ALPHA FINANCE

INVESTMENT SERVICES –PRODUCTS – RISKS

INTRODUCTION

ALPHA FINANCE INVESTMETNT SERVICES S.A ("ALPHA FINANCE") informs its clients (retail and professional) for the investments services it provides as well as the investment products it offers. This information also aims to the notification of the risks related to one investment or a specific product.

Alpha Finance's clients must invest in a product, provided that they understand the nature of the product and its specific characteristics and they must also be in the position to recognize and fully assess the risks undertaken by the relevant investment.

This information document is available at every ALPHA BANK branch, as well at Alpha Finance's website www.alphafinance.gr.

1. Investment Services

1.1. Receipt, transmission of orders and execution of trades in the Securities Market of the Athens Exchange, the Cyprus Exchange and the Multilateral Trading Facility of the Athens Exchange.
The retail clients are served by the Alpha Bank Branches, as well as through the ALPHA TRADE network, which includes services, such as the ALPHA PHONE TRADING (tel. 210-370 5700), the ALPHA IVR TRADING (tel. 210 370 5700), the ALPHA WEB TRADING (www.alphafinance.gr) and the ALPHA MOBILE TRADING. The professional clients are served by specialized executives, as well as by the use of direct electronic connections (D.M.A.).

1.2.Research Reports at company or sector level. Alpha Finance's Research Department issues reports on a regular basis (daily, weekly, monthly etc.), as well as in the form of special reports (reports at company or sector level).

1.3. Market Making in the Securities and Derivatives Markets of the Athens Exchange
Market Making in shares and derivative financial instrument is performed by specialized executives of Alpha Finance.

1.4. Credit for the purchase of shares traded on the Athens Exchange. (Margin Financing, Margin Financing T+2).

1.5. Receipt and transmission of orders for the conclusion of transactions in financial instruments traded on the major international markets. The International Markets Division of Alpha Finance serves clients, who wish to conduct transactions in shares, ETF's etc. traded on the major international markets. The orders are transmitted for execution to Goldman Sachs, with which Alpha Finance cooperates.

1.6. Receipt and transmission of orders and execution of transactions in the Derivatives Market of the Athens Exchange.

1.7. Receipt and transmission of orders for the conclusion of transactions in derivative products traded on the major international markets. Alpha Finance offers to its clients access to the international derivative markets, by transmitting their orders for execution to INTERACTIVE BROKERS LLC and Banca IMI.

1.8. Electronic transmission of orders. Alpha Finance has entered into a cooperation agreement with INTERACTIVE BROKERS LLC, a brokerage company located in the State of Connecticut in the U.S.A., which enables Alpha Finance's clients to conduct transactions in financial instruments traded on foreign regulated markets (Stock Exchanges) and Multilateral Trading Facilities. The clients' orders are transmitted to INTERACTIVE BROKERS LLC only electronically.

1.9. Settlement and Custody Services. Clients' transactions are settled by Alpha Finance, unless the client has given to Alpha Finance different settlement instructions. The retail clients' transactions are settled through direct credit or debit of the clients bank accounts held with Alpha Bank and Alpha Bank Cyprus Ltd.
The settlement of transactions in foreign securities is performed by Citibank, which is the global custodian of the Alpha Bank Group, as well as by INTERACTIVE BROKERS LLC. The settlement of transactions in foreign derivative products is performed by INTERACTIVE BROKERS LLC and Banca IMI. In addition Citibank, INTERACTIVE BROKERS LLC and Banca IMI provide custody services to Alpha Finance's clients.

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Custody services provided by Alpha Finance include services, such as securities safekeeping, participation in corporate actions (share capital increases, receipt of split shares, participation in public offers and public bids etc.) collection and payment of dividends, blocking of clients' shares for their participation in General Meetings, as well as sending on a regular basis statements, containing the clients assets kept by Alpha Finance.

2. Products

2.1. Shares listed on Regulated Markets (Stock Exchanges)

When investing in the shares of a listed company the investor is investing in its growth and its ability to generate profits. The company's growth is reflected in its share price, thus creating a surplus value for the investor. In addition the company may decide to distribute part of its profits as dividends. If the company does not progress and experiences losses, the value of the company decreases and the share price declines.

Shares listed on regulated markets or multilateral trading facilities are subject to the trading regulations set by each trading venue (trading hours, transactions rules, price fluctuation limits etc.).

An investment in shares is subject to most of the risks described in Section 3- Risks and does not guarantee returns. Furthermore while the maximum potential profit of an investment in shares is unlimited, the potential loss may equal to the entire capital invested.

2.1.1. Common Shares

A common share is the most ordinary type of share, which integrates all the basic rights of a shareholder, such as rights to the company profits, to the acquisition of free shares issued by the company, participation with voting rights at the General Assemblies, participation in the liquidation product in case of dissolution of the company.

2.1.2. Preferred Shares

A preferred share offers privileges in relation to the common share, which consist of the total or partial preferential collection of dividend, in priority to the common shareholders and to the preferential payment from the liquidation product of the company's assets of the share capital amount deposited by the preferred shareholders. Preferred shares usually are deprived of the right to vote in the General Assemblies.

2.2. Corporate Bonds

Corporate bonds are fixed income securities, which are issued by Greek companies, in order to raise the capital required to finance their investment plans, aimed at their development. The issuer is obliged to pay to the holders of the bonds a fixed amount as interest at fixed time periods and to return to the holder the initial capital on the maturity date of the bond.

2.3. Derivate Products

Derivatives are complex products with special characteristics. Their value derives from an underlying value, such as indexes, shares, bonds, commodities, exchange rates etc. Investors may use derivatives to take advantage of any market movement (upside or downside drift) for speculation, total or partial hedging or for arbitrage purposes.

Derivatives have a specific maturity date and depending on their type, they may differ in margin requirements or settlement methods. One important characteristic is the leverage mechanism. The term leverage refers to the ability of an investor to make an investment (open a position) with a higher nominal value compared to the capital invested. As a result, the potential profit/loss from the leveraged investment (i.e. a derivatives contract) is a multiple of the profit/loss an investor could obtain by investing the same amount directly in the underlying asset. Leveraged investment may yield higher returns, but they can also cause greater losses, which can even exceed the initial amount invested. Therefore, an investor in derivatives often assumes a high level of risk and thus investment in derivatives should be made with caution, especially for less experienced investors or investors, who have limited amount for investment.

Before investing in derivatives, an investor should have the knowledge of the specific characteristics of each product and understand and evaluate the risks involved in it. It is also noted that the characteristics of outstanding contracts may be modified by the regulated markets (stock exchanges).

2.3.1. Futures

A future is a standardized contract by which the investor undertakes the obligation to sell or buy the underlying asset on a certain date at a specific price. The underlying asset may indicatively be shares, indexes, exchange rates, bonds, interest rates, commodities etc.

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To open and maintain positions in futures the provision of margin is required by the investor. Margin is the security provided in favor of each clearing agent and is used when the investor cannot fulfill his obligations arising out of the daily settlement of his open positions (sale or purchase) in derivative products. The clearing agent in its absolute discretion determines the minimum margin requirement which must be covered on a daily basis, which may be amended by Alpha Finance, in accordance with the products risks. Margin may be covered by cash and/or securities, which must be acceptable by the clearing agent, which also determines the minimum ratio of cash to securities.

Futures are traded daily on the derivatives trading venues. Their price is affected by the price of the underlying title, the remaining time until the expiration date and the risk free rate.

The nominal value of a future is defined as the product of the market price of each contract multiplied by a multiplier, set by each regulated market (stock exchange), depending on the characteristics of the product.

Open positions in Futures are settled daily. More specifically on a daily basis, depending on the investor's open position and on the basis of the settlement price of the product, profit or loss is created. In case of profit the relevant amount is credited to the client's brokerage account. In case of loss the relevant amount is debited to the client's brokerage account. In the case that the remaining amount is not enough to cover the required margin the client is on margin call and is obliged to deposit the required amount in the bank account at Alpha Bank, held in the name of Alpha Finance's clients.

The risks undertaken by the investor are related to his open position, the price change of the contract/underlying asset. For a long position (buy side) in Futures, the maximum possible loss equals to the nominal value of the contract. For a short position (sell side) in Futures the potential maximum loss is unlimited.

2.3.2. Options.
There are two basic types of options:

- Call options (options to buy the underlying asset)
- Put options (options to sell the underlying asset)

The investor who maintains a long call option open position has the right but not the obligation to buy the underlying asset, at a fixed price (strike price), on a certain date or at any time before the certain date. The investor who maintains a long put option open position has the right, but not the obligation to sell the underlying asset at a fixed price (strike price) on a certain date or at any time before the certain date.

The investor who maintains a short option open position (either call or put) has the obligation to sell or buy respectively the underlying asset at a fixed price, provided that the investor who maintains the long option position (either call or put) exercises his rights.

The underlying asset may be an index, share, commodity, exchange rates etc.

According to the permitted time of exercising the option, the options are divided into the following categories:

- European type options, which can be exercised only on the expiration date.
- American type options, which can be exercised any time up to and including the expiration date of the option.

The investor who opens a long option position, pays a premium on the trade date, whereas the investor who opens a short option position collects the premium. Unlike Futures positions, option positions are not subject to daily mark to market (settlement).

The investor who maintains a long option open position (either call or put) is NOT obliged to provide margin, because he does not undertake any obligation. On the contrary the investor who maintains a short option open position is required to provide margin, as a security of the obligations he undertakes.

Options are traded daily on the derivatives exchanges, giving the opportunity to the investor who maintains an open option position to close his position, at his own discretion. The price of an option is affected by the price of the underlying asset, the remaining time until the expiration date, the strike price, as well as by the risk free rate.

The maximum potential loss of an investor who maintains a long option position is equal to the premium paid, while the investor who maintains a short option position is exposed to risk if the market moves to the opposite direction in relation to the investor's open position. For a short call option open position the maximum possible

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loss is unlimited, while for a short put option open position, the maximum possible loss is equal to the nominal value of the underlying asset.

2.3.3. Stock Borrowing
An investor may borrow stocks from the ATHEXClear (Athens Exchange Clearing House S.A.) at a fixed interest rate, in order to fulfill obligations for the settlement of a short sale. In addition the investor- borrower may also borrow shares under an agreement with a counterparty – lender, by the conclusion of a block trade transaction, provided that the transaction meets the requirements of a block trade transaction, as set by the Athens Exchange Regulation. The borrower pays interest daily, while he must fulfill any obligation arising out of corporate actions of the borrowed shares, as for example the payment of dividend, which must be returned to the lender of the shares.

The investor who borrows shares must provide margin to the ATHEXClear, as security for the liability he undertakes, in accordance with section 2.3.1.

The investor who borrows shares for short selling, undertakes the risk to suffer loss incurred by the possible increase of the price of the shares he has sold. He is obliged to buy back and return the shares he has borrowed within three (3) working days, if this has been requested by the lender or ATHEXClear.

2.4. Exchange Traded Funds (ETFs)
Exchange Traded Funds are mutual fund shares, which are issued by mutual fund management companies and are listed and traded on regulated markets. Similar to shares, ETFs are purchased and sold during the trading hours of a regulated market. An ETF offers investors the benefits of risk diversification, through the exposure to a diversified shares portfolio, while its main investment objective is to reproduce the performance of a specific index.).

Investing in ETFs does not guarantee returns and is exposed to most of the risks contained in Section 3- Types of Risks. The maximum possible profit is unlimited, while the maximum possible loss equals to the amount invested.

3. Risks

3.1. Market Risk
Market risk is considered as the most important risk factor for an investment, because it affects the possible loss, which might be caused by a possible decline of the investment' s market value. Price changes are caused by supply and demand, which are influenced either by the issuer or/and by external factors (political, financial or sector factors). Market risk is higher for investments which show significant fluctuation of their price.

3.2. Credit Risk
Credit risk relates to the ability/trustworthiness of the borrower to fulfill his obligations, return the capital borrowed, and pay the interest to his lenders. The credit risk is included in the pricing of the product and is reflected either in the coupon or in the bond's yield to maturity. The coupon of the bond increases as the credit risk of the issuer rises.

3.3. Liquidity Risk
Liquidity risk is an important factor which should be taken into account before making an investment. It reflects the ease with which the investor may liquidate an investment. The liquidity risk has direct impact on the time required for the liquidation of the investment as well as on the cash amount to be received by the investor, since the investor, due to his need to liquidate as soon as possible, will offer his investment at lower prices, in order to attract the interest of buyers.

3.4. Currency Risk
An investment in a currency, other than the one used by the investor, entails the risk of the investment losing part of its value, even if its market price does not change. The loss may occur due to the depreciation of the currency of the investment against the currency used by the investor. The investor is exposed to the currency risk, when investing in foreign markets, by using a different trading currency. More specifically an E.U. resident who uses euro as a trading currency, undertakes currency risk when investing in securities traded in countries with different currency, such as the U.S, the United Kingdom, Japan etc.

3.5. Settlement Risk
Settlement risk relates to the possibility that the counterparty of a transaction may not be able to fulfill its settlement obligations, i.e. not to pay the cash required in case of purchase or not to deliver the required securities in case of sale. However, in most regulated markets the Central Counterparty which is the trading

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venue's clearing company guarantees the smooth operation of the settlement, by applying the appropriate mechanisms for the protection of the settlement procedure.

3.6. Interest Rate Risk

The interest rates may change, in accordance with the decisions taken by each Central Bank. Interest rate changes affect the investment's value, because they change the risk free investment return (cash deposit), as well as the funding cost.

3.7. Systemic Risk

Systemic risk is the risk resulting from factors affecting the entire market and therefore it cannot be reduced by diversified investments in the same market.

3.8. Non Systemic Risk

Non systemic risk is caused by factors affecting specific securities or a specific group of securities depending on the financial results of the issuers, their specific sector etc. Non systemic risk may be reduced by diversifying the investments through different asset classes.

3.9. Political Risk

Political risk is caused by changes or instability in the political structure. Since globalization affects the economic and political environment, such changes may negatively affect the return of an investment.

3.10. Legal Risk

Changes in the legal framework, which forbid specific types of investments, which were allowed by the previous framework may affect the value of an investment. In addition changes in taxation may affect the return of an investment.

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