

INVESTOR RISK STATEMENT

INTRODUCTION

Please note that LOANCH (hereinafter – we, us, other) is an operator of the investment platform (hereinafter – the Platform) and we do not provide any investment advice or investment recommendations.

We want to be sure that our users (investors) understand the risks involved when using the Platform's services and assess the possible risks before investing.

Claim purchase on our marketplace on the basis of an assignment agreement is deemed as an investment.

“Your investment is not covered by the deposit guarantee schemes established in accordance with Directive 2014/49/EU of the European Parliament and of the Council”

“Nor is your investment covered by the investor compensation schemes established in accordance with Directive 97/9/EC of the European Parliament and of the Council”

We do not guarantee that you will receive any return on your investment. There is no guarantee that you will get back your investment either as a whole or in part.

“There is a possibility to lose all of your funds invested through the Platform”

Please consider that investing on the Platform is not a savings product. We advise you not to invest more than 10 % (ten percent) of your net worth in loan agreements offered on the Platform.

RISKS ASSOCIATED WITH THE INVESTING IN LOANS

Investing in loans on the basis of the assignment agreements is a higher risk/higher return investment strategy and carries significant risks including illiquidity, loss of capital and many others.

“You may not be able to sell the investment instruments when you wish. If you are able to sell them, you may nonetheless incur losses”

Each assignment agreement on the Platform is entered into between the user (the investor) as an assignee and the loan originator (the lender) as an assignor. LOANCH acts as an **intermediary only on behalf of the investor** in the framework of the relevant assignment agreement.

LOANCH tries to do its best to ensure the repayment of funds invested in loans through the Platform. **Most of our loan originators offer such an opportunity as the repurchase of the claim (the buyback obligation)**. This means that in a situation where the user is experiencing a late interest or principal payment for more than 60 (sixty) calendar days, **the loan originator is obliged to repurchase** the claim under the assignment agreement **and repay** the investor the principal amount of the invested funds, including the accrued interest. Whether or not the buyback obligation applies is specified in the description of the offer on the Platform.

The possible risks associated with investing in loans on our Platform are as follows:

1) Loss of Capital.

Despite the buyback obligation, your capital is at risk and you may not receive back all (or any) of your investment in the case where the borrower is unable to make its loan repayments. You should not invest more funds in loans on our Platform than you can afford to lose without altering your standard of living. LOANCH will do its best in the order you are refunded, but unfortunately, we cannot guarantee that you will get your capital back or receive your interest.

2) Unprotected Investments.

As stated above, it is important to understand that your investment is not in any way comparable to a deposit and is not covered by any deposit and investment insurance instrument or compensation scheme. Please, assess all risks before investing on the Platform.

3) Portfolio risk.

Any investment made by you on the Platform should only be made as a part of a diversified investment portfolio. Investing small amounts in multiple loan agreements will help you to spread and minimize your risk.

4) Illiquidity.

Please consider that claim purchasing through the Platform is deemed as an investment. Your investment will be illiquid, meaning that once your funds were transferred to the assignor in accordance with the assignment agreement, you will not get your funds back until the end of the relevant loan maturity date. There is also no guarantee that you will get your funds back upon the maturity date of the relevant loan agreement in the event that the borrower defaults and is unable to repay its debt.

5) Loan Originator (Lender) risk and investor protection.

This risk means that the loan originator's company may have business problems. In this case, the buyback obligation is also at risk. But in a situation where the loan originator goes out of business, you still own claim rights against the borrower and may be able to get your investment back. Please note, however, that your right to collect a debt from the borrower may be limited by the laws governing the loan agreement entered into between the loan originator and the borrower, as well as regulatory requirements applicable to the loan originator in its country of business. We will notify you of further actions as soon as we become aware of the mentioned problems. In addition, in order for LOANCH to protect interests of investors, LOANCH implements a deposit scheme. This means that prior to offering and selling claims under loan agreements on the Platform, the Lender is obliged to ensure a deposit in the amount of up to EUR 30 000,- (thirty thousand euros), or another amount as may be agreed by and between LOANCH and the Lender. In case of the Lender's default, LOANCH shall distribute the deposit amount among all investors who have invested their funds in claims or part thereof arising under loan agreements concluded between the Lender and borrowers, in proportion to the amount invested.

6) Platform Risk.

The risk that LOANCH goes out of business. In this situation, LOANCH will take steps to transfer servicing of all concluded assignment agreements and investments to an appropriate administrator in accordance with the applicable law. Please note, that you will still own the claim rights against the borrower and/or loan originator, and the appointed administrator will help you to receive all outstanding payments.

7) Regulatory Risk.

This risk may arise because of a change in normative acts affecting the business activity of loan originators or LOANCH. We monitor changes in the legislation and take all possible steps to ensure that such changes have no impact on your investments.

8) Force Majeure and Market Risk.

The risk of a decrease in the value of an investment that LOANCH and loan originators cannot prevent and influence. For instance, economic downturn, a financial crisis, exchange rate fluctuations, geopolitical events.

9) Taxation.

Please consider that tax obligation may apply to you as a result of any interest received in accordance with assignment agreements entered into on the Platform. Whether and how any relevant tax obligation applies depends on your place of tax residence. We advise you to consult a qualified tax advisor regarding your tax position, which depends on your personal circumstances and may change in the future.

Please consider that the list of risks associated with investing in loans is not exhaustive.

Please keep in mind that some risks are normal for all kinds of investing, not only for investing in loans on the Platform. Acknowledgement of different types of risk will help you to eliminate your losses and to become a successful investor.

If you still have questions regarding risks associated with investments in loans and the conclusion of the assignment agreements on our Platform, please do not hesitate to contact our support team by email: info@loanch.com