Customer Information Pack

Version 18

This Presentation Document for financial investment services provides the client with information on Banca Comerciala Romana ("BCR" or the Bank) and the services offered by it so that the client is able to understand the nature and risks associated with the investment and related services and the specificity of the financial instruments offered and, consequently, to make informed investment decisions.

This Presentation Document will be made available to the client prior to the signing of the service contract with the Bank and the account opening application through the web site at www.bcr.ro. BCR may periodically update this Presentation Document and the updated versions will be made available to the client via the web site at www.bcr.ro.

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About MiFID

What is MiFID?

The EU's Markets in Financial Instruments and Markets Directive ("MiFID") is the new EU legislation, applicable as of January 1, 2017 and has a major impact on how financial services will be made available to customers across the EU.

The MiFID Directive has been implemented in national legislation by Law No. 126/2018 on markets in financial instruments and several rules issued by the Financial Supervisory Authority (ASF).

The MiFID Directive aims to create a legal framework that provides a high degree of investor protection, stimulates increased competition in the financial industry and transparency in financial markets.

MiFID applies to financial instruments and financial investment services provided to investors by investment firms: credit institutions, financial investment services companies, investment management companies, etc. The range of financial services and instruments covered by MiFID is set out in the Directive.

MiFID II applies to investment firms, market operators, providers of data reporting services, as well as companies from third countries that provide investment services or perform investment activities in the Union by establishing a branch.

What does MiFID mean in relation to clients?

The main aspects that the Bank, from the MiFID perspective, has to take into account in the relationship with clients are the classification of clients and the evaluation of clients according to the services provided.

Customer Classification

According to MiFID clients are classified into three categories: *Retail Clients, Professional Clients, Eligible Counterparties.*

Retail clients are those clients who benefit from the highest degree of protection through the information, assessment, transparency and communication requirements that the bank must fulfill in its relationship with these clients.

Professional Clients are clients who have the experience, knowledge and ability to make investment decisions and assess the risks involved. Professional clients benefit from a lower degree of protection than retail clients.

Eligible Counterparties are entities authorized or regulated to operate on the financial markets (credit institutions, financial investment services companies, insurance companies, collective investment schemes and their management companies, etc.). These clients benefit from the lowest level of MiFID protection.

Clients are categorized into one of the MiFID categories either at the time of the initiation of the business relationship with the Bank on the basis of the documents and information available at the time of opening the Client's account, or at the time of accessing a product or service that is subject to MiFID regulations.

Details on each MiFID client category can be found in section D of the attached Client Information Package.

<u>Evaluation of clients according to the services provided</u>

Depending on the financial investment services provided, the Bank has the obligation to request certain information from the clients in order to evaluate them and the appropriateness of the financial investment services provided. For this purpose, clients will be evaluated on the basis of questionnaires/tests that the Bank will address to clients depending on the products and services requested/offered to clients.

Investment advisory and portfolio management services: the Bank will request certain information from the client as part of a suitability test in order to be able to recommend to the client or potential client the investment services and financial instruments that are suitable for him/her. BCR does not currently provide such services.

Financial investment services other than investment advice and portfolio management: The Bank will request certain information from the client as part of a suitability test in order to be able to assess whether the investment services or financial instruments considered are suitable for the client's profile.

Order execution type services: Where the Bank provides only order execution and/or order reception and transmission services, with or without related services, the Bank is not obliged to request information from the client and may decide not to carry out any test:

(i) if the services relate to non-complex financial instruments,
(ii) if these services are provided at the client's initiative,
(iii) if the client or potential client has been clearly informed that, in providing this financial investment service, the Bank is not obliged to assess the suitability of the financial instrument or service provided and therefore the client cannot benefit from the appropriate protection provided by the relevant conduct of business rules; and
(iv) the Bank complies with the legal requirements regarding conflicts of interest.

Any financial investment services that the Client will purchase from the Bank after signing this Presentation Document shall be completed with the provisions of this document. In the event of any inconsistency between the provisions of the Presentation Document and the specific contracts/forms for the products and services purchased by the Client from the Bank, the provisions of the latter shall prevail. Periodically, the Bank may update this Presentation Document and the updated version will be made known to the Client in the agreed manner. In the event that changes have been made to the content of the Presentation Document and these are brought to the attention of the Client, the parties shall be bound by the Presentation Document as amended.

A. INFORMATION ABOUT US

General data
Banca Comerciala Romana S.A. Dualist companies **Location:** Orhideelor Road nr. 15D, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest, Bucuresti **SWIFT Code:** RNCB ROBU General contact details: **Tel:** 021 407.42.00 **e-mail:** contact.center@bcr.ro
Registrations and authorizations
- Unique Registration Code: 361757 - Trade Register Registration No: J40/90/1991 - Bank Register No.: RB-PJR-40 008/18.02.1999 - No. Registration No. 3776/2006 in the Register of personal data controllers - Credit institution authorized by the National Bank of Romania in accordance with the provisions of Chapter 2 of the Government Emergency Ordinance no. 99/2006 - Intermediary Registered in the Public Register of the National Securities Commission (C.N.V.M.) with no. PJR01INCR/400007
Autorities

-Supervisory Authority: Banca Nationala a Romanaiei (Str. Lipscani nr. 25, Sector 3, Bucuresti, Postal Code 030031) **Telephone**: 021/313.04.04.10; 021/315.27.50; **Fax:** 021/312.38.31; **Website:** www.bnro.ro -**Supervisory Authority for capital market operations:** Financial Supervisory Authority Financial Instruments and Investments Sector (Spaiul Independentei nr.15, Sector 5, Bucharest) **Telephone**: 021/659.64.64.64; Fax: 021/659.60.51; 021/659.64.14 **Website:** www.asfromania.ro
Declarations: BCR declares that it is a credit institution authorized by the National Bank of Romania and is registered in the CNVM/ASF Register.
Applicable legal framework: the main applicable regulations are the Government Emergency Ordinance no. 99/2006 on capital adequacy and credit institutions, approved by Law no. 227/2007, as amended and supplemented, Law no. 297/2004 on capital markets, as amended and supplemented, Law no. 126/2018 on markets in financial instruments.

B. **BCR contact information**

Investments and transactions of financial instruments
Financial Markets Division **Address:** Orhideelor Road nr. 15D, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest, Bucuresti **Phone**: 0373.516.555; 0373.516.556; 0373.516.557; 0373.516.558; 0373.516.560; 0373.516.547. **E-mail**: DPF.Retail@bcr.ro
Custody Services & Transaction and Portfolio Reporting
Financial Markets Operations Division **Address:** Orhideelor Road nr. 15D, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest, Bucuresti **Phone:** 0373.511.706; **E-mail**: doc.pietedecapital@bcr.ro
Internal Control Department
Compliance Directorate - Capital Markets Compliance Office **Address:** Orhideelor Road nr. 15D, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest **Phone:** 0373.513.022 **E-mail**: compli.securities@bcr.ro
Customer Petitions
Retail Distribution Department - Customer Support or Compliance Department - Capital Markets Compliance Office **Address:** Orhideelor Road nr. 15D, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest, Bucuresti **E-mail**: reclamatiimifid@bcr.ro https://www.bcr.ro/ro/contact/sesizari-si-reclamatii
Language and ways of communication
Customers can communicate and obtain from the company any documents or information in Romanian and/or English. The Bank's working hours are between **9.30-18.00**. Communication for agreeing to the terms and conditions of each Transaction, transmitting orders and receiving confirmations, as well as for any other types of communication/correspondence, will be carried out by telephone, fax, e-mail, written correspondence as well as other means (e.g. electronic means of communication). Details regarding the actual means of communication can be found in the specific contracts that you will enter into with BCR, depending on the product and service you are receiving.

C. SAFE CUSTODY OF CLIENT ASSETS

1.Financial instruments traded on Romanian markets

Financial instruments traded on the Romanian capital market are held in individual or global accounts opened by BCR with central depositories for the provision of clearing-delivery and registry services.

Financial instruments and bank funds held by customers are recorded at BCR in individual accounts opened in the name of each customer.

When financial instruments are held in custody in Romania, Romanian law is applicable.

Financial instruments traded both on the Romanian and other foreign markets may be transferred at the client's instruction to global (omnibus accounts) or individual financial instruments accounts opened with custodians/sub-custodians// intermediaries on the respective capital markets, depending on the characteristics of each market and the services offered by the sub-custodians/ intermediaries. In accordance with the provisions of EU Regulation 909/2014 on improving securities settlement in the European Union ("CSDR"), BCR offers its clients the choice between omnibus (global) segregation and, upon request, individual segregation (individual account) and informs about the costs and risks associated with each option, available on BCR's website at: https://www.bcr.ro/ro/despre-noi/guvernanta-corporativa/mifid.

2.Financial instruments traded on foreign markets

Financial instruments traded on foreign capital markets are held in custody accounts opened on the respective capital markets, either by Erste Group Bank AG as custodian bank for the capital markets covered by it, or by a third party custodian bank mandated by BCR in accordance with the regulations in force, for the other foreign capital markets.

When the financial instruments are held in custody on foreign capital markets, the laws of the respective state and the customs of the foreign market are applicable.

3. Responsibilities and insolvency

3.1 BCR's responsibilities and insolvency

Throughout the entire duration of its custody activity, BCR will comply with the prudential rules established by the ASF and the NBR. BCR may not be held liable for any loss or damage suffered by the client as a result of BCR's performance of its obligations, unless such loss or damage is the result of gross negligence, fraud or intentional breach of such obligations, in which case BCR's liability in relation to any financial instrument shall not exceed the market value of the financial instrument to which the loss or damage relates at the time of the gross negligence, fraud or intentional breach of obligation.

BCR's creditors may not, under any circumstances, have recourse to customer assets, including in the event of the opening of insolvency proceedings. BCR may not use a customer's assets for the purpose of guaranteeing transactions concluded on its own account or on behalf of another customer, unless the customer expressly agrees to this in writing.

In the event of BCR's insolvency proceedings, the financial instruments and/or bank funds in relation to such financial instruments, held in the name and on behalf of and on account of the clients, shall not be subject to the claim or payment of BCR's creditors.

Without limiting the foregoing, with respect to the collection of funds or other rights paid or distributed in connection with any assets, the risk of default by the issuer and/or the borrower shall be borne by the customer.

3.2. Third party liability and third party insolvency

BCR assumes responsibility for the careful selection of any third party custodian bank and for the instructions given to it, in compliance with the following principles:

➢ it will keep at all times in its own records the financial instruments and monies belonging to each customer distinct and separate from the financial instruments and monies belonging to other customers or the bank;

➢ ensure that the financial instruments and monies belonging to customers that may be entrusted to third parties for deposit, in the case of external markets, are identified in the records of the third party separately from the financial instruments and monies belonging to that third party, its customers or the bank, by means of (sub)accounts titled differently in the third party's books or by other equivalent measures that ensure the same level of protection;

➢ shall ensure that adequate organizational arrangements are in place to minimize the risk of loss or diminution in the value of client assets or the rights attached to those assets as a result of misuse of assets, fraud, mismanagement, inadequate record keeping or negligence.

When financial instruments are held in custody in foreign capital markets, claims in insolvency proceedings relating to the third party custodian bank will be subject to the laws of the respective state governing insolvency and bankruptcy proceedings.

BCR assumes full liability towards its clients in case they suffer losses of financial instruments and/or entrusted funds as a result of the failure by the bank and/or the third party custodian appointed by the bank to comply with the legal obligations regarding the protection of the financial instruments and funds entrusted. In this case, BCR's liability will extend to cover the entire direct damage caused, but will not exceed the market value of the financial instruments at the time of the damage. For the avoidance of doubt, the bank shall be liable exclusively for direct loss, and shall not cover indirect, incidental, potential, or consequential loss or loss of any business opportunity.

3.3. **Measures taken to protect the assets of customers for whom BCR provides financial investment services in the nature of taking and executing orders for the sale and purchase of financial instruments and the safekeeping and administration of financial instruments**

BCR will comply with the prudential rules established by CNVM/ASF and BNR throughout the entire duration of the trading, clearing and settlement of financial instruments on the capital markets.

BCR is a Member of the Investor Compensation Fund ("FCI"), a legal entity under public law, established and operating in accordance with Law no. 88/2021 on the Investor Compensation Fund, published in the Official Gazette of Romania no. 420 of April 21, 2021, as amended and supplemented, and Regulation no. 10/2022 on the Investor Compensation Fund issued by the ASF, as amended and modified from time to time.

The FCI will compensate in an equal and non-discriminatory manner any eligible investor with whom BCR has entered into a financial investment services agreement, up to a maximum ceiling which has been established as from 01.01.2012 as the equivalent in RON of EUR 20,000/individual investor.

The following categories of investors are exempted from compensation:
a) professional and institutional investors, including:(i)investment firms as defined in Art. 4 para. (1) point 2 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; (ii) credit institutions; (iii) financial institutions; (iv) insurance and reinsurance companies; (v) collective investment schemes; (vi) privately managed pension funds; (vii) other professional and institutional investors;
b) international organizations, governments and other central, regional and local public administration authorities;
c) directors, managers and directly accountable members of the CFI's participants, persons whose responsibility is the preparation of the audit of the CFI's participants;
d) shareholders of the participants in the FCI holding at least 5% of the share capital;
e) investors with similar status to those mentioned in lit. c) and d) above, in other companies of the same group as the FCI's participants;
f) spouses, relatives and first-degree relatives up to and including the first degree, as well as persons

acting on behalf of the investors mentioned in lit. c)-e) above;
g) legal persons within the same group as the participants in the FCI;
h) persons who have a responsibility for or have benefited from certain situations in relation to a Participant in the ICF which have led to the financial difficulties of the Participant or have been of such a nature as to lead to the deterioration of the financial situation of the Participant;
i) companies which, because of their size, are not permitted to prepare an abridged balance sheet in accordance with applicable accounting regulations.

FCI compensates investors in any of the following situations:

a) ASF finds by decision that a participant in the FCI, for reasons that are directly related to its financial situation, is unable to meet its obligations arising from investors' claims, nor is there any prospect of honoring these obligations in the shortest possible time;
b) the competent court of law, for reasons related to the financial situation of an FCI participant, issues a ruling on the opening of insolvency proceedings pursuant to Law no. 85/2014 on insolvency prevention and insolvency proceedings, as amended and supplemented, with the effect of suspending the possibility for investors to exercise their rights with regard to the enforcement of claims on that entity;
c) a participant in the CIU has its authorization and any of the conditions in lit. (a) or (b) above is fulfilled.

FCI compensation is provided for rights arising from a Fund Participant's failure to: (i) return the monies and/or any financial instruments belonging to and held on behalf of investors in connection with their investment activity and (ii) return the financial instruments of investors in the event that a participant of the FCI, in its capacity as a participant in the central depository system, transfers, without the prior consent of an investor, financial instruments held by the investor from the individual account opened in the investor's name with the central depository to the global account opened by such participant of the FCI with the central depository.

More information and details about FCI's activity are available on its website: www.fond- fci.ro. These details are provided for the information of clients only. No legal liability of BCR can arise from them.

BCR will separate the financial instruments belonging to the clients from those belonging to the bank and will register these instruments in its own records, in separate accounts from those of the bank. For instruments held outside the European Union, the rights from which an investor may benefit may be different.

Where, due to the nature of the legal provisions or market practice in another jurisdiction, it is in the Client's interest to do so, or where it is not practicable to do otherwise, the Bank may register the Client's financial instruments also in the name of the Bank or in the name of any other person (which may include a sub-custodian).

The Bank will not register the Customer's financial instruments in the name of another person unless that person's business includes the provision of financial services. In these circumstances, the Customer's securities may be subject to the legal provisions of another jurisdiction, will not be segregated and may not benefit from adequate protection against claims raised on behalf of general creditors of the person in whose name the securities are registered, which protection would have been available if the Customer's securities had been segregated and held in custody in other jurisdictions.

The Bank will not accept any liability for any loss, material liability or cost which the Client may suffer or incur as a result of any deficiencies in the work of the sub-custodian appointed by the Bank, with the express consent of the Client where the Bank has taken all reasonable due diligence measures in its appointment, in accordance with applicable legal provisions, unless the sub-custodian is an affiliate of the Bank, in which case the Bank will accept the same level of liability as it accepts for its own acts, omissions or breaches of duty.

D. CLIENT CLASSIFICATION

According to MiFID clients are classified in three categories**:** ***Retail Clients, Professional Clients, Eligible Counterparties.***

1. **Retail Clients** are those clients who benefit from the highest degree of protection through the information, assessment, transparency and communication requirements that the Bank must

fulfill in its relationship with these clients. The retail category usually includes individuals as well as legal entities that do not meet the criteria for classification as professional clients.

2. **Professional clients** are clients who have the experience, knowledge and ability to make the investment decision and assess the risks involved. Professional clients benefit from a lower degree of protection than retail clients.

By way of example, professional clients may receive less information on costs and commissions, the Bank is not obliged to inform about significant difficulties in the prompt and proper execution of orders, the Bank is not obliged to provide the same periodicity of periodic reports as for retail clients. Also in the context of best execution, the Bank is not obliged to consider the total transaction costs as the most important factor, and in the context of appropriateness and suitability tests the Bank may assume that a Professional client has sufficient knowledge and experience to understand the associated risks and has the financial capacity to bear any associated risks according to the investment objectives. Under compensation schemes for Professional clients, they may have fewer rights under applicable regulations.

According to the applicable legal provisions, the following categories of clients are considered as clients **professionals** for all investment services and activities and financial instruments:

a) Entities that must be authorized or regulated to operate in the financial markets. The following list includes all authorized entities carrying out activities characteristic of the entities mentioned: entities authorized in Romania or in a Member State pursuant to a directive, entities authorized or regulated in Romania or in a Member State without reference to a directive and entities authorized or regulated by a third country:

1. credit institutions;
2. investment firms and SSIF;
3. other authorized or regulated financial institutions; 4. insurance companies;
5. collective investment schemes and their management companies;
6. pension funds and their management companies;
8. local firms as defined in Art. 4 para. (1) point 4 of Regulation (EU) 575/2013;
9. other institutional investors.

b) Large undertakings meeting two of the following criteria, on an individual basis:
1. balance sheet total: EUR 20,000,000;
2. net turnover: EUR 40,000,000;
3. own funds: EUR 2,000,000.

c) National and regional governments, including public bodies managing public debt at national or regional level, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;

d) Other institutional investors primarily engaged in investing in financial instruments, including entities engaged in asset securitization or other financing transactions.

3.**Eligible Counterparties** are entities authorized or regulated to operate on the financial markets. These clients benefit from the lowest level of MiFID protection.

BCR classifies the following entities as eligible counterparties in its relationship with BCR:
- Investment firms,
- credit institutions,
- insurance companies,

- UCITS and their management companies,
- pension funds and their management companies,
- other financial institutions authorized and regulated in accordance with European Union law or the national law of another Member State,
- national governments and departments/bodies established in accordance with the national law of each Member State, national public bodies charged with the management of the public debt at national level,
- central banks and supranational organizations.

The above-mentioned entities have the right to request a change of categorization to professional, in which case the bank assumes that these professional clients have sufficient knowledge and experience to understand the related risks and have the financial capacity to bear any associated risks according to their investment objectives. In order to benefit from a higher degree of protection, a client categorized as an eligible counterparty may request to be categorized as professional or retail.

By way of example, we mention that in relation to **eligible counterparties** the Bank is not obliged to best execution in the execution of orders, to perform suitability or timeliness tests, to provide information on the Bank and its services, the incentives received by the Bank for the provision of products and services or the risks associated with these products and services.

Your classification by BCR

The classification of clients in one of the MiFID categories is made at the moment of the initiation of the business relationship with BCR, based on the documents and information available at the account opening. The reclassification to another category may occur during the contractual relationship, at your or BCR's initiative.

As a rule, if at the initiation of the contractual relationship, on the basis of the information available, you do not fall into the categories "Professional Clients" or "Eligible Counterparties", you are considered to be included in the MIFID Retail clients category, thus benefiting from all the advantages that derive from this classification. Unless you are informed to the contrary in the course of the following year, in order to reconsider your classification as a retail client, you will continue to enjoy the highest level of investor protection.

If you wish to discuss about or change the category in which you have been categorized, BCR will inform you about the possibility to change this categorization, if you meet the criteria listed in point D above, in order to become a Professional client or Eligible Counterparty.

E. CUSTOMER SERVICES

Authorized financial investment services: BCR is authorized to provide the financial investment services set out in Section A in items 1, 2, 3, 4, 5, 6, 7 and Section B in items 1, 2, 3, 4, 5, 6, 7 of Annex 1 of the Law no. 126/2018 on the markets of financial instruments.

Investment services and activities:

1. taking and transmitting orders concerning one or more financial instruments;
2. execution of orders on behalf of clients;
3. trading on own account;
4. portfolio management,
5. investment advice;
6.Underwriting and/or placing of financial instruments with firm commitment;
7. placement of financial instruments without a firm commitment.

Ancillary services:

1. The safekeeping and administration of financial instruments on behalf of clients, including custody and ancillary services such as cash/collateral management and excluding the provision and administration of securities accounts at the highest level. The provision and servicing of securities accounts at the highest level is the "centralized administration service" set out in Section A, point 2 of the Annex to Regulation (EU) No

909/2014.

2. The granting of credits or Loans to an investor to enable him to carry out a transaction in one or more financial instruments, a transaction in which the firm granting the credit or loan is involved.

3. Advice provided to enterprises on capital structure, industrial strategy and related matters; advice and services in connection with mergers and acquisitions of enterprises.

4. Foreign exchange services where such services are related to the provision of investment services.

5. Investment research and financial analysis or any other form of general recommendation regarding transactions with financial instruments.

6. Underwriting services.

7. Investment services and activities and ancillary services of the type included in this Section or in Section A on Derivatives Underlying Assets included in Section C, paragraphs 5 to 7 and 10, where they are related to the provision of investment or ancillary services.

The Bank may offer its clients a package of core and ancillary investment services, such as the bundling of execution services (order taking, transmission and execution) and custody services, for which BCR has considered the following:

a) offer customers the possibility to sign a framework contract through which they can benefit from any of the financial investment services offered by BCR, according to their own decision and option, which can be exercised at any time during the course of the contractual relationship, as well as custody services;

b) b) custody services are related to execution services, facilitating both the settlement of orders and thus avoiding additional risks and costs, as well as the centralized management by clients of their investment portfolio, including for the collection of dividends, coupons, etc., and for participation in various corporate events;

c) custody services are deemed to be rendered and the related costs apply to the financial instruments as long as they are in BCR's custody, customers being free to choose the custody services offered by another intermediary, to which they can transfer their portfolio of financial instruments in custody with BCR;

d) does not involve costs other than those agreed between the parties, for each of the services, according to the contractual framework.

BCR has not identified any additional risks that would intervene through the package of services, risks that would differ from each component taken separately, i.e. the execution service and the custody service.

F. CUSTOMER REPORTS

BCR will provide clients with at least the following reports on the main financial investment services provided:

- Order execution confirmation. This information shall be provided immediately after the execution of the transaction, and in the case of retail clients at the latest on the first business day following the execution of their order. If the Bank receives the confirmation from a third party, the report shall be transmitted at the latest on the first business day following receipt of the confirmation from the third party.

If the Client is a Professional Client, the Bank shall immediately send him/her important information on the execution of his/her order.

- Portfolio Statement (Client Assets Report). This report is submitted if you receive financial investment services. The portfolio statement is submitted quarterly and includes details of each financial instrument held, quantity, market value or, if the market value is not available, the estimated value of the financial instruments together with a clear indication that the absence of a market price could be an indication of a lack of liquidity.

This report shall also include, if applicable, the extent, if any, to which any of the client's financial instruments or client funds have been the subject of securities financing transactions and quantification of any benefit to the client as a result of participating in any securities financing transaction and on the basis of which the benefit accrued.

All such reports shall be transmitted to the Client by the means of communication agreed in the specific contracts.

The reports and any other written communications regarding transactions carried out on behalf of the Client to be sent by the Bank shall be deemed to be correct and approved by the Client if, within a maximum of one working day from the date of receipt thereof, the Client has not issued any written notice of any irregularities.

G. CHARGES AND RELATED COSTS

Fees and related costs for the services provided by the Bank are detailed, as the case may be, in the General Terms and Conditions of Business / Banking Services Agreement as well as in the specific contracts that the Client enters into with the Bank depending on the product or service desired by the Client (total price, currency, payment terms, other formalities).

The Bank shall inform the Client of the possibility of other costs for the Client, including fees, associated with transactions in connection with the financial instrument or investment service, which are not payable through the Bank and are not imposed by the Bank.

The following list shows the standard structure of the fees charged by BCR for services rendered in relation to financial instruments:

Financial instrument	Trading Commission	Minimum Commission	Transfer Fees	Custody Fees
Equities, Structured Products (Certificates)	0,25-1,5%	10 - 650 RON	10 - 100 RON	0,00 - 1,00%/year
Bonds	0,00-9.00%	10 – 1200 RON	10 - 2350 RON	0,00 - 1,00%/year
Mutual funds	0,00-5%	-	-	0,00-0.2%/year

Commissions and fees charged by market institutions (stock exchanges, central depositories, clearing houses) and by CNVM/ASF for the operations carried out on the Romanian capital market are available on their websites: www.bvb.ro, www.depozitarulcentral.ro, www.asfromania.ro, www.depozitarulcentral.ro. Details can be provided upon request by BCR.

Commissions and fees charged by market institutions (stock exchanges, central depositories, clearing houses) for operations carried out on international markets can be provided by BCR upon request.

H. FINANCIAL INSTRUMENTS, INVESTMENT RISKS

H.1 The main instruments in relation to which BCR offers services on capital markets or outside the trading systems operated by regulated markets are:

- Shares issued by companies and their equivalent securities traded on the capital market. Shares are financial securities which give the holder rights over the issuer's assets. Shares represent indivisible parts of the company's share capital, of equal value, conferring the right to vote at the general meeting of shareholders, the right to participate in decision-making and in the sharing of profits and risks. Investors risk and are materially liable only up to the amount invested. They bear a number of investment risks and do not guarantee the capital invested.

- **Bonds and other debt securities**, including government securities with a maturity over 12 months. Bonds are negotiable financial instruments which confer creditor status on the holder. Bonds entitle the holder to interest and will be redeemed at maturity by the issuer. As a rule, bonds have the invested principal and interest guaranteed by the issuer, the principal risk being the credit risk of the issuer. Bonds that are issued by an issuer and are collateralized by a particular portfolio of assets of that issuer will bear the credit risk of that issuer's portfolio of assets. These items are set out in the offering prospectus for that bond issue.

- **Any other securities normally** dealt in giving the right to acquire such transferable securities by subscription or exchange, giving rise to a cash settlement, with the exception of instruments of payment.

- **Derivatives:** These are financial instruments whose price depends on the price of one or more underlying assets (equities, indices, interest rates, currencies, commodities, other derivatives, etc). Most derivatives are characterized by a high level of risk due to trading on margin, which can generate significant gains or losses in a very short time, losses that may exceed the amount invested. Derivatives are used to protect investments in the underlying asset or for speculative purposes.

- **Structured product with currency options**: Structured products offer customers the opportunity to earn higher returns than standard deposits by taking on market risk. The best-known structured products with currency options are those linked to the performance of a financial market (e.g. foreign exchange). The risk associated with this product is the possibility of capital erosion or zero return, depending on the product.

- **Structured bonds:** Structured investment instruments are investment instruments for which the return and/or repayment of principal is generally not fixed, but rather dependent on certain future events or developments. In addition, such investment instruments may be structured in such a way that the issuer can call them in advance if the product reaches the target value; in such cases, they can be called for payment automatically. Because of the numerous linking, combination and payment possibilities associated with these investment instruments, they have developed a wide variety of different structures whose selected names do not always follow the structures in a uniform way. For this reason, it is necessary that the specific product terms and conditions are always analyzed.

- **Fund units:** Investment funds are investment products in which the decision to allocate the mobilized resources is ceded by the client to the fund manager. Investment funds invest the resources attracted in other financial instruments according to a formula designed to ensure an optimal balance between the average return offered to the client and the associated risk. The risk associated with this product is linked to the assets invested in: shares, bonds, derivatives, deposits, etc.

The risk presentation below is designed to help you recognize and define your own tolerance for investment risk. **Therefore, please read this information carefully.**

Risk is the possibility of not realizing the expected return on an investment and/or losing all or part of the capital invested. Such a risk may be due to a variety of causes, depending on the specific structure of the product in question. Such causes may be inherent to the product, the markets or the issuer. Since risks are not always predictable, the following presentation should not be regarded as definitive.

In any case, investors should pay particular attention to any risk related to the credit rating of the issuer of a product, which always depends on the individual case.

The description of investment products is based on the most typical characteristics of the product in question. The deciding factor is always related to the specific structure of each product. For this reason, the following description does not replace a careful examination of the specific product by the investor.

The risk to which investments in financial instruments are subject has three components:

a) **systematic (non-diversifiable)** risk influenced by factors such as: the general evolution of the national economy, the risk of a sharp fall in the capital market, the risk of a change in the market interest rate, the risk of the inflationary process, the risk of the exchange rate, etc.;

b) **non-systematic risk,** which includes: investment risk, management risk, financial risk, etc. The manager can control this risk through its own regulations/procedures and internal control, portfolio diversification and portfolio asset selection;

c) **legislative risk**, which involves the emergence of regulations abolishing a number of existing exemptions or advantages in a particular market or introducing tax rates, charges or the like which are more onerous than existing ones.

<u>In general, the following should be considered when investing in financial instruments:</u>

- The potential return of each investment depends directly on the degree of risk; the higher the potential return, the greater the risk.

- Irrational factors (feelings, opinions, expectations, rumors) can also have an impact on prices and thus on the return on your investment.

- Investing in several different types of financial instruments can help reduce the risk of the total investment (the principle of risk diversification).

- Each client is responsible for the correct taxation of his or her investment and for any tax and duty issues. The Bank does not provide tax advice.

H.2 General risks associated with investments in financial instruments:

- Currency risk: this type of risk arises in the case of transactions in financial instruments denominated in foreign currency, the investment performance depending not only on the local yield of the financial instrument on the foreign market but also on the evolution of the exchange rate of that foreign currency against the portfolio currency.

- Credit risk: each issuer traded on the capital markets is subject to a certain degree of risk, given that past performance is no guarantee of future performance. Credit risk refers to the possibility of counterparty default, i.e. the inability of one party to a transaction to meet its obligations, such as the payment of dividends, interest, repayment of principal on maturity, or failure to meet these obligations in full. It is also called repayment risk or issuer risk. Such risks are categorized using 'ratings'. A rating is a rating scale used to assess the creditworthiness of an issuer. Ratings are issued by rating agencies, mainly on the basis of credit risk and country risk. The rating scale ranges from "AAA" (best credit rating) to "D" (worst credit rating).

- Country risk: represents the creditworthiness of a particular country, this risk arises in the case of the creditworthiness of a particular country, economic or political factors may have negative effects for all counterparties resident in that country.

- **Transfer risk:** depending on the respective country involved, the securities of foreign issuers present an additional risk with regard to political or exchange control measures that may complicate or even prevent the realization of an investment. In addition, problems may arise in connection with the settlement of an order. In the case of currency transactions, such measures may prevent free currency convertibility.

- **The risk of total loss:** the risk that an investment becomes completely worthless, for example due to its conception as a limited right. Total loss may occur, in particular, if the issuer of a financial instrument is no longer able to meet its payment obligations (insolvent), for economic or legal reasons.

- Price risk: this type of risk arises in case of unfavorable fluctuations of individual investments. In the case of transactions with conditional commitments (forward foreign exchange transactions, futures, issuance of options, etc.) it is therefore necessary to provide collateral (margin requirement) or to establish additional margin, which means fixing liquidity.

- Securities purchase risk by credit: the purchase of securities on the basis of a credit presents a high risk because the credit must be repaid regardless of the evolution of the investment, in addition the costs of a credit reduce the value of the investment.

- Sector risk: this type of risk arises when a portfolio is made up of securities issued by issuers operating in the same sector.

- **Macroeconomic risk:** this refers to the general development of the national economy.

- **Market risk:** events that are difficult to anticipate may occur on the market in financial instruments, which may affect trading prices.

- **Interest rate risk**: the risk that, in the case of a fixed interest rate investment instrument, the value of the investment may change as a result of changes in market interest rates (if market interest rates are higher than the interest rate attached to the investment product, the market value of the investment product may depreciate).

- **Liquidity risk:** the client's inability or potential for financial loss to liquidate the investment product at the time the client wishes to do so (if the client wishes to liquidate the investment product before maturity and the market does not identify sufficient buyers interested in purchasing it at a market price, the client risks incurring financial losses due to the liquidation of the product at a price well below its market value (the market is illiquid).

H.3 The presentation below is designed to help you understand the risks associated with the main instruments in relation to which BCR may offer financial investment services on capital markets or outside the trading systems operated by regulated markets.

The description of investment products is based on the most typical product characteristics. The decisive factor is always the specific structure of the product in question. For this reason, the description below does not replace careful examination of the specific product by the investor.

[1] Bonds / Debt securities / Securitized securities

Yield

The yield on bonds is represented by the interest on the principal and any difference between the purchase price and the price obtained when the bond is sold / redeemed.

Consequently, the yield can only be calculated in advance if the bond is held to maturity. In the case of variable interest rates, the yield cannot be calculated in advance. Bonds with yields well above the market level should always be carefully analyzed as increased credit risk is a possible reason for such higher yields. The sale price that can be obtained when bonds are redeemed (the market price) is not known in advance. Consequently, the return may be higher or lower than the yield initially calculated. In addition, transaction costs, if any, must be deducted from the overall return.

Credit risk

There is always a risk that the borrower will be unable to meet all or part of its obligations, for example, in the event of insolvency. The creditworthiness of the borrower must therefore be taken into account in an investment decision. The credit ratings (assessment of the creditworthiness of organizations) issued by independent rating agencies provide some indications in this respect. The highest credit rating is "AAA" (e.g.

for German government bonds). With lower ratings (e.g. "B" or "C"), the risk of default (credit risk) is higher, but, by compensation, the instruments generally offer a higher interest rate (risk premium). Investments rated BBB or higher are generally considered to have acceptable investment risk.

Price risk

If a bond is held to maturity, the investor will receive the redemption price as stated in the terms of the bond. Please note that there is an early redemption risk on the part of the issuer, which is provided for in the terms and conditions of the issue.

If a bond is sold before maturity, the investor will receive the current market price. This price is determined by supply and demand, which also depends on the level of the current interest rate. For example, the price of fixed-rate securities will fall if the interest rate on bonds with comparable maturities rises. On the other hand, bonds will appreciate if the interest rate on bonds with comparable maturities falls.

A change in the issuer's creditworthiness may also affect the market price of a bond.

In the case of floating rate bonds whose interest rate is indexed to capital market rates, the risk of the interest rate being or becoming fixed is considerably higher than in the case of bonds whose interest rate depends on money market rates.

The extent to which the price of a bond changes in response to a change in the interest rate level is described by the "duration" indicator. Duration depends on the time remaining to maturity of the bond. The longer the duration, the greater the impact of changes in the interest rate on the price, either positively or negatively.

Liquidity risk

The marketability of bonds depends on a number of factors, such as issue size, time to maturity, stock market rules and market conditions. Bonds that are difficult to sell or cannot be sold at all should be held to maturity.

[2] Shares

Profitability

The return on equity investments consists of dividends as well as price increases or decreases and cannot be predicted with certainty. Dividends represent the distribution of earnings to shareholders as decided by the general meeting of shareholders. The dividend amount is expressed as an absolute value per share. The yield obtained from dividends in relation to the share price is called the dividend yield. Most of the gains from equity investments are usually realized from the performance/price movement of the share price (see price risk).

Price risk

Shares are usually traded on stock exchanges. Prices are generally set daily, based on supply and demand. Investments in shares can generate considerable losses.

In general, the price of a share depends on the business trend of the company in question, as well as on general economic and political stability. In addition, irrational factors (investor sentiment, public opinion) can also influence the share price trend and therefore the profitability of an investment.

Credit risk

As a shareholder, you own a stake in a company. As a result, your investments may depreciate, particularly in the event of company insolvency.

Liquidity risk

Liquidity may be limited, particularly in the case of shares quoted on over-the-counter or over-the-counter markets.

If a share is listed on more than one stock exchange, there may be differences in its quotation on the different exchanges.

Trading

Shares are traded on public stock exchanges and sometimes over-the-counter markets. In the case of exchange trading, stock exchange rules must be followed (trading lots, order types, settlement contracts, etc.) If a share is listed on different stock exchanges in different currencies (e.g. a US share listed in Euro on the Frankfurt Stock Exchange) it also presents a currency risk.

[3] Mutual Funds

I. Open Investment Funds

Profitability

The profitability of open-end investment funds is based on the evolution of the value of the fund units. This cannot be determined in advance. The value of a fund unit depends on the investment policy set out in the fund's prospectus and on the movements in the market prices of the financial instruments held by the fund in its portfolio. Depending on the structure of a fund's portfolio, the relevant risk warnings must be taken into account for each type of financial instrument (bonds, equities, etc.).

Price/rating risk

Fund units may be redeemed at any time at the redemption price. In exceptional circumstances, the redemption of fund units may be temporarily suspended. The duration of an investment fund depends on the terms of the fund and is usually unlimited. Please bear in mind that fund units, unlike bonds, do not have a maturity date and therefore do not have a fixed redemption price. The risk associated with fund units depends, as already mentioned, on the fund's stated investment objectives and market movements. A loss cannot be excluded. Although fund units can be redeemed at any time, they are instruments designed for long-term investments.

Like shares, funds can be traded on the stock exchange. The prices that appear on a particular exchange may differ from the redemption price. In this respect, please refer to the information on equity risk.

II. Exchange-traded funds

Exchange-traded funds (ETFs) are units of investment funds that are traded in the same way as exchange-listed shares. An ETF is generally made up of a basket of financial instruments (e.g. a basket of shares) that reflect the composition of a particular index. The unit of the ETF tracks the index through the composition and weighting of the financial instruments included in the index, so ETFs are often referred to as "index stocks".

Profitability

Profitability depends on the price movements of the financial instruments in the basket of financial instruments.

Risk

The risk depends on the financial instruments in the basket of financial instruments

[4] Warrants

The purchaser of a call warrant is guaranteed the purchase price of the underlying asset. A profit can be realized if the market price of the underlying asset exceeds the strike price to be paid by the investor. In this case, the buyer of the warrant can buy the underlying instrument at the strike price and sell it immediately at the market price. An increase in the price of the underlying asset will usually lead to a proportionally higher percentage increase in the price of the warrant (leverage effect). As a result, most warrant holders make a profit on the sale of warrants.

The same is true, in the opposite direction, for put warrants. These usually appreciate if the price of the underlying asset falls.

The return on warrant transactions cannot be calculated in advance. The maximum loss is limited to the amount of capital invested.

Price risk

The risk inherent in warrant transactions is the possibility that, between the purchase and expiration of the warrant, the underlying asset may perform differently from expectations at the time of purchase. In the worst case, the entire invested capital may be lost.

The price of a warrant also depends on the following factors:

- Volatility of the underlying asset (a measure of the expected fluctuation margin at the time of purchase and, at the same time, the most important aspect for determining the fair price). High volatility generally implies a higher warrant price.
- Time to maturity (the longer the maturity of a warrant, the higher the price).

A decrease in volatility or a decrease in the time to maturity may cause the price of a warrant to remain unchanged or fall, even if expectations regarding the price development of the underlying asset are confirmed.

It is generally not recommended to purchase warrants that are close to maturity. Buying warrants with high volatility makes your investment more expensive and therefore highly speculative.

Liquidity risk

Warrants are usually issued in small numbers, which increases liquidity risk for investors. Because of this, individual warrants can be subject to particularly large price fluctuations. With regard to trading on the stock exchange, it is important to keep in mind that the market has very low liquidity.

Warrant conditions

Warrants do not have standardized terms. Therefore, it is necessary to obtain full information on the exact terms and conditions of a warrant, in particular on:

The manner of exercise Is the warrant exercisable at any time during its validity (American option) or exercise: only at expiration (European option)?

Underwriting Ratio: How many warrants are needed to obtain the underlying asset

Exercise: Physical delivery of the underlying asset or cash settlement

Expiry: Please note that the Bank will not exercise a warrant unless specifically instructed to do so!

Last Dealing Day: This date is often before the expiration date, so it cannot be doubted that the option can be sold at any time before the expiration date.

[5] Money market instruments

Returns

The risk and return elements of money market instruments are broadly equivalent to those for bonds/debt instruments. The differences mainly relate to liquidity risk.

Liquidity risk

As a rule, there are no organized secondary markets for money market instruments. There can therefore be no guarantee that instruments can be sold easily.

Liquidity risk is of secondary importance if the issuer guarantees payment of the invested capital at all times and is sufficiently creditworthy to do so.

Money market instruments

Certificates of deposit: money market financial instruments issued by banks, generally with a maturity from 30 to 360 days.

Discount Treasury certificates: money market financial instruments issued by governments at a price below par, generally with a maturity of up to 360 days.

Discount and bonus certificates: bonds convertible into cash or shares with underlying asset shares or index

[6] Discount certificates

With discount certificates, the investor receives the underlying financial instrument (e.g. the underlying shares or index) at a discount from the current price, but in return his participation in the growth of the underlying financial instrument is limited to a certain cap. At maturity, the issuer has the option to redeem the certificate at the maximum amount (cap), to receive the shares or, if an index is used as the underlying financial instrument, to receive a cash amount equal to the value of the index.

Profitability

The difference between the discounted purchase price of the underlying financial instrument and the upper price limit determined by the ceiling represents a possible profit.

Risk

If the price of the underlying financial instrument falls sharply, shares will be delivered at maturity of the instrument (the equivalent value of the shares delivered will be below the purchase price at that time). Since the allocation of shares is possible, the risk mitigation for the shares has to be taken into account.

[7] Bonus certificates

Bonus certificates are debt securities which, subject to certain requirements, at maturity offer a bonus or the positive performance of the underlying financial instrument (individual shares or indices) in addition to the nominal value. Bonus certificates have a fixed maturity. The terms and conditions of the certificate regularly stipulate cash payment or delivery of the underlying financial instrument at maturity.

The type and redemption price at maturity depend on the price performance of the underlying financial instrument.

Three levels are set for bonus certificates: a starting level, a barrier below the starting level and a bonus level above the starting level. If the underlying financial instrument falls to or below the barrier, the bonus is lost and the certificate will be redeemed at the price of the underlying financial instrument. Otherwise, the minimum redemption price results from the bonus level. If the certificate matures, the bonus is paid together with the amount initially paid for the nominal value of the certificate.

Profitability

With a bonus certificate, the investor acquires a monetary claim on the issuer for payment of an amount determined by the performance of the underlying financial instrument.

Risk

The risk depends on the underlying financial instrument. If the issuer goes bankrupt, the investor has no secured creditor rights or rights of claim for separation and recovery of assets that are not part of the bankruptcy estate in respect of the underlying financial instrument.

[8] Bonds convertible into cash or shares with underlying asset shares or index

These consist of components, the risk of which is borne by the bond buyer:

The investor purchases a bond whose interest rate includes an option premium on the underlying underlying asset. This structure therefore generates a higher interest rate than a comparable bond of the same maturity. The bond can be redeemed either in cash or in shares, depending on the price movements of the underlying assets.

The bond purchaser is therefore the author of a put option (option component), which sells to a third party the right to sell shares to the third party; in this respect, the bond purchaser agrees to accept the consequences if prices move in a direction contrary to its interests. The bond buyer will bear the risk of price movements; in return, he will receive a premium, an amount which depends mainly on the volatility of the underlying asset. If the bond is not held to maturity, this risk is compounded by interest rate risk. A change in the interest rate will affect the price of the bond and therefore the net yield of the bond relative to its maturity.

Please also consult the appropriate risk warnings in the sections on credit risk, interest rate risk and equity price risk.

[9] Index and basket certificates

Index certificates

Index certificates are debt securities (usually listed on a stock exchange), which offer investors the possibility to acquire a holding in a particular index but without the need to own the financial instruments included in the index. The underlying index is generally represented in a 1:1 ratio in the index certificate; changes in the underlying index are taken into account.

Return

With an index certificate, the investor acquires a monetary claim on the issuer for payment of an amount determined by the level of the underlying index. The return depends on the performance of the underlying index.

Risk

The risk depends on the financial instruments underlying the index.

In the event that the issuer goes bankrupt, the investor has no secured creditor or creditor's rights of separation and recovery of assets that are not part of the bankruptcy estate in respect of the underlying financial instrument.

Share basket certificates

Basket certificates are debt instruments that offer investors the possibility of acquiring an interest in a basket of shares without having to hold the financial instruments contained in the basket. The composition of the basket of shares is determined by the issuer. The different financial instruments in the basket may be weighted equally or differently. The component may be adjusted at certain intervals (e.g. annually).

[10] Knock-out certificates (turbo certificates)

The term "knock-out certificate" means a certificate which confirms the right to buy or sell a specific financial instrument at a given price if the financial instrument does not reach the indicated price threshold (knock-out barrier) before maturity. If the value of the financial instrument reaches the barrier, the certificate will expire early and most of the investment will generally be lost. Depending on the price development of the financial instrument, a distinction is made between long knock-out long certificates, which rise in a rising market, and short knock-out short certificates, which are specifically designed for falling markets. In addition to normal knock-out certificates, "leveraged" knock-out certificates are also issued, usually under the name "turbo certificates" (or leveraged certificates).

If the price of the underlying financial instrument rises, the increase in the value of the turbo certificates will be disproportionately higher due to the leverage (turbo) effect; the same effect occurs in the opposite direction when prices fall. Thus, large gains can be made on small investments, but the risk of loss is high.

Profitability

A positive return can be obtained if there is a favorable difference between the purchase price or market price and the strike price (which gives the possibility to buy the underlying financial instrument at the lower strike price or sell it at the higher strike price).

Risk

If the knock-out threshold is reached before maturity, either the certificate expires and becomes worthless or an estimated residual value is paid (the product is "knocked-out"). For some issuers, it is sufficient for the certificate to become knocked-out if the price reaches the knock-out level during the trading day. The closer the current stock exchange quotation is to the strike price, the stronger the leverage effect. At the same time, the risk that the price will fall below the knock-out threshold increases because either the certificate will become worthless or the estimated residual value will be paid out.

[11] Structured products

Risks

1) Where the conditions for interest and/or dividend payments depend on future events or developments (indices, baskets of shares, individual shares, certain prices, commodities, precious metals, etc.) and therefore may be reduced or even eliminated in the future.
2) Nominal value repayments may depend on future events or developments (indices, baskets of shares, individual stocks, certain prices, commodities, precious metals, etc.) and may therefore be reduced or even eliminated in the future.
3) With regard to interest and/or dividend payments as well as repayments of nominal values, interest rate risk, currency risk, corporate risk, sector risk, country risk and credit risk (and possibly a lack of secured creditor rights and no claim for separation and recovery of non-asset assets in the event of bankruptcy), as well as tax risks, must be taken into account.
4) The risks defined in paragraphs 1) - 3) above may result in major price fluctuations (losses) during the maturity of the product, regardless of any interest rate, earnings or nominal value guarantees; such risks may make it difficult or impossible to sell the product before it reaches maturity.

[12] Guaranteed certificates

When the guarantee certificates mature, the original nominal value or a certain percentage thereof is returned, regardless of the performance of the underlying financial instrument ("minimum redemption").

Yield

The maximum return that can be derived from the performance of the underlying financial instrument may be limited to a maximum redemption price or other restrictions on participation in the performance of the underlying financial instrument set out in the terms and conditions of the Certificate. The investor is not entitled to dividends and similar distributions on the underlying financial instrument.

Risk

The value of the certificate prior to maturity may fall below the minimum redemption price agreed prior to maturity. However, at maturity the value will generally be at the level of the minimum redemption price. The minimum redemption price depends on the creditworthiness of the issuer.

[13] Twin Win Certificates

When Twin Win certificates reach maturity, the issuer pays a redemption price that depends on the performance of the underlying financial instrument. The certificates have a barrier. If (as a general rule) the price of the underlying financial instrument does not reach or falls below the barrier of the Twin Win certificate before maturity, the investor participates in the absolute performance of the underlying financial instrument, starting from the reference price set by the issuer; this means that even price losses on the underlying instrument can be converted into gains on the certificates. If the price falls below the barrier of the Twin Win certificate before maturity, the certificate will be redeemed at a price at least equal to the price movement of the underlying financial instrument. The issuer may stipulate that disproportionate participation in the performance of the underlying financial instrument above the reference price is possible. However, there may be a maximum limit on the redemption price.

Profitability

If the price does not reach the barrier, the investor can also profit from the negative performance of the underlying financial instrument, since it participates in the absolute return; therefore, price losses of the underlying financial instrument can be turned into gains. The price of the certificate may react more or less to fluctuations in the price of the underlying financial instrument depending on various factors influencing it (e.g. volatility of the underlying financial instrument, period to maturity, difference between the price of the underlying financial instrument and the barrier).

Risk

Twin Win certificates are risky investment instruments. If the price of the financial instruments underlying the Twin Win certificates changes unfavorably, all or a large part of the invested capital may be lost.

[14] Express Certificates

An Express certificate allows the investor to participate in the performance of the underlying financial instrument with the option of early redemption. If on any observation date, the underlying instrument meets the early redemption criteria specified by the issuer, the certificate expires early and will be automatically redeemed by the issuer at the redemption price applicable on that date. If the underlying financial instrument does not meet the indicated early redemption criterion, even on the final observation date, the certificate will be redeemed at the closing price of the underlying financial instrument of the certificate set on the final observation date. In this case, if the issuer has established a barrier at the date of issue of the certificate and the price of the underlying instrument does not reach or pass the barrier during the observation period, the certificate will be redeemed at a price at least equal to the minimum redemption price defined by the issuer.

Profitability

The Express Certificates offer the possibility to realize the positive performance of the underlying financial instruments early. Even if the indicated early redemption criterion is not met, it can be redeemed at a price at least equal to the minimum redemption price defined by the issuer, if the barrier has not been reached or exceeded.

The price of the certificate may fluctuate more or less with the price movements of the underlying instrument depending on various factors (e.g. volatility in the underlying instrument, the period to maturity, the distance between the price of the underlying instrument and the level of the barrier).

Risk

Express Certificates are risky investment instruments. If the price of the financial instruments underlying the Express Certificates changes unfavorably, all or a large part of the invested capital may be lost.

I.INCENTIVES PAID TO THE BANK FOR THE SALE OF FINANCIAL INVESTMENT SERVICES AND OTHER INCOME EARNED BY BCR IN CONNECTION WITH FINANCIAL INSTRUMENTS

With regard to the implementation of financial investment services in accordance with the best interest of all parties involved, BCR wishes to emphasize that, according to the current contractual relationships with third parties (e.g. Investment Management Companies), BCR may accept benefits ("incentives") from these third parties.

Disclosure of monetary incentives:

BCR realizes the following revenues acting as a distributor:

a) 60% - 85% of the Erste Asset Management (EAM) revenues generated by the management of monies that have entered the fund portfolio as a result of BCR's fund unit distribution activity.
b) b) 30% - 85% of the income generated from the management of the money that has entered the portfolio of funds with which BCR has contractual relationships and as a result of BCR's fund unit distribution activity.
c) BCR acts in relation with the EAM both as a distributor and as an intermediary in connection with the subscription (purchase) and redemption (sale) of fund units.

Any commission or fee or any non-monetary benefit that is received or provided in connection with the provision of an investment or ancillary service to or by any party other than the client or a party acting on behalf of the client will be considered by the Bank to be an inducement.

In the future, new contractual relationships may be entered into under which the Bank may accept incentives (benefits) for the provision of financial investment services. These incentives received from third parties will be used to improve the services provided to clients or to ensure the long-term quality of the client relationship.

BCR explicitly states that the acceptance of such incentives has no negative effect on trading in the best interest of the client.

Any additional details regarding the benefits accepted by BCR from third parties for the provision of financial investment services will be made available to the client through the disclosure documents.

Disclosure of minor non-monetary benefits

BCR is committed to providing its clients with investment and ancillary services with honesty, fairness and professionalism.

For this reason, BCR does not offer or receive non-monetary inducements, except those that are considered acceptable minor non-monetary benefits. BCR will ensure that any minor non-monetary benefits it receives or offers:

(i) may enhance the quality of the services it provides to its customers;

(ii) do not affect compliance with BCR's obligation to act in the best interests of the customer;

(iii) are reasonable, proportionate and of a magnitude that is unlikely to influence behavior in any way that is detrimental to the interests of BCR's customers;

(iv) are disclosed to clients prior to the provision of investment services.

The list below indicates the types of minor non-monetary benefits that BCR may offer or receive:

(i) attendance at conferences, seminars and other training events on the benefits and features of a particular financial instrument or investment service;

(ii) hospitality of a reasonable minimum value, such as food and beverages during a business meeting or a conference, seminar or other training event mentioned above;

(iii) generic information or documents relating to financial instruments or investment services, such as short-term market commentaries, economic releases or unreasonably brief summaries of a third party's opinion.

J. ORDER EXECUTION POLICY

[1] Order execution policy for each class of financial instruments

General

a.Execution venues include regulated markets, multilateral trading facilities, organized trading facilities and other liquidity providers. The choice of execution venue can have a direct impact on the Bank's best possible outcome when executing client orders.

b. Section 9 provides a list of execution venues selected by the Bank where client orders are executed. The selection criteria as well as the risks are described in Section 2. Sale transactions are usually executed in the country of the custodian of the financial instrument because of the settlement fees related to the execution of orders. This also applies to the sale of subscription rights.

Equities and exchange traded funds (ETFs)

a.Orders for stocks and ETFs are placed directly or transmitted through brokers to trading venues for execution.

b.In general, the Bank executes orders for equities and ETFs on a commission basis. For equities, the trading venue applies in accordance with the provisions of Law 126 of 11 June 2018 on Markets in Financial Instruments and the revised MiFID II Directive (Directive 2014/65/EU). Therefore, the Bank executes equity orders mainly on the stock exchange in the country of residence of the issuer, considering that the best possible result can be obtained in a consistent manner due to the higher trading volume. By way of exception, deviations from this general rule may occur.

c.For certain shares, Erste Group Bank AG may execute client orders systematically on its own account. The shares offered and the current prices are quoted by Erste Group Bank AG itself and published on its website https://www.erstegroup.com/en/legalinformation/mifid/siquotes. In this respect, Erste Group Bank AG complies with the rules applicable to systematic internalization and adheres to the principles of best execution.

d.Erste Group Bank AG may use alternative execution venues for orders exceeding

EUR 500,000 or in case of insufficient liquidity, taking into account whether a better result for the client can be achieved in terms of price or cost. This trading venue may differ from the original trading venue at the time the order is placed.

Bonds

a.BCR offers the possibility to directly buy or sell bonds (including zero coupon bonds) at current market prices. In general, the execution of bond orders is done on a transaction commission basis.

b.Erste Group Bank AG may use alternative execution venues for orders above

EUR 500,000 or in cases of insufficient liquidity, taking into account whether a better result for the client can be achieved on a price or cost basis. This trading venue may be different from the original trading venue at the time the order is placed.

c.Erste Group Bank AG may execute client orders on its own account. In doing so, Erste Group Bank AG complies with the rules applicable to the independent trader and adheres to the principles of best execution.

Investment funds

Subscription or redemption of units of investment funds of SAIs of the Erste Group and investment funds of the Bank's partners, if these funds are authorized for distribution in Romania, is not considered execution of client orders in the sense mentioned above in Law 126 of 11 June 2018 on markets in financial instruments and, therefore, does not fall under the scope of this policy. In general, the execution of orders on bonds is done on the basis of a trading commission.

Certificates and warrants

a.The Bank offers the possibility to purchase certificates and warrants on a commission basis in a trading venue or outside a trading venue.

b.The Bank trades directly with the issuer of financial instruments, if the issuer offers a better overall result for the client or a higher probability of order execution.

OTC derivatives

a.These refer to transactions agreed individually between the client and the Bank, for a fixed price and outside a Regulated Market or traded on an MTF or OTF. BCR, for derivatives transactions, closes the position with Erste Group Bank AG. The way in which BCR calculates the price offered is detailed in the document Ex-Ante Cost Transparency available at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd).

b.OTC derivatives can be based on different underlying assets such as interest rates, currencies or commodities.

c.The Bank evaluates the parameters of a client order executed outside a trading venue prior to each trade. Therefore, the Bank uses current reference prices and appropriate valuation methods. For OTC derivatives, the Bank uses Erste Group Bank AG as the sole liquidity provider and the client may request quotes from other counterparties for comparison.

[2] Execution factors by class of financial instrument

General notes

In order to obtain the best possible result for its clients, the Bank takes into account various order execution factors:

- Price
- Costs
- Speed of execution
- Probability of execution
- Other relevant factors

For Retail clients, in order to achieve the best possible overall result for the client, the price of the financial instrument and the costs associated with the execution of the order are mainly taken into account.

In order to obtain the best possible result for RETAIL clients, Erste Group Bank AG takes into account the execution factors described below; please find Erste's execution policy at:

https://cdn0.erstegroup.com/content/dam/at/eh/www_erstegroup_com/en/Rechtliches/Mifid/erstegroup-execution-policy-retail-en.pdf?forceDownload=1

In order to achieve the best possible outcome for Professional clients, Erste Group Bank AG takes into account the execution factors described below; please find Erste's execution policy at:

https://cdn0.erstegroup.com/content/dam/at/eh/www_erstegroup_com/en/Rechtliches/Mifid/erstegroup-execution-policy-prof-en.pdf?forceDownload=1

The costs taken into account by the Bank include, for example, execution fees, taxes, brokerage fees or clearing and settlement fees.

Additional information on execution criteria and their significance, as well as a description of the market conditions for each class of financial instruments, is provided below. Execution factors are ranked according to their relative importance, starting from the criteria with the highest priority.

[2.1.] Equities and exchange traded funds (ETFs)

Equities and ETFs are primarily traded on a trading venue.

Equities and ETFs admitted for trading on the Bucharest Stock Exchange (BVB) will be traded on the BVB.

Those admitted to trading on trading venues other than the BVB will be forwarded for execution to Erste Group Bank AG.

In order to obtain the best possible result for the client, the following execution factors are taken into account by the Bank:

Enforcement factor	Descriptions
Price/ Costs	Erste evaluates, on which of the trading venues the best trading price results are consistently achieved. Erste takes into account all costs related to order execution that could impact the client. These include, for example, commissions of trading venues, brokers or clearing systems, but also taxes.
Speed/ likelihood of execution	In order to ensure the highest probability and speed of execution, Erste takes into account the different trading volumes of the respective execution venues.
Qualitative factors	In addition, Erste takes into account qualitative factors, such as access to execution venues and brokers in a safe and fast manner, the reliability of clearing systems, as well as the procedures available in case of emergency.

[2.2] Bonds

Bonds are mainly traded on a trading venue or from proprietary accounts. Thus the most important factors are price, cost and likelihood of execution.

Orders received by BCR from Clients will mainly be forwarded for execution to Erste Group Bank AG.

In order to obtain the best possible result for the client, the following execution factors are taken into account by Erste Group Bank AG:

Enforcement factor	Descriptions
Price/ Costs	Erste evaluates which trading venues consistently perform best in terms of trading price. Erste considers all order execution costs that could impact the client. These include, for example, commissions of trading venues, brokers or clearing systems, but also taxes.
Qualitative factors	In addition, Erste takes into account qualitative factors, such as access to execution venues and brokers in a safe and fast manner, the reliability of clearing systems, as well as the procedures available in case of emergency.

[2.3] Investment funds

Client instructions for investment funds are primarily processed either directly with the investment management company or via trading platforms.

In the case of a specific client instruction whereby orders are executed at a specific trading venue, the same execution factors are used as for equities and ETFs.

[2.4] Certificates and Warrants

Certificates and warrants are traded on trading venues or directly with the issuer, taking into account where the best total price is obtained for the client.

Certificates and warrants admitted for trading on the Bucharest Stock Exchange (BVB) will be traded on the BVB.

Certificates and warrants admitted to trading on other trading venues than BVB will be forwarded for execution to Erste Group Bank AG.

In order to achieve the best possible result for the client, the following execution factors are taken into account by Erste Group Bank AG:

Enforcement factor	Descriptions
Price/ Costs	Erste evaluates which trading venues consistently perform best in terms of trading price. Erste considers all costs related to order execution that could impact the client. These include, for example, commissions of trading venues, brokers or clearing systems, but also taxes.
Qualitative factors	In addition, Erste takes into account qualitative factors, such as access to execution venues and brokers in a safe and fast manner, the reliability of clearing systems, as well as the procedures available in case of emergency.

[2.5] OTC Derivatives

The Bank assesses the parameters of a client's order executed outside a trading venue prior to each trade. Therefore, the Bank uses current reference prices and appropriate valuation methods to inform the client of potential risks, such as, for example, counterparty risk.

[3]Primary Market

The Bank offers the possibility to subscribe/purchase shares, bonds, warrants and certificates issued by Erste Group Bank AG or other external issuers (on a commission basis) for a fixed (issue) price.

[4] Brokers

If the Bank does not have direct access to a market, orders are forwarded to Erste Group Bank AG for execution.

[5] Costs and fees paid to third parties

In general, different costs may be incurred for the execution of client orders. These may be:

a. Venue costs: these are the costs published by the trading venue in question and apply in the case of direct market access as well as execution through a broker.

b. Broker fees: if the Bank does not have direct access to a market, there may be costs to brokers who provide the necessary market access.

c. Settlement fees: These are the fees of external settlement agents and custodians in connection with the settlement and custody of financial instruments.

d. Other costs: These may be incurred for a particular trading venue as well as for a single financial instrument.

e. Bank Fees: These fees are shown as own expenses.

[6] Specific client trading instructions

a. If there is a specific instruction from the client regarding the place of execution or other aspects of the order, the Bank will execute the order in accordance with the specific instructions. The Client should note that any specific instructions may prevent the Bank from obtaining the best possible result for the execution of such orders.

b. If there are no specific instructions from the Client, the Bank shall execute the order in accordance with this Order Execution Policy.

[7] Technical malfunctions and other unforeseen events

In the event of unforeseen events, the Bank may have to deviate from its order execution policy and choose alternative ways of executing orders. At the same time, the Bank will endeavor to obtain the best execution possible. During the period of trading restrictions, certain exchanges may become unavailable for placing orders. In this case, the Bank will inform, if possible, its clients upon receipt of orders through its employees, the Bank's website or the online trading application (BCR Broker).

[8] Monitoring and review of the order execution policy

a. The Best Execution Policy is reviewed annually by the Bank. The policy will also be reviewed if there are indications that the essential criteria in favor of a particular execution venue have become invalid. The Bank will inform clients of material changes to its enforcement policy.

b. The Bank has developed procedures and practices to review the quality of enforcement obtained. These reviews are based on the execution factors for each class of financial instruments listed in Section 2 for execution venues.

The best possible execution venue for a particular financial instrument is determined on the basis of a scoring model. There, the execution factors are assigned different weights and are evaluated using the scoring model. The execution venue with the highest score is chosen as the execution venue.

c. The Bank will use the execution quality reports published by the execution venues as assessment parameters.

d. For OTC derivatives, the Bank checks the fairness of the pricing. External market data is regularly considered in the validation methods and review processes implemented by the Bank for this purpose.

[9] Reporting Top 5 execution venues and quality of execution report

a. The Bank publishes annually, for each class of financial instruments, the top five execution venues in terms of the volume of client order transactions in the previous year.

b. The Bank publishes quarterly, data on the quality of client order execution for financial instruments, where the Bank acts as a systematic internalizer or other liquidity provider.

c. The reports are published on the Bank's website.

[10] Trading venues of BCR are Bucharest Stock Exchange, Bloomberg MTF and Erste Group Bank AG

You can find the list of trading venues of Erste Group Bank AG in the execution policy of Erste Group Bank AG.

K. BASIC PRINCIPLES FOR ADMINISTERING CONFLICTS OF INTEREST

We have established the following measures to ensure that there will be no adverse effects on the interests of our clients with respect to possible conflicts of interest that may arise between us and our clients or between our clients and our clients:

1. Conflicts of interest may arise in the following situations:

Between our clients and the Bank and/or its subsidiaries, employees of the Bank and/or its subsidiaries, when providing investment services/related services, in particular in the following areas: financing; financial analysis; fund administration; fund administration; investment banking; retail distribution; execution of client orders; trading for third party accounts; proprietary trading; custody of securities.

Conflicts of interest may arise in particular as a result of the Bank's and/or its subsidiaries' relationships with issuers of financial instruments, through participation on supervisory boards or advisory committees or of issuers of financial instruments with the Bank and/or its subsidiaries, as clients of the Bank and/or its subsidiaries.

Conflicts of interest may also arise as a result of the bank's and/or its subsidiaries' relationships with issuers of financial instruments when the issuer is a subsidiary of the bank and/or one of its subsidiaries or the bank and/or one of its subsidiaries has a direct or indirect ownership interest in the share capital of the issuer of financial instruments.

Furthermore, conflicts of interest may arise where the Bank and/or its subsidiaries participate in the issuance of securities of the issuer in question; is a creditor or guarantor of the issuer of securities; participates in the preparation of the financial analysis of the issuer of securities; makes/obtains payments to/from the issuer of securities; has entered into cooperative relationships with the issuer of securities or directly or indirectly operates joint ventures with the issuer of securities.

2. **Conflicts of interest may also arise when** the Bank and/or its subsidiaries or individual persons within the Bank and/or its subsidiaries have had access to information that was not public at the time of the transaction or there are incentives to choose a particular financial instrument, during the analysis, the provision of advice, the issuance of recommendation or during the execution of client orders.

3. **In order to avoid as far as possible such conflicts of interest, our Bank and/or its subsidiaries have departments with clearly defined responsibilities.**

In accordance with legal requirements, we and our employees are required to provide financial investment and related services in a professional and honest manner, in the best interest of our clients and avoiding possible conflicts of interest.

Within the Bank there is a compliance structure/system that includes the following measures to manage conflicts of interest:

a. Establishing separate areas of confidentiality through "Chinese walls" which represent virtual or physical barriers to the dissemination of information;

b. Establishment of rules for the conduct of personal transactions by Bank employees, including special rules on the holding of custody accounts by employees in the confidentiality areas;

c. Employees who may find themselves in conflict of interest situations are required to disclose such situations and the transactions that give rise to the conflict of interest situations;

d. Maintaining a watch list and a restricted list of financial instruments that may give rise to conflict of interest situations. Transactions in financial instruments on the watch list are permitted under certain conditions and monitored, while transactions in financial instruments on the restricted list are prohibited.

e. Maintain a register of persons operating within the areas of confidentiality.

f. Monitoring transactions in financial instruments that may give rise to conflicts of interest and are carried out by relevant persons in the Bank;

g. Executing client orders in accordance with the order execution policy or in accordance with client instructions.

h. Rules regarding gift and other benefits policy.

i. Employee training.

4. If a conflict of interest cannot be avoided, we will promptly inform our clients in accordance with the relevant legal provisions. In this case we may refrain from carrying out any valuation, giving advice or issuing a recommendation on the relevant financial instruments.

5. We will provide further details on the resolution of such situations that may give rise to potential conflicts of interest upon specific request.

Any further details of the conflicts of interest policy will be made available to the client at any time upon request in a durable medium.

Presedinte Executiv,
Sergiu Manea