale of these instruments difficult or impossible.

Currency risk for shares domestically is associated and dependent on currency exchange rates fluctuations. The risk is usually lower for investments which basic currency is the Euro (because of the Currency Board in Bulgaria) and the risk is zero for those whose base currency is the Bulgarian Lev (since the shares, traded in the country are issued only in Bulgarian Levs).

Issuer risk for investments in shares is probable if the issuer becomes financially unstable, or the so called 'non-systemic' (or 'specific') risk. Specific to these instruments is the risk associated with the sectoral profile – in case of problems or difficulties in the industry in which the company operates.

Settlement risk can occur in cases of default or delay in the process from the moment when the transaction is made to the moment when it is finalized and any potential unfavorable conditions that may occur within this period. The risk is usually higher for transactions outside a regulated market or transactions where the „delivery versus payment" (DVP) method is not applied.

Rights on the capital increase of companies – issuers of such shares

The rights are securities giving the option for subscription of a particular number of shares, in relation to a decision taken for a capital increase of a public company. The rights are term derivative financial instruments, whose profitability depends on the expected profitability of the class of shares they refer to. The rights are traded on the BSE-Sofia, being dematerialized securities, like the shares they refer to. They are regulated in the Law on Public Offering of Securities.

The additional risk in investing in rights should be taken in consideration, namely the losing of the whole investment made in relation to the short term of the existing of the rights – if the exercising of the rights turns out to be inexpedient due to a negative trend in the shares' price, falling below the subscription price underlined in the rights.

Warrants

Warrants are securities entitling the holder to buy/subscribe or sell a predetermined number of securities at a pre-determined/determinable price within a specified period or on a specific date. These are fixed-term derivative financial instruments and are traded on regulated markets.

By their nature they are similar to options. Depending on whether they are for buying or selling securities, we distinguish between "call warrants" and "put warrants".

There are two types of warrants: American and European type. As with call options, American-type warrants can be exercised at any time until their expiry date, while those of the European type can only be exercised on the expiry date. Under the POSA, warrants issued on the Bulgarian capital market are American-type.

The difference between options and warrants is that options are issued by an investor holding the underlying financial instrument in its portfolio, while warrants issued by the issuer of the underlying instrument.

Warrant prices are highly volatile and carry high risk. Slight movements in the price of the underlying asset/FI may lead to disproportionately large movements in the price of the warrant. The subscription/sale right granted by the warrant is limited in time, meaning that if the investor fails to exercise that right within the predefined period, the investment loses its value.

! Warrants are exposed to all main types of risk. When buying a warrant you must be prepared to lose the entire invested amount, including any associated expenses made.

Corporate and municipal bonds issued by Bulgarian companies, traded on the BSE-Sofia and on international regulated markets

Bonds are types of debt securities which bring to their holders cash revenue in the form of fixed or floating interest rate (coupons), according to the issuer's prospectus. The bond issuer has the obligation to make coupon payments on fixed dates, and on a specific date, called maturity, to pay the principal of the bond. As per the issuer, the bonds can be: municipal bonds (issued by local authorities), corporate bonds (issued by companies), mortgage bonds (issued by banks based on their mortgage credit portfolios).

Investing in corporate and municipal bonds traded within the country and on international regulated markets is mainly associated with market, liquidity and currency risk, as well as issuer risk and settlement risk.

Market risk of bonds is largely related to interest rate risk, i.e. an increase of market interest rates relative to the interest rate on the issue, especially in the case of fixed interest rate issues, leads to decrease of the market price of the issue. Fixed-income debt securities with longer maturity are generally more sensitive to interest rate movements compared to short-term ones, therefore short-term bonds are associated with lower risk, while long-term bonds are associated with higher risk.

Liquidity risk of bonds is associated with the risk of delay or impossibility for the investor to trade his/her debt financial instruments. Liquidity risk for this type of financial instruments is associated with the limited volumes of contractual loans traded in the country. Liquidity risk for this type of financial instruments is reduced given the larger volumes of contractual loans traded on the international markets compared to such in Bulgaria. Currency risk for corporate/municipal bonds is lower for investments which base currency is BGN and the Euro (because of the Currency Board in Bulgaria). For investments with another base currency the currency risk depends on exchange rate fluctuations.

Issuer/borrower risk is associated with the possibility of the issuer (company or municipality) becoming financially unstable and incapable of paying the bond issue principal and/or interest.

Settlement risk of bonds is associated with potential unfavorable market changes during the default or a delay in the process between the moment when the transaction was made and the moment when it is finalized. The risk is usually higher for transactions outside markets or transactions where the method "delivery versus payment" is not applied.

<u>Government Securities</u>

Government securities are debt instruments issued by the government of a country to finance short- and long-term government expenditures. Here belong government treasury bills (short-term, with maturity up to 1 year) and government bonds (medium to long-term with maturity over 1 year). Government securities entitle their holders to receive cash revenue by discounting the price below the face value and/or by receiving a fixed annual interest rate.

The Ministry of Finance (MF), as a representative of the state, issues Bulgarian government securities on the domestic and foreign markets. The MF jointly with the BNB, which keeps registers of government securities issued on the domestic market, regulate the procedure and the conditions applied to the issue of dematerialized government securities on the internal market. Transactions in government securities are mediated by primary dealers (banks and investment intermediaries) permitted to acquire government securities directly at the auctions organized by the Bulgarian National Bank.

Any investment in government securities mean to the investor mostly market risk, liquidity risk and issuer risk. The market risk of government securities is associated with the probability that market interest rate levels go up (change) compared to fixed interest rate of issued debt securities. Depending on the maturity of government securities, shorter-term government securities are associated with a lower market (interest) risk and vice-versa, longer-term government securities are associated with a higher market (interest) risk. The liquidity risk of government securities is lower compared to other debt financial instruments, since the market of government securities is deemed to be a highly liquid market. The issuer risk of government securities is lower compared to other debt financial instruments since the issuer is the state, and the risk of it to becoming financially unstable and incapable of paying the principal and the interests on debt stocks is lower.

<u>Units / shares of collective investment schemes and other collective investment undertakings</u>

Collective investment schemes

There are different forms of collective investment schemes. Units/shares of CIS may be issued/sold OTC, or on regulated markets. Generally, a collective investment scheme means pooling the assets of a large number of investors and providing them for professional management to a Management Company/Manager.

Investments usually include different instruments: government bonds, corporate bonds and shares, but depending on the type of scheme may also include derivatives, real estate and other assets. Collective investment schemes invest the funds raised according to a structure, rules, criteria and limitations set out in their prospectuses. Investing in such instruments may reduce market risk by diversifying the investment across a larger number of assets. Risk reduction is achieved because the wide range of instruments in the collective investment scheme reduces the effect of a single instrument may have on the entire portfolio.

In Bulgaria, collective investment schemes may be mutual funds or redeemable (open-ended) investment companies. Investment companies are joint-stock companies and their capital is divided into shares, while mutual funds are distinct assets divided into shares. The issue and redemption prices of CIS shares/units are determined by the Management Company on a daily basis based on the net asset value of the fund, and are controlled by a depository bank.

An advantage of this type of investment is the redemption option provided by collective investment schemes, which provides liquidity to the financial instrument, as well as the periodic dividend payments (unless the collective investment scheme decides to retain its earnings).

Although this instrument is perceived as a way to diversify the portfolio, its price may rise or fall. Depending on decisions taken by their management, collective investment scheme may be exposed to various types of risks.

Investments in collective investment schemes are mainly associated with market risk and concentration risk.

The market risk of collective investment schemes is related to the structure of their portfolios and to a potential decrease in market price of their investments and the value of their shares due to changes in the economic and market environment. Depending on the structure of investments – mainly in shares (or other equity securities), mainly in bonds (or other debt securities), or a balanced structure – the risks of investing in equity/debt collective investment schemes are related to the risks of the respective instruments

The concentration risk of collective investment schemes is associated with having the financial instruments invested predominantly in one market (state, geographic region), or in one economic sector.

• issuer risk - since the only activity of mutual funds is to raise funds and invest them, this risk is largely related to the management company's competence and is significantly lower than that of ordinary trading companies because CISs have very limited leverage opportunities;

• counterparty risk and settlement risk - when buying or selling on regulated markets where the shares/units of the mutual funds are admitted to trading, this risk exists, whereas for OTC transactions it is minimal;

• liquidity risk - for OTC transactions it is minimal, but such risk exists with respect to the investment portfolio. A potential decrease in the liquidity of certain position in the portfolio may lead to a decrease in its price, respectively to a decrease in the price of shares/units of the fund. The risk is identical to that of equity and debt instruments, and their respective weights depending on the fund's profile;

• currency risk - depending on the currency of the relevant CIS and the currencies of the individual financial instruments in the CIS portfolio, a decrease in the share/unit price is possible due to unfavorable exchange rate change;

• leverage risk - depending on the legal requirements for the establishment of CIS, a different degree of leverage risk may exist. Bulgarian and European legislations have strict leverage rules and restrictions in place.

Other collective investment undertakings

National investment funds

National investment funds, open-ended or closed-ended national investment companies domiciled in the Republic of Bulgaria or national mutual funds investing in transferable securities or other liquid financial instruments or funds raised through public offering. National investment funds are not collective investment schemes. Open-ended national investment funds redeem, at the request of shareholders/unit holders, their shares/units at a price based on net asset value.

Closed-ended national investment funds do not redeem their shares/units except for the redemption of shares of investment companies under the terms and procedure of the Commerce Act.

Investing in national investment funds carries the same risks that were listed for CIS, with the liquidity risk considerably increased in the case of closed-end funds due to the lack of redemption option. Also, they are not subject to European regulation, so that they may not apply sufficiently stringent requirements regarding investment limits, etc. that are applicable to CIS.

Exchange Traded Funds (ETF)

These are funds registered for trading on regulated markets, traded and registered with depository institutions like other financial instruments, such as shares. ETFs are characterized by a passive management strategy and invest the raised funds according to the structure, rules, criteria and limitations set out in their prospectuses. Most ETFs are structured so as to track a particular stock index, an exchange-traded commodity (gold, silver, oil, etc.) or a basket of commodities, currencies, shares of companies in a particular economic sector, regional sector, etc. This enables investors to indirectly achieve a diversified investment that may cover different industries and regions, as well as different asset classes, investing a minimum amount.

Risks that ETFs are exposed to are the same as the ones listed above for investments in units/shares of collective investment schemes.

In most regulated markets, trading rules for ETFs require companies managing such funds to disclose the net asset value per share/unit in real time. In this way, investor awareness does not allow for large deviations of market price of ETF shares/units from their net worth. Such deviations still exist in practice due to increased demand or supply, but remain minimal against the background of the change in the net asset value.

Such instruments are traded on the Bulgarian Stock Exchange - Sofia AD, the requirement to disclose subscription and redemption prices being fulfilled by quotes of market makers contracted by the issuer of the respective ETF.

Depository receipts admitted for trading on a regulated market of financial instruments – DR, ADR GDR

Depository receipts (DR) are a financial instrument that enables market participants to invest in shares of companies that are admitted to trading on another market where such participants have no access, or access would be difficult to obtain. DRs are issued by a financial institution that has purchased a certain number of shares of the company as an underlying asset, the DRs issued being of value equal to the value of the underlying asset. The price of DRs follows the price of shares (the underlying asset) on the market where those shares are admitted to trading. RDs are most actively traded in US (ADR - American Depository Receipts) and UK markets (GDR – Global Depository Receipts). Typically, the DR issuer quotes "buy" and "sell" prices, thus providing liquidity for DRs on the market where the instrument is admitted to trading.

The risks of investing and trading in DRs are the same as those of shares but part of the liquidity risk, counterparty and settlement risk relate to the market where the DRs are is traded, while the currency risk depends on the currency in which the shares are denominated, and the currency in which the DRs are denominated.

Compensatory instruments

Compensatory instruments are dematerialized, nominal tenders issued to compensate owners whose property, buildings or agricultural land have been nationalized or expropriated. They are traded on a regulated securities market - BSE - Sofia AD. Compensatory instruments can be compensation notes and housing compensation notes under the Compensation of Owners of Nationalized Property Act, as well as registered compensation vouchers under the Ownership and Use of Farm Land Act and under the Restitution of Forests and Lands within the Forestry Fund Act. Compensatory instruments can be used to pay interests under Bad Credit Settlement bonds, to tender for agricultural land belonging to the state land fund or making payment in privatization transactions through the Bulgarian Stock Exchange.

Investing in compensatory instruments is associated mainly with market, liquidity and target risk. The market risk for the investments in compensatory instruments is associated with the probability that the price of the financial instrument goes down. Liquidity risk for the compensatory instruments is associated with the risk of delay or the impossibility of selling the compensatory financial instruments of the investor. The target risk for the compensatory instruments is associated with the restriction related to the target use and investing this type of financial instruments only in particular projects and transactions as a tender accepted by the state (paying interests under Bad Credit Settlement bonds, tendering for agricultural land belonging to the state land fund or making payments in privatization transactions through the Bulgarian Stock Exchange in Sofia).

Derivatives

A derivative is a financial instrument that is derived from the value of an underlying asset. Instead of trading or exchanging the asset itself, a contract is entered into on the basis of that underlying asset. The most common derivatives are options, futures, and swaps. Investing in derivatives often involves a high degree of risk, so caution should be exercised, especially by small and inexperienced investors.

With the option, the investor pays a premium for the right to execute a certain transaction in the future. This may on the one hand bring profit for the investor if the market conditions are favorable, but on the other hand, if prices changes in the opposite direction, it may bring a loss in the amount of the premium paid. Short selling of options and futures, when the seller does not own the asset at the time of transaction, may lead to large losses if the price of a derivative increases significantly.

In the case of large derivative transactions or illiquid markets, executing the transaction or closing out the position at a favorable price may prove impossible.

Exchange-traded derivatives are exposed to the general risks of stock exchange trading.

OTC-traded derivatives are also exposed to credit risk and the specific terms of the contract must be taken into account.

Derivatives may be used for speculative purposes or as hedging instruments for managing investment risks. In any case, it is necessary to assess whether the transaction is suitable for the particular investor. Customers should check the terms of the derivatives and the related contract specifications (e.g. delivery of underlying assets under futures contracts, expiration date of options, settlement terms of options, etc.)

All derivatives are potentially exposed to the main types of risk, in particular market risk, credit risk, and sectoral risk associated with the underlying asset.

OTC derivative instruments on interest rates or currency

The OTC derivative instruments include different types of financial instruments with different specifications and risk characteristics, such as interest rate and currency swaps and other more complex financial instruments, traded as their base. The Bank shall offer conclusion of particular derivative contracts to its clients. The disclosure of information regarding the particular market and contractual risks shall be performed in compliance to the provisions of Ordinance No 38 of the Financial Supervision Commission.

Instruments on the money market, including OTC instruments on money market

OTC transaction instruments on the money market are over-the-counter transactions in financial instruments traded on the local money market. Financial instruments of such a type are: short-term government securities (treasury bills), certificate of deposit and commercial stocks (except payment instruments).

OTC transaction instruments on the local money market are associated with the principal risks related to debt securities.

Leverage, its consequences and the risk of losing the whole investment made

Leverage in the field of investment services means employing various methods for raising borrowed capital (margin trade) in order to earn a greater rate of return. Leverage is an investment method where a position is opened to trade funds repeatedly exceeding the own funds (deposited funds) of the investor. Investment leverage instruments can be options, futures, margin trade and other derivatives.

The use of leverage is associated with an extra risk, since this type of investment leads to an increase of potential loss, rather than on profit only.

III. Main types of risk

1. Liquidity risk

Liquidity risk is the risk of failure of the issuer of financial instruments to meet its current or potential obligations related to payments as they fall due, without incurring unacceptable losses.

Liquidity of financial instruments is directly influenced by the demand and supply of such instruments, and by the size of the respective issue. Under certain trading conditions, it may be difficult or impossible for a position to be closed out.

2. Credit risk

Credit risk is any risk arising from the inability of a counterparty, a debtor, an issuer or a borrower to fulfill its current, potential or contingent obligations in a timely manner and in accordance with the initially agreed terms, due to changes in its financial or economic situation or other specific circumstances.

In the case of debt financial instruments, credit risk is the risk of loss caused by the inability of borrowers, bonds issuers or other counterparties to meet their obligations, or the risk that their creditworthiness may deteriorate.

3. Market risk

Market risk is the risk of loss arising from movements in market prices of debt and equity instruments, as well as of currency and commodity instruments.

This is the risk of fluctuation in the price of investments depending on the market supply and demand, the attitudes of investors, the prices of the underlying or related instruments, as well as on sectoral and economic factors.

Investments in instruments traded on a given market bear the risks of the respective market and the economy of the respective country. Investments in instruments issued by foreign issuers are exposed to the risks of the respective foreign market in which they are traded. In some cases, these risks may be greater than the risks in the local market.

4. Currency risk

This is the risk of investments in instruments denominated in foreign currency being adversely affected by a decrease in the exchange rate of that currency. Increasing or decreasing exchange rates may cause loss or profit for securities denominated in the respective currencies.

This is the risk of devaluation of the currency of financial instruments included in the investor's portfolio of the against the local currency, or against the portfolio currency.

The possibility of gains or losses on transactions in foreign markets or in foreign currency-denominated instruments is influenced by fluctuations in currency exchange rates.

5. Interest rate risk

Interest rate risk is the uncertainty arising from changes in market interest rates that may have a significant impact on the profitability and market value of investments.

Interest rate risk involves the risk of rising market interest rates, which leads to a fall in the market price of some financial instruments, especially bonds.

6. Regulatory/legal risk

This is the risk of changes in the legal framework in the country governing or relating investments in financial instruments.

Changes in regulatory requirements directly related to financial services may result in changes of the profit potential of certain investments. They may cause investments that were permissible in the past to become illegal. Changes in a country's fiscal policy may also occur that have a significant impact on the return on investments. This risk may depend on a number political, economic and other factors.

7. Settlement risk

Settlement risk covers all risks associated with timely execution of payments under money market, foreign exchange, or securities transactions, as well as risks associated with debit limits, daily transactions, and consumer loans.

In the case of transactions involving delivery of debt, equity, currency or commodity instruments (excluding repo transactions, reverse repo transactions and transactions involving lending or borrowing of securities/commodities) that have remained outstanding after the delivery date of the instrument, a risk arises of incurring losses as a result of the price difference between the agreed settlement price for the relevant instrument and its current market value.

8. Operational risk

The risk of loss resulting from inadequate or poorly functioning internal processes, staff or systems, or from external events, also including legal risk.

Operational risk is associated with failures and problems in the operation of essential systems, especially IT systems that may affect the timely execution of transactions in financial institutions, execution of client orders, keeping of financial instruments, etc. Operational risk also includes personal and organizational changes, management gaps, and incompetent decision-making.

This Overview of financial instruments, investment products and risks associated with them shall form an integral part of the General Terms and Conditions applicable to contracts for investment services and activities in financial instruments with customers of First Investment Bank AD.