

Risk Disclosure Digital Assets – Celsion Bank AG

I. Introduction/Scope

This document provides information on certain risks associated with Digital Assets as may be relevant to the Client in connection with its business relationship with Celsion Bank AG (“Celsion Bank” or the “Bank”). Celsion Bank may provide a range of services to its clients (“Client(s)”) that relate to Digital Assets registered on a blockchain or another digital, distributed ledger or based on similar technology. The definition of “Digital Assets” is outlined in section II of this document.

Issuing, trading, transacting, investing and holding positions in Digital Assets entails risks to, including technological, operational, market and systemic risks as well as legal, regulatory and tax risks that may differ from and/or apply in addition to those existing in relation to traditional assets including any traditional financial instruments or national and supranational currencies.

In a worst case scenario, the realisation of such risks may result in a total loss of the Client's investment and potentially additional losses in excess of the original investment, depending on the type of Digital Asset and the specifics of the Client's investment activity and exposure.

This document supplements and forms part of the contractual arrangements governing the relationship between Celsion Bank and the Client and must be read in conjunction with the general terms and conditions of Celsion Bank (the “GTC”), the Custody Regulations of Celsion Bank and any other general or special terms of Celsion Bank, as applicable. Celsion Bank reserves the right to adjust and amend this document at any time and to communicate such changes to the Client in accordance with the GTC.

This document outlines on a high-level basis several specific risks when dealing with Digital Assets, **however, it does not constitute nor purport to constitute exhaustive disclosure of all relevant risks or other relevant aspects in connection with Digital Assets or transactions in such assets. This document does not provide all the information a Client may need to make a decision and the document does not serve as a substitute for professional advice by competent subject matter experts.**

As the decentralised protocols that serve as underlying technology of Digital Assets are to some extent still at an early stage of development and might be subject to fundamental changes in the future, the risks outlined herein, as well as the likelihood of their realisation, may evolve or change over time and new risks may arise. Celsion Bank is entitled, but not obliged, to update this document to reflect new developments, in particular technological, legal, regulatory or market developments.

Unless otherwise explicitly noted in this document, the risks described herein are outside the sphere of influence of Celsion Bank. Celsion Bank has no influence on the issuance or continued existence nor on the functionality, convertibility, or transferability of any Digital Asset, including with respect to any underlying assets.

This document is separate from and in addition to the disclosure of risk factors by issuers, distributors, counterparties or other persons and financial services providers involved in the issuance, distribution, trading and other transactions relating to Digital Assets, as may in particular be contained in prospectuses, key information documents, white papers, fact sheets and other information sheets and which describe in more detail the risks associated with a particular Digital Asset or category of Digital Asset.

The Client is required to study any such additional documents, where available, prior to investing, trading or transacting in any Digital Asset and shall take into account the risk factors disclosed therein in its decision-making process, in addition to the risks described in this Risk Disclosure Digital Assets.

Furthermore, Celsion Bank is under no obligation to inform the Client of the realisation or possibility of realisation of any of the risks described above or any other risks relating to Digital Assets.

Furthermore, this Digital Asset Risk Disclosure does not discuss any matters of taxation or other legal matters in any jurisdiction relating to investments and transactions in Digital Assets. The Client is advised to retain appropriate counsel with respect to legal and tax matters. Celsion Bank strongly recommends the Client to get professional advice before investing in Digital Assets.

II. Definition of Digital Assets

Digital Assets refer to Crypto Assets, Tokenised Securities and other Digital Assets which are not Crypto Assets nor tokenised securities (e.g. NFT) and may include other definitions of Digital Assets, such as crypto currencies, asset tokens, utility tokens, non-fungible tokens and other digital assets registered on a blockchain or another digital, distributed and encryption-based ledger or based on a similar technology.

The relevant distributed ledgers themselves and any data stored therein, including without limitation the Digital Assets as such or any references thereto, are, unless explicitly specified otherwise in relevant documentation, not operated nor controlled by Celsion Bank and therefore outside of the sphere of influence of Celsion Bank.

While based on Distributed Ledger Technology, Digital Assets may be subject to centralisation effects, e.g. due to concentration of ownership of issued/pre-mined units with the issuer, another single party or a small number of related or unrelated parties, or due to concentration of

network functions such as node operation or transaction validation with a single party or a small number of related or unrelated parties. This may cause Digital Assets to display characteristics of centrally issued instruments and/or may result in potentially detrimental effects for parties other than those participating in or having any effect on the concentration of ownership or network functions.

III. Important Terms when Dealing with Digital Assets

Airdrop/Airgrab	A network or issuer distributes tokens for free (airdrop) or requires users to claim them (airgrab) based on some eligibility (e.g., holding a token or using a protocol).
Blockchain	A type of distributed ledger that records transactions in ordered “blocks”, chained by cryptography to prevent tampering.
Consensus	The mechanism nodes use to agree on the state of the ledger (e.g., Proof-of-Work, Proof-of-Stake).
Crypto Assets	Digital representation of value or rights which may be transferred and stored electronically, using DLT similar technology. Under the Regulation (EU) 2023/1114 of the European Parliament and the Council of 31 May 2023 on markets in Crypto Assets (“MiCAR”), Crypto Assets include categories such as asset-referenced tokens (ARTs), e-money tokens (EMTs), and other Crypto Assets. Not considered as Crypto Assets are tokenised financial instruments and other digital assets which are not Crypto Assets nor tokenised financial instruments (e.g. NFT).
DeFi (decentralised finance)	Financial services delivered through smart contracts and decentralized protocols (e.g., DEXs, lending, derivatives) without traditional intermediaries.
Digital Assets	The term Digital Assets refers to Crypto Assets, tokenised securities and other digital assets which are not Crypto Assets nor tokenised securities (e.g. NFT) and may include other definitions of Digital Assets, such as crypto currencies, asset tokens, utility tokens, non-fungible tokens and other digital assets registered on a blockchain or another digital, distributed and encryption-based ledger or based on a similar technology.
Distributed Ledger Technology (DLT)	Technology that enables the operation and use of distributed ledgers.
Dusting attack	A dusting attack is when an attacker sends tiny amounts of cryptocurrency to blockchain addresses. The attack does not attempt to steal the funds in any way. Rather, it focuses on using these transactions to identify the individuals or groups behind the wallets. It attempts to deanonymize users and break their privacy.
Hard fork	A backward-incompatible protocol change that creates a permanent chain split if not all nodes upgrade. Both chains can continue independently.
Miner/Minter	Refers to a device or person that operates the device performing an act of creating valid blocks. Some protocols require demonstrating proof of work (done by “Miners”) while other consensus mechanisms require the staking of the assets (done by “Minters”).
Private Key	A secret cryptographic key that authorizes on-chain control of assets. Whoever controls the Private Key controls the assets.
Soft fork	A backward-compatible protocol change that tightens rules; non-upgraded nodes still see upgraded blocks as valid (within limits).
Staking	Locking tokens to support network security/consensus, often earning rewards; can be delegated or validator-operated.

	For more information on staking, please refer to the specific “Staking Terms & Conditions” issued by Celsion Bank and available under www.celsion-bank.com/downloads .
Token	Tokens are either e-money tokens (EMT) or asset-referenced tokens (ART).
Validator	Participant in Proof-of-Stake (or similar) who validates blocks.
51% attack	An entity gains majority control of the resource securing the network (hash power in PoW; stake/validators in PoS), enabling censorship or chain reorgs/double-spends.

IV. Risks of financial instruments embodied in or serving as underlying of Digital Assets

Where Digital Assets represent, constitute, incorporate or reference financial instruments, the risks applicable to such financial instruments apply in the same manner as for traditionally issued and traded financial instruments. **As these risks apply generally and are not specific to Digital Assets, they are not further described in this document.**

The risks associated with trading in securities and other financial instruments are described and disclosed to the Client separately, in particular through the brochure of the Liechtenstein Bankers Association regarding Special Risks in Securities Trading (www.bankenverband.li/en) as well as in other documents and information provided to the Client in the course of the business relationship with Celsion Bank. All documents are available under www.celsion-bank.com/downloads.

V. Staking risks

Specific risks in connection with Celsion Bank’s Staking Services are outlined in Celsion Bank’s Staking Terms & Conditions.

VI. Risks specific to Digital Assets

1. Technology risks

Risks of Digital Assets relating to or resulting from the specific use of technology may include, without limitation:

- **Privacy:** The Client should be aware that any purchase and sale of Digital Assets may be stored in a public distributed ledger and may therefore be visible to the public. Such public distributed ledger is neither a property of nor under control of Celsion Bank. Information available on the public distributed ledger may be exploited or misused in unforeseen ways.
- **Existence of Digital Assets on a distributed ledger only:** The distributed ledgers by which and on which Digital Assets exist are outside of the sphere of influence of Celsion Bank unless

indicated by Celsion Bank otherwise. Digital Assets can be exposed to events specific to the relevant distributed ledger such as hard or soft forks in a blockchain which may lead to the creation of new or competing Digital Assets, adversely affect the functionality, convertibility or transferability of such Digital Assets or which may result in a full or partial loss of units or reduction of value of the Client’s Digital Assets.

- **Irreversibility of transactions:** Base layer transactions on a blockchain or other distributed ledger are irreversible and final, and the history of transactions is computationally impractical to modify. As a consequence, if the Client initiates or requests a transfer of Digital Assets using an incorrect distributed ledger address, it will be impossible to identify the recipient and reverse the defective transaction. This risk also applies if the Client attempts to transfer Digital Assets to Celsion Bank using an incorrect digital ledger address.
- **Technological developments:** Technology relating to Digital Assets and cryptography is still at an early stage and may evolve over time. Digital Assets technology is likely to undergo significant changes in the future. Technological advances in cryptography, code breaking or quantum computing etc, may pose a risk to the security of Digital Assets. In addition, alternative technologies could be established, making some Digital Assets less relevant or obsolete. Technical developments could pose risks to the security of Digital Assets and, if exploited, may lead to the theft, loss of units or reduction in value (including reduction to zero) of the Client’s Digital Assets.
- **Private Keys:** Risks can materialise in the storage and security of Private Keys. If Private Keys are lost or stolen, associated funds may be irretrievable. Celsion Bank implements a number of security measures to mitigate risks associated with Private Keys (see Celsion Bank’s “MiCAR Summary Custody Policy”).
- **Interruption:** The functioning of Digital Assets relies on open-source software (for non-permissioned distributed ledger). Developers may introduce weaknesses, bugs and programming errors into the open-source software or may stop developing the open-source software (potentially at a critical stage where a security update is required), keeping Digital Assets exposed to weaknesses, programming errors and threats of fraud, theft and cyber-attacks. Therefore, there are no warranty that the services offered through platforms will be uninterrupted or error-free.

- **Forks in the protocols:** Changes in the underlying protocols relating to Digital Assets (e.g. hard or soft forks) may negatively impact the value, functionality or legality of those Digital Assets. The consequences of such forks are unique, and it is possible that a particular fork may result in a significant disruption to the underlying assets and, potentially, may result in a market disruption event. It is not possible to predict with accuracy the impact that any anticipated fork could have for how long any resulting disruption may exist.
- **Security weaknesses:** Weaknesses or errors into the underlying code or technology of a Digital Asset could be introduced by developers or other third parties, which may be exploited in attacks. Successful attacks or the perception of a technological weakness might adversely affect the functionality, convertibility or transferability or result in a full or partial loss of units or reduction of value of the Digital Assets.
- **Infrastructure:** Disruptions to the infrastructure or means by which Digital Assets are produced, distributed and stored are capable of causing substantial price movements in a short period of time. Digital Assets infrastructure can vary depending on the specific asset. Some assets are mined, whereby computers solve math problems to verify transactions and are rewarded for this effort in increased asset supply, while other are pre-mined, resulting in all supply existing on day one of the protocol. The computers that make up this infrastructure are decentralized and belong to a combination of individuals and large corporations. Should a significant subset of this pool choose to discontinue operations, pricing, liquidity and the ability to transact in Digital Assets could be limited.
- **Consensus mechanisms and concentration risk:** Distributed ledger technology may be contingent on independent validators or other forms of consensus formation or validation susceptible to external attacks. Potential attacks include e.g. collision attacks, 51% attacks, dusting attacks and censorship attacks. If successful, such attacks may enable a perpetrator to take control of Digital Assets, engage in double spending of the same Digital Asset and/or otherwise abuse the identity or personal data of other users. Furthermore, any such attack may adversely affect the functionality, convertibility or transferability or result in a full or partial loss of units or reduction (including reduction to zero) of value of the Client's Digital Assets.

2. Market and Trading Risks

Risks of Digital Assets relating to the relevant markets, trading platforms and systems may include, without limitation:

- **Volatility:** The price of Digital Assets is highly volatile, i.e. it may rapidly go down or up, on any given day, including on an intraday basis. Investments in Digital Assets are deemed high-risk speculative investments. The risk of material or total loss of assets do exist. Market prices may be very volatile and sometimes differ materially from the fair value, especially in the case of illiquid or low liquidity Digital Assets. Participants in any Digital Assets market are warned that

they should pay close attention to their position and holdings, and how they may be impacted by sudden and adverse shifts in trading and other market activities.

- **Loss:** Digital Assets are in an early stage of development and may, depending on the circumstances, be subject to significant technical and technological changes. Digital Assets might be highly speculative and no market liquidity can be guaranteed. If acceptance in the market declines, tokens may lose some or even all value.
- **Developing markets:** Given the still evolving Digital Asset space, high volatility of Digital Assets, changes and advances in technology, fraud, theft, cyber-attacks, sanctions and regulatory changes, among others, may increase volatility further and may lead to execution delays or failures, which may elevate the potential of investment gains and losses for the Client.
- **Valuation:** Crypto Assets are not typically linked to any national or supranational currency or to any asset or commodity traded on a regulated market and may be subject to elevated volatility. Market exchange rates of Crypto Assets may change between issuance of an instruction for sale or purchase and execution.
- **Execution/Settlement:** As the execution and settlement of transactions in Digital Assets may be dependent on the relevant distributed ledger or on the participation of third parties, delays or failures to execute or settle transactions may potentially result in losses or other adverse effects for the Client.
- **Varying degrees of liquidity:** Low degrees of liquidity could hinder the ability to buy, sell or trade in large volumes of Digital Assets. Celsion Bank therefore makes no representations or warranties about whether a Digital Asset may be used, held or traded at any point now or in the future.
- **ESG:** Protocols applicable to some Digital Assets may cause a significant energy consumption and raise environmental risks as a result. Such risks may raise ethical considerations for investors or may impact the long-term viability of related Digital Assets. Please refer to Celsion Bank's disclosure on ESG relevant topics: www.celsion-bank.com/downloads.

3. Legal, regulatory and supervisory risks

Risks of Digital Assets relating to the legal and regulatory environment may include, without limitation:

- **Regulation:** There still is a lack of consensus regarding the regulation of Digital Assets as its regulation continues to evolve across different jurisdictions globally. Any change in regulation may impact the supply and demand of that specific jurisdiction and other jurisdictions due to the global network of exchanges for Digital Assets. Certain participants in the Digital Asset space may still be unregulated or subject

to limited regulation and may not provide for the same or similar safeguards as would apply in traditional financial markets, including with respect to market manipulation or insider trading. All of these inherent particularities may potentially result in losses or other adverse effects for the Client. **The Client should ensure that investing in any Digital Asset complies with their local regulation.**

- **Limited protection:** Digital Assets might not benefit from protection mechanisms such as this is the case for traditional deposits/finance such as deposit insurance or investor compensation schemes. If problems arise in relation to a Digital Asset, investors in such Digital Assets could lose their entire investment with no legal recourse. Due to the limited legal framework related to Digital Assets, investors may face challenges in seeking legal redress should disputes, financial loss or fraud be realised in respect of any investments related to Digital Assets.
- **Risk of supervisory measures or seizure of Digital Assets:** Regulatory or legal actions may result in the illegality of certain Digital Assets or the implementation of restrictions relating to the trading (and therefore liquidity) of Digital Assets. Digital Assets, their issuers or other involved parties, especially financial and other service providers may become subject to regulatory investigations, injunctions or other measures which may potentially result in a full or partial loss or reduction of value of the Client's Digital Assets, impact the ability to offer Digital Assets to the Client or otherwise affect the Client. As the technology underlying Digital Assets enables thorough forensic investigations that may be able to reach back and cover a period of time and number of transactions that would not be possible with similar effort in the context of traditional assets. Depending on the individual case, such forensic investigations could cover a period reaching back to the generation of the relevant Digital Asset. As a result, the Client's Digital Assets may be subject to a risk of seizure by courts or governmental authorities where they have been previously used for or in connection with criminal activities. Release of seized Digital Assets may be subject to foreign laws or regulations, and the relevant procedures may result in costs, delays or other adverse effects to the Client.
- **Cross-Border aspects:** Cross-Border risks may arise where regulatory frameworks and laws differ between countries, where such countries are relevant to an investor or Digital Asset (e.g. buyer or seller of Digital Assets being in different jurisdictions). As individual countries increase focus and scrutiny on the Digital Asset space, some countries may ban or restrict the use or trading of Digital Assets, creating cross-border legal

issues. Where Digital Assets are intended to constitute, embed or represent financial instruments, the legal effectiveness of such construct may be subject to differing rules in the potentially relevant jurisdictions, including in particular the jurisdiction of the issuer or the holder of the relevant Digital Asset. There is a risk that tokenisation of the supposedly underlying rights and obligations and/or the transfer of such rights and obligations by transfer of a Digital Asset may not be legally effective and that, consequently, the Client's Digital Assets may not include the expected rights and obligations, potentially resulting in a full or partial loss of units or reduction of value (including reduction to zero) thereof.

- **Classification risk:** Celsion Bank may in its discretion determine for the purposes of its business relationship with the Client whether it considers a particular Digital Asset, a Crypto Asset, a financial instrument or another instrument. Such classification applies to the business relationship between the Client and Celsion Bank only. Celsion Bank cannot be held liable for any differing classification by authorities or other competent third parties in any jurisdiction at any given point in time, which may result in differing rights and obligations of the Client in respect of its Digital Assets in various jurisdictions. These may include legal and regulatory duties, tax obligations or other requirements, non-compliance with which may result in measures and sanctions including criminal liability, or which may otherwise affect the legal position of the Client or the value, transferability or convertibility of the relevant Digital Assets.

4. Taxation risks

- **Tax treatment of Digital Assets:** Tax treatment of Digital Assets and any gains or losses made on such Digital Assets may vary between different jurisdictions. Such tax treatment is likely to be an evolving area where changes can be implemented without notice, potentially creating tax liabilities. Clients are responsible for knowing and understanding how Digital Assets will be addressed taxed under applicable laws.

VII. Miscellaneous

The Client acknowledges and accepts the risks described in this document with regard to any service Celsion Bank offers with regard to Digital Assets. Clients that do not understand this document should retain competent counsel or refrain from engaging in activities involving Digital Assets.

Celsion Bank shall not be liable for any losses or damages that may be suffered as a result of using this document nor is the Bank responsible for any loss or damage resulting from the realisation of risks specific to Digital Assets that are outside the

sphere of influence of Celsion Bank or that cannot be attributed to any non-compliance by Celsion Bank with its duties of care pursuant to the GTC, the Custody Regulations and any other general or special terms of Celsion Bank. No responsibility or liability is accepted for any differences of interpretation of legislative provisions and related regulation on which it is based.