

Client Information Package

Version 19

This document provides information about Banca Comercială Română (BCR) and its financial investment services. Its purpose is to help you understand what these services entail, the associated risks and the characteristics of the financial instruments available. This will enable you to make informed decisions about your investments.

You will receive this document before signing the service agreement with BCR. You can consult it at any time on the BCR website: www.bcr.ro.

From time to time, BCR will update this Presentation Document. You will be notified of the updated version by the method specified in the contract (e.g. email, post, etc.). You will also find the latest presentation document on the BCR website at www.bcr.ro. The amended version of the document applies equally to BCR and the Client. Please read the document carefully.

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1. About MiFID

1.1. What is MiFID?

MiFID (Directive 2014/65/EU) is a European Union Directive that came into force in 2014. It regulates how financial instrument markets operate and how investment services are provided in the European Union. In Romania, MiFID is implemented through Law No. 126/2018.

The purpose of MiFID:

- to better protect investors;
- to encourage competition in the financial market;
- to make financial markets more transparent.

MiFID applies mainly to investment firms and credit institutions (banks) that provide investment services and activities with financial instruments. The investment services, activities and financial instruments covered by the law are detailed in its contents. It also applies to market operators and firms outside the EU that offer and provide investment services in the Union.

1.2. What does MiFID mean for you as a client?

Under MiFID rules, BCR must pay attention to several important things when working with clients. These include how it classifies clients and how it assesses them, depending on the services it provides to them.

1.2.1. Client Classification

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

Retail clients are those clients who benefit from the highest level of protection through the information, assessment, transparency and communication requirements that BCR must meet in its relationship with them.

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 level of protection than retail clients.

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

BCR decides on the client's category when it starts working with them, based on the documents and information it has about the client. It may also decide on the category when a client uses a particular product or service that is regulated by MiFID.

More details about each MiFID client category can be found in Chapter 5 of the Client Information Package.

1.2.2. Assessment of clients according to the investment services provided

BCR must request information from clients in order to assess them and determine whether the financial investment services it provides are suitable for them (appropriate or, where applicable, adequate, depending on the service requested by the client). To this end, BCR will use questionnaires tailored to each product or service that the client requests or receives.

Clients must respond to these questionnaires with accurate, correct and complete information. This will enable BCR to decide whether a financial instrument is suitable for a client or to recommend financial instruments that are best suited to them.

Investment advice services: for these services, BCR will request additional information from the client through a "suitability" test. This test helps BCR recommend to the client or potential client the financial services and instruments that best suit their needs and objectives (*these provisions apply only from the moment the investment advice service becomes available and only to clients who will benefit from this service*).

Financial investment services (other than investment advice): BCR will request information to assess whether the financial services or instruments chosen are suitable for the client. This assessment is called a "**suitability assessment**".

Order execution services: if BCR only provides the client with order execution or reception and transmission services (with or without ancillary services), it is not required to request information or perform a suitability assessment (whether the proposed financial instrument or service is suitable for the client) if:

- (i) the services relate to simple (non-complex) financial instruments;
- (ii) the services were provided strictly at the client's request;
- (iii) BCR complies with the rules on conflicts of interest (identifies them, prevents them and provides you with information about them (namely the nature, source of conflicts of interest and measures taken to mitigate them), if applicable).

Through this document, the client is informed that BCR is not obliged to assess the suitability of the financial instrument or investment/ancillary service proposed to the Client. In this case, the Client understands and accepts that they do not benefit from the protection offered by the relevant rules of conduct.

Any investment services you receive from BCR after signing the contract with the bank will also be governed by this document. If there are differences between this Presentation Document and the contracts or forms specific to the services and products you receive from BCR, then the contracts and forms will take precedence.

2. INFORMATION ABOUT BCR

General information

Banca Comercială Română S.A. Company managed under a dualistic system (company managed under a dual system, through a Board of Directors and a Supervisory Board)

Headquarters: Șoseaua Orhideelor nr. 15D, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest

SWIFT code: RNCB ROBU

General contact details:

Tel: 021 407.42.00

e-mail: contact.center@bcr.ro

Senior management: information available on the BCR website at <https://www.bcr.ro/ro/despre-noi/conducerea-bcr>

Registrations and authorisations

- Unique registration code: RO 361757
- Trade Register No.: J1991000090407
- Unique European Identifier EUID: ROONRC.J1991000090407
- Bank Register Registration No.: RB-PJR-40 008/18.02.1999
- Registration No. in the Register of Personal Data Operators: 3776/2006
- Credit institution authorised by the National Bank of Romania in accordance with the provisions of Chapter 2 of Government Emergency Ordinance No. 99/2006
- Registration No. in the Public Register of SIIF of the Financial Supervisory Authority: PJR01INCR/400007

Authorities

- **Supervisory authority:** National Bank of Romania (25 Lipscai Street, Sector 3, Bucharest, Postal Code 030031)
Telephone: 021/313.04.10; 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 (15 Splaiul Independenței, Sector 5, Bucharest)
Telephone: 021/659.64.64; **Fax:** 021/659.60.51; 021/659.64.14
Website: www.asfromania.ro

Statements: BCR declares that it is a credit institution (bank) authorised by the National Bank of Romania and is registered in the Public Register (SIIF) of the ASF.

Applicable legal framework: The main regulations applicable to BCR's activity are Government Emergency Ordinance No. 99/2006 on capital adequacy and credit institutions, approved by Law No. 227/2007, with subsequent amendments and additions, and Law No. 126/2018 on financial instrument markets.

3. BCR CONTACT DETAILS

Investments and transactions with financial instruments
<p>Financial Markets Department Address: 15D Orhideelor Road, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest Telephone: 0373.516.555; 0373.516.556; 0373.516.557; 0373.516.558; 0373.516.560; 0373.516.547. Email: DPF.Retail@bcr.ro</p>
Custody Services & Transaction and Portfolio Reporting
<p>Banking Services Department Address: 15D Orhideelor Road, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest Telephone: 0373.511.706; Email: doc.pietedecapital@bcr.ro</p>
Internal Control Department
<p>Compliance Department - Capital Markets Compliance Office Address: 15D Orhideelor Road, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest Telephone: 0373.513.022 Email: compli.securities@bcr.ro</p>
Customer Petitions
<p>Retail Distribution Department - Customer Support Office or Compliance Department - Capital Markets Compliance Office Address: 15D Orhideelor Road, The Bridge 1 Building, 2nd floor, Sector 6, postal code 060071, Bucharest Email: reclamatiiimifid@bcr.ro https://www.bcr.ro/ro/contact/sesizari-si-reclamatii</p>
Language of communication and means of communication
<p>Clients can communicate and receive documents or information from BCR in Romanian or English during the Bank's business hours.</p>

To establish the terms and conditions of each transaction, to send orders, receive confirmations or for any other type of communication, the following may be used: telephone, fax, e-mail, letters or other methods (e.g. electronic means).

Details on the specific manner in which communication will take place will be specified in the contracts you enter into with BCR, depending on the product or service you use.

4. SECURE STORAGE OF CLIENTS' ASSETS

4.1. Financial instruments traded on Romanian markets

Financial instruments traded on the Romanian market are held in accounts, either individual or global (grouped or joint, called 'omnibus'), opened by BCR with central depositories. Central depositories are commercial companies authorised by a capital market authority to hold and manage clients' financial instruments, except for derivatives, as defined in Regulation (EU) No. 909/2014. At BCR, clients' financial instruments and money are recorded in individual accounts opened in each client's name. When financial instruments are held in Romania, Romanian law applies.

Financial instruments traded both in Romania and on other foreign markets may be transferred, at the client's request, to omnibus or individual accounts opened with custodians/sub-custodians/intermediaries on the respective markets. This depends on how each market operates and the services offered by these custodians/sub-custodians/intermediaries.

In accordance with EU Regulation 909/2014 (known as 'CSDR'), BCR offers clients the choice between a global (omnibus) account and, upon request, an individual account (individual segregation). BCR informs the client about the costs and risks of each option. Further information can be found on the BCR website at <https://www.bcr.ro/ro/despre-noi/guvernanta-corporativa/mifid>.

4.2. Financial instruments traded on foreign markets

Financial instruments traded on foreign markets are held in custody accounts opened on those markets. These accounts are opened either by Erste Group Bank AG (as custodian bank for the markets it covers) or by another custodian bank (mandated by BCR in accordance with the laws in force) for other foreign markets.

When financial instruments are held on foreign markets, the laws and customs (commercial practices) of that country apply.

4.3. Responsibilities and insolvency (inability to pay)

4.3.1. BCR's responsibilities and insolvency

As long as it carries out custody activities, BCR will comply with the rules established by the Financial Supervisory Authority (ASF) and the National Bank of Romania (BNR).

BCR shall not be liable for any loss or damage suffered by a client if the bank has complied with its obligations. If BCR fails to comply with its obligations under the Agreement, BCR's liability for any financial instrument shall not exceed the market value of the financial instrument related to the loss or damage directly caused to the Client and actually suffered by the Client at the time of such loss or damage.

BCR creditors cannot access client assets, even if BCR becomes insolvent. BCR cannot use a client's assets to guarantee its own transactions or those of another client, unless the client gives their written consent.

If BCR becomes insolvent, financial instruments and/or money linked to those financial instruments, held in the name of and for clients, cannot be used to pay BCR's creditors.

For clarity, if problems arise with receiving money or other rights related to client assets (for example, if the company that issued the shares goes bankrupt and cannot pay dividends), this risk is borne by the clients, not by BCR.

4.3.2. Third-party liability and third-party insolvency

- (a) BCR is responsible for the careful selection of any third-party custodian bank and for the instructions it gives to them, complying with the following:
- (b) it will keep records of each client's financial instruments and money separate from the financial instruments and money of other clients or the bank.
- (c) it will ensure that clients' financial instruments and money deposited with third parties (on foreign markets) are identified separately in the third parties' records from the financial instruments and money of third parties, their clients or the bank. This is done through separate accounts or sub-accounts or other equivalent measures that offer the same level of protection.
- (d) ensure that appropriate organisational measures are in place to reduce the risk of loss or diminution of the value of client assets or related rights caused by misuse of assets, fraud, mismanagement, inadequate record keeping or negligence.

When financial instruments are held by a custodian in a foreign market, the insolvency and bankruptcy laws of that country will apply in the event of insolvency proceedings against the custodian.

BCR is fully liable to clients if they lose financial instruments or money because BCR and/or the custodian appointed by BCR have not complied with the laws on their protection. In this case, BCR's liability will cover the entire direct damage caused, but will not exceed the market value of the financial instruments at the time the damage occurred. For clarity, BCR will not cover indirect, incidental, potential damage or loss of any business opportunity.

4.3.3. **Measures to protect client assets (financial investment services)**

Throughout the trading, clearing and settlement of financial instruments, BCR will comply with the rules established by the ASF and the NBR.

BCR is a member of the Investor Compensation Fund (FCI), a public organisation established under Law No. 88/2021 and Regulation No. 10/2022 of the ASF (as amended).

The FCI will compensate any eligible investor with whom BCR has a financial investment services contract on an equal and non-discriminatory basis, up to a maximum limit of EUR 20,000 per investor. This limit was established as of 1 January 2012.

The following categories of investors are exempt from compensation:

- (a) professional and institutional investors, including: (i) investment firms as defined in Article 4(1)(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and Directives 2006/48/EC and 2006/49/EC (1)(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 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 undertakings; (v) collective investment undertakings; (vi) privately managed pension funds; (vii) other professional and institutional investors;
- (b) international organisations, governments and other central, regional and local public authorities;
- (c) directors, administrators and members with direct responsibility within the participants in the FCI, persons whose responsibility is to prepare the audit of the participants in the FCI;
- (d) shareholders of FCI participants holding at least 5% of the share capital;
- (e) investors with a status similar to those mentioned in points (c) and (d) above, within other companies in the same group as the participants in the FCI ();
- (f) spouses, relatives and relatives by marriage up to and including the first degree, as well as persons acting on behalf of the investors referred to in points (c) to (e) above;
- (g) legal entities 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 an FCI participant that have led to the participant's financial difficulties or were likely to lead to the deterioration of its financial situation;
- (i) companies which, due to their size, are not permitted to prepare condensed financial statements in accordance with applicable accounting regulations.

The FCI will pay compensation to investors in the following situations:

- (a) The ASF decides that BCR (as a participant in the FCI) cannot meet its financial obligations to investors and is unlikely to do so in the near future.
- (b) A court decides to open insolvency proceedings against BCR due to financial problems (in accordance with Law No. 85/2014). This decision means that investors can no longer exercise their rights over BCR's assets.
- (c) BCR loses its authorisation and one of the situations in points (a) or (b) occurs.

The FCI pays compensation if BCR is unable to:

- (i) Return investors' money and/or financial instruments held on their behalf in connection with their investment activity.
- (ii) Return investors' financial instruments if BCR, as a participant in the central depository system, transfers the financial instruments from an individual investor account to a global BCR account without the investor's consent.

More information about FCI is available on the website www.fond-fci.ro. This information is provided for client information purposes only. BCR is not legally responsible for it.

BCR will separate clients' financial instruments from those of the bank and record them in separate accounts.

For instruments held outside the European Union, investors' rights may differ.

If it is in the client's interest or if it is not possible otherwise, due to the laws or practices of a market in another country, BCR may also register the client's financial instruments in the name of the Bank or another person (including a sub-custodian).

BCR will not register the client's financial instruments in the name of another person unless that person provides authorised financial services.

In such situations, the client's financial instruments may be subject to the laws of another country, may not be separable and may not have the same protection against that person's creditors. This protection would exist if the financial instruments were separate and held in custody in other jurisdictions.

BCR shall not be liable for any losses, liabilities or costs that the client may incur due to problems caused by a sub-custodian chosen by BCR (with the client's consent). The exception is if BCR has not been careful in choosing the sub-custodian, failing to comply with applicable laws. However, if the sub-custodian is an affiliated company (a company that is linked to another company or organisation through a relationship of control, ownership or influence) with BCR, then BCR will be as liable as for its own actions or mistakes.

5. CLIENT CLASSIFICATION

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

- 5.1. ***Retail*** clients are those clients who benefit from the highest level of protection through the information, assessment, transparency and communication requirements that BCR must meet in its relationship with these clients. The retail category generally includes individuals and legal entities that do not meet the criteria for classification as professional clients.

5.2. Professional clients are clients who have experience, know how investments work and can assess risks. They do not need as much protection as retail clients.

For example, professional clients may receive less information about costs and commissions. BCR is not required to inform them about difficulties encountered in the prompt and proper execution of orders. BCR is not required to provide professional clients with periodic reports as frequently as it does for retail clients. In order to achieve best execution, BCR is not required to consider the total transaction costs as the most important factor in the selection for professional clients. In assessing the suitability and appropriateness of an investment, BCR may assume that a professional client has sufficient knowledge and experience to understand the risks involved and has the financial capacity to bear any associated risks, in accordance with its investment objectives. In compensation schemes for professional clients, it is possible to benefit from fewer rights under the applicable regulations.

In accordance with applicable legal provisions, the following categories of clients are considered **professional** clients for all investment services and activities and financial instruments:

- (a) Entities that must be authorised or regulated to operate in the financial markets. The following list includes all authorised entities that carry out activities characteristic of the entities specified: entities authorised in Romania or in a Member State under a directive, entities authorised or regulated in Romania or in a Member State without reference to a directive, and entities authorised or regulated by a third country:
 - (i) credit institutions;
 - (ii) investment firms and SSIFs;
 - (iii) other authorised or regulated financial institutions;
 - (iv) insurance companies;
 - (v) collective investment undertakings and their management companies;
 - (vi) pension funds and their management companies;
 - (vii) local firms, as defined in Article 4(1)(4) of Regulation (EU) No 575/2013;
 - (viii) other institutional investors.
- (b) Large enterprises that meet two of the following criteria on an individual basis:
 - (i) total balance sheet: EUR 20,000,000;
 - (ii) net turnover: EUR 40,000,000;
 - (iii) own funds: EUR 2,000,000.
- (c) National and regional governments, including public bodies that manage 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 organisations;
- (d) Other institutional investors whose main activity consists of investing in financial instruments, including entities engaged in asset securitisation or other financing operations.

5.3. Eligible counterparties are entities authorised or regulated to operate on financial markets. These clients benefit from the lowest level of MiFID protection.

BCR classifies the following entities as eligible counterparties in relation to BCR:

- (a) investment firms,
- (b) credit institutions,
- (c) insurance companies,
- (d) UCITS and their management companies,
- (e) pension funds and their management companies,

- (f) other financial institutions authorised and regulated in accordance with European Union law or the domestic law of another Member State,
- (g) national governments and services/structures established under the national law of each Member State public bodies responsible for managing public debt at national level,
- (h) central banks and supranational organisations.

The above-mentioned organisations may request to be reclassified as Professional Clients. In this case, BCR assumes that these professional clients have sufficient knowledge and experience to understand the risks and have the necessary funds to bear those risks.

In order to benefit from greater protection, a client classified as an "eligible counterparty" may request to be reclassified as a professional or retail client. For example, in its relationship with eligible counterparties, BCR is not required to obtain the best execution of orders, to carry out assessments to see if a product is suitable, or to provide information about BCR, its services, the incentives it receives or the risks associated with its products and services.

5.4. How BCR classifies you

When you start working with BCR, you will be classified into a MiFID category based on the documents and information we have. This classification can be changed later, either at your request or at BCR's request.

Usually, if you are not classified as a "Professional Client" or "Eligible Counterparty" at the outset, you are considered a "Retail Client" and enjoy all the benefits of this classification. Unless we inform you otherwise in the following year (i.e. unless we reassess whether you are a retail client), you will continue to enjoy maximum protection.

6. SERVICES PROVIDED TO CLIENTS

Authorised financial investment services: BCR is authorised to provide the financial investment services listed in Section A, points 1, 2, 3, 4, 5, 6, 7, and Section B, points 1, 2, 3, 4, 5, 6, 7. of Annex 1 to Law No. 126/2018 on financial instrument markets, listed below.

6.1. Investment services and activities:

- 1. reception and transmission of orders in relation to one or more financial instruments;*
- 2. executing orders on behalf of clients;*
- 3. trading on own account;*
- 4. portfolio management;*
- 5. investment advice;*
- 6. underwriting financial instruments and/or placing financial instruments on a firm commitment basis;*
- 7. placing financial instruments without a firm commitment.*

6.2. Auxiliary services:

- 1. Safekeeping and administration of financial instruments on behalf of clients, including custody and ancillary services such as cash/collateral management, but excluding the provision and administration of securities accounts at the highest level. The provision and administration of securities accounts at the highest level constitutes the "centralised administration service" referred to in Section A(2) of the Annex to Regulation (EU) No 909/2014.*
- 2. Granting credit or loans to an investor to enable him to carry out a transaction involving one or more financial instruments, in which the firm granting the credit or loan is involved.*
- 3. Advice to companies on capital structure, industrial strategy and related matters; advice and services relating to mergers and acquisitions.*
- 4. Foreign exchange services where these services are related to the provision of investment services.*

5. *Investment research and financial analysis or any other form of general recommendation concerning transactions in financial instruments.*

6. *Underwriting services.*

7. *Investment services and activities, as well as ancillary services of the type included in this section or in section A concerning the underlying assets of the derivative instruments included in section C points 5-7 and 10, where these are related to the provision of investment services or ancillary services.*

6.3. General aspects of the Investment Advice Service

(this section applies only from the moment the investment advice service becomes available and only to clients who will benefit from this service)

BCR provides non-independent investment advice. This is provided only in relation to certain types of financial instruments. The list of these instruments can be found here: <https://www.bcr.ro/ro/persoane-fizice/economisire-si-investire/consultanta-investitii>.

BCR provides investment advice using an automated system. This system is used in direct interaction with the client. Clients can access these investment advice services remotely through the George app. At BCR branches, a Bank representative can help the client understand the process and terms of the suitability assessment questionnaire.

BCR staff only provide information and explanations. They do not participate in assessing the suitability of products for the client and do not influence the recommendations issued by the automated system. The automated system analyses the client's investor profile. It then identifies the appropriate financial instruments based on the answers in the suitability assessment questionnaire. More details about the suitability assessment, including profile updates, can be found in the *Investment Advice* section of the Terms and Conditions for Financial Investment Services (TCD), available at <https://www.bcr.ro/ro/despre-noi/guvernanta-corporativa/mifid>).

6.4. Service Packages

BCR offers its clients a Package of Execution Services and Custody Services. This does not apply to certain clients such as 'financial institutions'. These services are sold as a linked package, in the sense that Custody Services are not available separately from the Bank's offer.

BCR offers its clients the following service packages:

- (i) Execution Services and Custody Services Package;
- (ii) Investment Advice Services Package and Execution and Custody Services Package.

The Service Packages are sold as linked packages, in the sense that none of the Services are available separately in the Bank's offer.

More details about the Service Packages can be found in the Terms and Conditions for Financial Investment Services (TCD), a document available on the BCR website at <https://www.bcr.ro/ro/despre-noi/guvernanta-corporativa/mifid>.

7. REPORTS SENT TO CLIENTS

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

7.1. Confirmation of order execution

This information shall be communicated to retail clients as soon as possible, but no later than the first business day following the execution of their order. If BCR receives confirmation from a third party, the report shall be communicated no later than the first business day following receipt of confirmation from that third party.

BCR shall immediately provide the Client with important information about the execution of their order. At the Client's request, BCR shall inform them about the status of the execution of their order.

7.2. Statement on client assets

This report on the financial instruments and/or funds held in custody by BCR is sent to clients by the Bank.

Also, if applicable, this report will show whether the client's financial instruments or funds have been used for securities financing transactions and will present the benefits to the client as a result of participating in such transactions.

All these reports are sent to the Client through the means of communication established in the specific contracts.

Reports and any other written communications regarding transactions carried out on behalf of the Client sent by BCR shall be deemed to be accurate and confirmed by the Client if the Client has not sent the Bank any notification indicating the existence of irregularities within the time limit specified in the specific contract signed or in the applicable legislation.

8. FEES AND RELATED COSTS

In accordance with legal provisions, BCR informs potential clients ex-ante (before starting the collaboration) about the costs and fees related to the services provided by BCR.

For Service Packages, clients are informed about both the costs of the packages and the costs of the individual components.

The fees and related costs for the services provided by BCR are detailed, as applicable, in the specific contracts that the Client enters into with BCR. This presentation is made according to the product or service desired by the client (total price, currency, payment methods, other formalities).

The following list presents the standard structure of fees charged by BCR for execution and custody services provided in connection with financial instruments:

Financial instrument	Trading fee	Minimum commission	Transfer fees	Custody fees
Shares	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
Investment funds	0.00-5	-	-	0.00-0.2%/year

The costs of the investment advice service included in the Investment Advice Services, Execution Services and Custody Services package are currently zero. The costs related to Execution and Custody Services are those specified above.

There is a possibility of other costs for the client, including fees, associated with transactions related to the financial instrument or investment service, which are not paid through the Bank and are not imposed by BCR.

The commissions and fees charged by market institutions (stock exchanges, central depositories, clearing houses) and by the ASF for transactions carried out on the Romanian capital market are available on their websites: www.bvb.ro, www.depozitarulcentral.ro, www.asfromania.ro. BCR does not control the level and changes in commissions and fees imposed by market institutions. Details can be provided upon request by BCR.

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

Standardised information on the costs of OTC Derivative Financial Instruments can be found at in the document "Ex-Ante Cost Transparency", as specified in the chapter on Order Execution Policy - OTC Derivatives.

BCR fulfils its obligations to provide information on ex-post (subsequent) costs related to the services actually provided and sends its clients, at least annually, specific reports containing details in this regard.

9. FINANCIAL INSTRUMENTS. INVESTMENT RISKS. SUSTAINABILITY RISKS

9.1. **Financial Instruments.** BCR provides investment services for the following financial instruments:

- (a) **Shares issued by commercial companies and other equivalent securities**, traded on the capital market.
 - Shares are issued by companies and traded on the capital market.
 - When you buy shares, you become the owner of a part of the company.
 - You have the right to vote at shareholders' meetings and receive a share of the profits.
 - The risk is limited to the amount invested.
 - Important: Investments in shares are risky and do not guarantee that you will get your money back.
- (b) **Bonds and other debt securities, including government securities with a maturity of more than 12 months.**
 - Bonds are instruments through which you lend money to a company or a government.
 - You receive interest on the money you lend, and the company or government repays you on a fixed date.
 - Bonds usually have their principal and interest guaranteed by the issuer, but there is a risk that the issuer may not be able to pay.
 - If the bonds are secured by certain assets, the risk is linked to the value of those assets.
 - These details are explained in the bond offering document.
- (c) **Any other normally traded securities** that give the right to acquire the underlying securities by subscription or exchange, with cash settlement. They do not include payment instruments.
- (d) **Derivative financial instruments:**
 - These are instruments whose price is based on the price of other assets (e.g. shares, indices, interest rates, currencies, commodities).
 - They are considered risky instruments because they are traded on margin (i.e., you use more money than you actually have).
 - They can generate large gains or losses very quickly, and losses can exceed the amount invested.
 - Derivatives are used to protect investments or to speculate (try to make money quickly, but with high risk).
- (e) **Structured bonds:**
 - These are a type of investment where you don't know for sure how much you will earn or whether you will get all your money back.
 - The gains depend on what happens in the future or how certain things evolve.
 - Sometimes, the person who issued the bond (the issuer) can ask you to pay it back sooner if it reaches a certain price.
 - There are many different types of structured bonds with different names, but the names do not always accurately describe how they work.

- That is why it is very important to read the terms and conditions specific to each structured bond carefully.

(f) **Fund units:**

- Investment funds are products where the client leaves the decision to invest the money to a manager.
- The manager invests the money in various financial instruments (shares, bonds, etc.) to achieve a good balance between profit and risk.
- The risk depends on what kind of assets are included in the fund.

Important: The purpose of this presentation is to help you understand the risks and decide what level of risk you are willing to accept.

Risk means that you may not earn as much as you expect or even lose some or all of the money you invested. This can happen for various reasons related to the product itself, the financial markets or the issuer (the person who created the financial instrument).

Because risks cannot always be predicted, this presentation cannot cover them all.

As an investor, you should pay attention to the risk related to how secure the issuer is (credit rating).

This description is based on the typical characteristics of investment products, but it is most important to carefully analyse each product individually before investing. This description does not replace a careful analysis of the specific product.

9.2. The risk of investing in financial instruments:

- (a) **systemic risk** (general or non-diversifiable) influenced by factors such as: the general evolution of the national economy, the risk of a sharp decline in the capital market, the risk of changes in market interest rates, the risk of inflation, the risk of exchange rate fluctuations, etc.;
- (b) **non-systemic** (specific) **risk**, which includes: investment risk, management risk, financial risk, etc. The administrator can control this risk through its own regulations/procedures and internal control, portfolio diversification and the selection of assets in the portfolio;
- (c) **legislative risk**, which involves the introduction of legal regulations that cancel a series of exemptions or advantages existing on a certain market or introduce tax rates, fees or other such measures that are more costly than the existing ones.

Important things to remember when investing:

- The potential return on each investment depends directly on the degree of risk: the more you want to earn, the more you risk.
- Irrational factors (emotions, opinions, expectations, rumours) can also influence prices and thus the return (profitability) on your investment.
- Investing in several different types of financial instruments can reduce the risk of the total investment (the principle of risk diversification).
- Each client is responsible for the correct taxation of their investment and for any tax and fiscal issues. BCR does not provide tax advice.

9.3. General risks associated with investing in financial instruments:

- (a) **Currency risk:** this type of risk arises when you invest in financial instruments in a currency other than the one you normally use. How much you earn depends not only on how the investment performs, but also on how the value of the foreign currency changes against your currency.

- (b) **Credit risk:** Every company or country that issues financial instruments has a certain risk. Past performance is no guarantee of future results. Credit risk means that the issuer of the financial instrument may not be able to pay what it owes (dividends, interest, repayment of money). It is also known as repayment risk or issuer risk. These risks are assessed using "ratings". A rating is a score that shows how confident an issuer is that it will pay what it owes. Ratings are made by specialised agencies, based on credit risk and country risk. The rating scale ranges from "AAA" (best) to "D" (worst).
- (c) **Country risk:** this represents how well a country is doing. This risk arises when a country has financial or political problems, and these factors can negatively affect companies in that country.
- (d) **Transfer risk:** depending on the country involved, foreign companies' securities have an additional risk related to that country's laws. Some laws can make it difficult or even impossible to invest. In addition, problems with the payment (settlement) of the order may arise. If you trade in another currency, laws may prevent the free exchange of that currency.
- (e) **Total loss risk:** this is the risk that an investment will become worthless. This can happen if the issuer of the financial instrument is unable to pay, for financial or legal reasons.
- (f) **Price risk:** this risk arises if the price of an investment falls. If you trade in conditional commitments (such as forward exchange transactions, futures, options, etc.), you must provide collateral (margin) or set aside extra money.
- (g) **Risk of purchasing securities on credit:** buying securities with borrowed money (credit) is risky because you have to pay back the credit regardless of whether the investment performs well or not. In addition, the costs of credit reduce the value of the investment.
- (h) **Sector risk:** this type of risk arises when a portfolio consists of financial instruments from issuers operating in the same sector.
- (i) **Macroeconomic risk:** this risk relates to the overall performance of the national economy.
- (j) **Market risk:** phenomena that are difficult to anticipate may occur on the financial instruments market, events that may affect trading prices.
- (k) **Interest rate risk:** if you have a fixed-rate investment, its value may change if market interest rates rise (if market interest rates are higher than the interest rate on your investment, the value of your investment may fall).
- (l) **Liquidity risk:** this is the risk of not being able to sell an investment quickly when you want to, or of losing money if you sell it quickly. If you want to sell an investment before maturity and cannot find buyers at a good price, you risk losing money because you have to sell it at a price lower than its real value (the market is not liquid).

9.4. Details about investment risks

This presentation helps you understand the risks of the main instruments for which BCR provides investment services on capital markets or outside regulated markets. The description is based on the typical characteristics of the products, but the most important thing is to carefully analyse each product individually.

This description does not replace a careful analysis of the specific product by the investor.

9.4.1. Bonds / Debt securities / Securitised securities

(a) Profitability

How much you earn from bonds is represented by the interest you receive and the difference between the price you bought at and the price you sell at or receive your money back at maturity.

Therefore, you can only calculate exactly how much you will earn if you hold the bond until maturity. If interest rates change, you cannot calculate in advance how much you

will earn. Bonds with interest rates significantly higher than the average should be analysed carefully, as high interest rates may be a sign of higher risk. The price at which you can sell the bonds (the market price) is not known in advance. Therefore, you may earn more or less than you initially calculated. In addition, you must deduct trading costs from your total earnings.

(b) Credit risk

There is always a risk that the person who has to pay (the borrower) will not be able to pay all or part of the debt, for example, if they go bankrupt. That is why you need to consider how secure the borrower is before investing.

Credit ratings (scores that show how safe companies are) made by independent agencies can help you get an idea. The best rating is "AAA" (e.g. for German government bonds). If the ratings are low (e.g. "B" or "C"), the risk of not getting your money back (credit risk) is higher, but these investments usually offer a higher interest rate (to compensate for the risk). Investments with a rating of BBB or higher are generally considered to be investments with an acceptable level of risk.

(c) Price risk

If you decide not to sell a bond until maturity, you will receive the amount stated in the bond's terms and conditions. You should be aware that there is a risk that the issuer of the bond may pay it off earlier than planned, if this is stated in the terms and conditions.

If you decide to sell a bond before maturity, you will receive the current market price. This price depends on how many people want to buy and how many want to sell, but also on interest rates. For example, the price of fixed-rate bonds will fall if interest rates on similar bonds rise. On the other hand, the price of bonds will rise if interest rates fall.

A change in how secure the company that issued the bond is can also affect the price of the bond.

In the case of variable-rate bonds, the risk of the interest rate becoming fixed is higher than in the case of bonds with interest rates linked to money market rates.

How much the price of a bond changes in response to a change in interest rates is shown by the "duration" indicator. Duration depends on the time remaining until maturity. The longer the duration, the more the change in interest rates will affect the price, either upwards or downwards.

(d) Liquidity risk

How easily you can sell bonds depends on several factors, such as how many bonds have been issued, how long is left until maturity, stock market rules and market conditions. Bonds that are difficult to sell or cannot be sold at all must be held until maturity.

(e) Performance Scenarios

Performance under favourable conditions: if the investor holds the bond until maturity (the end of the term) and the issuer (the party that issued the bond) meets all its obligations, the investor will receive the interest (coupon) as stated in the prospectus. The investor will also receive all the capital invested at maturity (the date on which the bond reaches maturity). The gain is greater if the bond was purchased at a price lower than its nominal value (discount).

Performance in unfavourable conditions: if market interest rates rise, the value of the bond may fall if the investor sells it before maturity. In addition, if the issuer has financial problems or goes bankrupt, there is a risk that the investor will lose some or all of the money invested.

9.4.2. Shares

(a) Profitability

How much you earn from shares comes from both dividends and price increases or decreases, but it is impossible to say for sure in advance how much you will earn. Dividends are money that the company gives to shareholders if the general meeting of shareholders decides to do so. The dividend amount is a fixed price for each share. How much you earn from dividends in relation to the share price is called the dividend yield. Usually, you earn more from how the share price evolves (see price risk).

(b) Price risk

Shares are usually traded on the stock market. Prices are set daily, depending on how many people want to buy and how many want to sell.

Investing in shares can lead to big losses. The price of a share depends on how the company is doing, but also on how stable the economy and politics are in general. Plus, irrational factors (investor sentiment, public opinion, etc.) can influence the share price and, therefore, the return (how much you earn).

(c) Credit risk

As a shareholder, you own a stake in a company. Consequently, your investments may depreciate (decrease in value), especially if the company goes bankrupt.

(d) Liquidity risk

It can be difficult to sell shares, especially if they are listed on unregulated markets or outside the stock exchange.

If a share is listed on several stock exchanges, its prices may differ.

(e) Performance scenarios

Performance under favourable conditions: if the company performs well, the share price may rise significantly and the investor may make a profit by selling. In addition, dividends may provide additional income.

Performance in unfavourable conditions: if the company performs poorly or the market declines, the share price may fall significantly, leading to losses. In the event of the company's bankruptcy, the investor may lose the entire amount invested.

(f) Trading

Shares are traded on the stock exchange and sometimes outside the stock exchange.

If you trade on the stock exchange, you must comply with the rules of the stock exchange (minimum quantity, types of orders, payment rules, etc.). If a share is listed on different stock exchanges in different currencies (e.g. a US share traded in euros on the Frankfurt Stock Exchange), there is also a currency risk.

9.4.3. Investment funds

9.4.3.1. Open-ended investment funds

(a) Profitability

How much you earn from open-ended investment funds depends on how the value of the fund units evolves. It is impossible to say in advance how much you will earn. The value of a fund unit depends on how the fund invests (according to the fund prospectus) and how the prices of the financial instruments held by the fund (bonds, shares, etc.) change. Depending on the type of instruments a fund holds, you need to consider the risks specific to each instrument (see information on the risks of bonds, shares, etc.).

(b) Price/rating risk

You can get your money back for fund units at any time, at the redemption price. However, in rare situations, payment of money may be temporarily suspended. An investment fund does not usually have a fixed term, but depends on its rules.

Funds do not have an expiry date, and the price at which you sell them back is not fixed. The risk involved in fund units depends on what the fund wants to achieve with its investments and how the market moves. You may lose money.

Even though you can take your money out at any time, fund units are designed for long-term investment.

Like shares, funds can be bought and sold on the stock market. Stock market prices may differ from the price at which you can sell your units back to the fund. See the information on the risks associated with shares.

(c) Performance Scenarios

Information on how these instruments may perform can be found in the key investor information document (KIID) for each investment fund. You can find this document on the fund manufacturer's website.

9.4.3.2. Exchange-traded funds

Exchange-traded funds (ETFs) are parts of an investment fund that you can buy and sell on the stock exchange, just like shares. An ETF usually consists of a group of financial instruments (e.g. a group of shares) that tracks a specific stock market index.

The value of an ETF unit tracks that index, copying which financial instruments it contains and how important each one is. That is why ETFs are often called "index shares".

(a) Profitability (how much money you can make)

The return depends on the performance of the financial instruments in the basket of financial instruments.

(b) Risk

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

(c) Performance Scenarios

Information on how these instruments may perform can be found in the Key Investor Information Document (KIID) for each exchange-traded fund. You can find this document on the fund manufacturer's website.

9.4.4. Warrants

A call warrant gives the buyer the right to buy an underlying asset (e.g. a share) at a predetermined price. You can make a profit if the market price of that underlying asset rises above the price you have to pay to buy it through the warrant (the strike price).

In this case, you can buy the asset at the strike price and immediately sell it at the higher market price. An increase in the price of the asset usually leads to a greater percentage increase in the price of the warrant (leverage effect). That is why many warrant owners make a profit by selling the warrant.

The same principle applies to *put warrants*, but in reverse. *Put warrants* are worth more if the price of the asset falls.

It is impossible to calculate in advance how much profit you will make from warrant transactions. The maximum loss you can incur is the value of the initial capital invested.

(a) Price risk

The specific risk of warrant transactions is the possibility that, between the purchase and expiry of the warrant, the underlying asset may perform differently than expected 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:

- (i) The volatility of the underlying asset (a measure of the expected fluctuation range at the time of purchase and, at the same time, the most important factor in determining the fair price). High volatility generally implies a higher price for the warrant.
- (ii) Time to maturity (the longer the maturity of a warrant, the higher the price).

A decrease in volatility or a reduction in the time to maturity may cause the price of a warrant to remain unchanged or decline, even if expectations about the price evolution of the underlying asset are confirmed.

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

(b) Liquidity risk

Usually, few warrants are issued, which means that it can be difficult to buy or sell them quickly and at a good price. This increases the risk for investors. For this reason, the price of a warrant can fluctuate greatly. When trading on the stock exchange, keep in mind that there may not be many buyers or sellers.

(c) Warrant conditions

Warrants do not have standard terms and conditions, so it is important to understand the exact terms and conditions of each warrant. You need to know the following:

Exercise method: The warrant is exercisable at any time during its validity (American option) or exercise: only upon expiry (European option).

Subscription ratio: How many warrants are needed to obtain the underlying asset.

Exercise: Physical delivery of the underlying asset or cash settlement.

Expiration: Please note that BCR will not exercise a warrant unless it receives specific instructions to do so!

Last trading day: This date is often prior to the expiry date, so there can be no question that the option can be sold at any time up to the expiry date.

(d) Performance scenarios

Performance under favourable conditions: if the price of the asset on which the warrant is based (underlying asset) evolves as expected (increases for call, decreases for put), the price of the warrant increases faster. Thus, the investor can obtain high gains due to the leverage effect (the possibility of amplifying gains, but also losses).

Performance in unfavourable conditions: if the price of the underlying asset changes contrary to expectations or remains the same, the warrant may lose its value quickly. At maturity (when the warrant expires), if the warrant is "out of the money" (has no value), the investor may lose all the money invested.

9.4.5. Money market instruments

(a) Profitability

The risks and returns of money market instruments are largely similar to those of bonds. The main difference is the risk of not being able to sell the instrument quickly.

(b) Liquidity risk

There are usually no organised markets where you can sell money market instruments. This means that it is not certain that you will be able to sell them easily.

Liquidity risk is not as important if the issuer of the instrument guarantees that you will get your money back at any time and is financially sound enough to do so.

Money market instruments

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

Discount treasury certificates: money market financial instruments issued by the government at a price below their face value, generally with a maturity of up to 360 days.

Discount and bonus certificates, bonds convertible into cash or shares with underlying assets in shares or indices.

(c) Performance Scenarios

Performance in favourable conditions: the investor receives all their money back, plus interest (or discount), if they hold the instrument until maturity (end of term) and if the issuer (the party that issued the instrument) is able to pay.

Performance in unfavourable conditions: if the issuer fails to meet its obligations or if the investor sells the instrument before maturity, the investor may lose money. If it is difficult to find buyers (low liquidity), selling may be difficult.

9.4.6. Discount certificates

With discount certificates, you buy an asset (e.g. shares or a stock market index) at a price lower than the current price. But in return, the profit you can make if the price of that asset rises is limited to a certain maximum level (cap).

When the certificate expires, the issuer can buy it back at the maximum price (cap), give you the shares, or, if the underlying asset is an index, give you an amount of money equal to the market value of the shares in the index.

(a) Profitability

The profit you can make is the difference between the purchase price (discount) at which you bought the asset and the maximum price (cap) set.

(b) Risk

If the price of the asset falls sharply, you will receive the shares on the expiry date of the certificate (but the value of the shares will be lower than the price you paid for the certificate).

Since you may receive shares, you should consider the risks associated with owning shares.

(c) Performance Scenarios

Performance under favourable conditions: if the price of the asset on which the instrument is based (underlying asset) remains above a certain level at maturity (expiry), the investor receives the maximum profit (up to the set limit). The purchase discount provides additional protection.

Performance under unfavourable conditions: if the price of the underlying asset falls below the level at which the instrument was purchased, the investor may receive shares (or cash) with a value lower than the amount initially invested.

9.4.7. Bonus certificates

Bonus certificates are a type of debt that, if certain conditions are met, offer a bonus or additional profit upon expiry, based on the performance of an asset (individual shares or stock indices), in addition to the nominal value. Bonus certificates have a fixed expiry date.

The terms of the certificate specify whether you will receive money or the asset itself upon expiry. The amount you receive depends on how well the asset has performed. For bonus certificates, three levels are set: a starting level (the initial price), a barrier below the starting level and a bonus level above the starting level.

If the price of the asset falls to or below the barrier, the bonus is lost and the certificate will be redeemed at the price of the asset. Otherwise, the minimum redemption price will be the bonus

level. When the certificate expires, the bonus is paid together with the amount initially paid (the nominal value of the certificate).

(a) Profitability

With a bonus certificate, you are investing in an obligation by the issuer to pay you an amount that depends on how well the underlying asset has performed.

(b) Risk

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

(c) Performance Scenarios

Performance in favourable conditions: if the price of the underlying asset does not reach or fall below a certain level (barrier) during the life of the certificate, the investor receives the bonus value at maturity. This happens even if the price of the asset has not increased significantly.

Performance in unfavourable conditions: if the barrier is reached, the bonus is lost and the investor receives the current value of the reference asset. This value may be lower than the amount initially invested.

9.4.8. Bonds convertible into cash or shares with underlying assets in shares or indexes

These bonds are a mix of components, and the buyer assumes the risks.

In practice, the investor buys a bond with a higher interest rate because it includes a premium for an option on the shares or index on which it is based. The bond can be redeemed in cash or shares, depending on how the share or index prices perform.

The buyer of the bond is, in fact, giving someone the right to sell them the shares (the "option" component). So, the buyer has to accept it if prices don't go the way they want.

The buyer assumes the risk of price fluctuations. In return, they receive a premium, an amount of money that depends mainly on how much the share price or index changes.

If the bond is not held until maturity, the risk is higher due to interest rate changes. Interest rate changes affect the price of the bond and, therefore, how much the buyer receives.

In a favourable market, if the price of the underlying asset remains stable or increases, the investor receives a higher interest rate than on a regular bond. The investor may also get back all the money invested at maturity.

In an unfavourable market, if the price of the underlying asset falls below a certain level, the bond may be paid in shares. The value of these shares may be less than the amount invested.

See also the risk warnings for credit risk, interest rate risk and share price risk.

9.4.9. Index and Basket Certificates

9.4.9.1. Index certificates

Index certificates are debt securities (usually listed on the stock exchange) that allow investors to benefit from the performance of a particular index without having to hold the financial instruments that comprise it. As a rule, the reference index is directly reflected (1:1) in the index certificate, and its variations are taken into account.

(a) Profitability

By purchasing an index certificate, the investor acquires the right to receive from the issuer a sum of money whose value is linked to the level of the underlying index. The return therefore depends on the performance of that index.

(b) Risk

The risk depends on the financial instruments underlying the index.

If the issuer goes bankrupt, the investor does not benefit from guarantees from creditors and is not entitled to claim assets that are not part of the bankruptcy estate, assets that underlie the financial instrument.

(c) Performance scenarios

Performance in favourable conditions: if the stock market index or basket of shares rises, the value of the certificate also rises. Thus, the investor can earn a return similar to the performance of the index.

Performance in unfavourable conditions: if the stock market index or basket of shares falls, the value of the certificate also falls. In addition, if the issuer goes bankrupt, the investor risks losing all the money invested.

9.4.9.2. Stock basket certificates

Stock basket certificates are debt securities that allow investors to profit from the performance of a basket of stocks without having to directly own the stocks themselves. The issuer determines the composition of the stock basket, and the weights of the various stocks in the basket may be equal or different. The composition of the basket may also be adjusted periodically (e.g. once a year).

9.4.9.3. Knock-out certificates (turbo certificates)

The term "knock-out certificate" refers to a certificate that confirms the right to buy or sell a financial instrument at a fixed price when the financial instrument does not reach a certain price (knock-out barrier) before the set date. If the price of the financial instrument reaches the barrier, the certificate expires early and, as a rule, most of the invested amount is lost. Depending on how the price of the financial instrument develops, there are two types of knock-out certificates: long knock-out certificates and short knock-out certificates. Long knock-out certificates are designed specifically for rising markets. Short knock-out certificates are designed specifically for falling markets. In addition to regular knock-out certificates, there are also knock-out certificates with a "leverage effect". These are called "turbo certificates" (or leverage certificates).

If the price of the underlying financial instrument rises, the value of long turbo certificates also rises. The increase is greater due to the leverage (turbo) effect. The same happens when prices fall in the case of short turbo certificates. Thus, large gains can be achieved with small investments, but the risk of losing money is high.

(a) Profitability

A profit can be made if there is a favourable difference between the purchase price or market price and the strike price. This allows the underlying financial instrument to be bought at a lower price or sold at a higher price.

(b) Risk

If the price hits the knock-out barrier before the set date, one of two things happens: the certificate expires and is worthless, or a small remaining amount is paid out (the product is "knocked out"). Some issuers consider the certificate to be knocked out if the price hits the knock-out level during the trading day. The closer the stock market price is to the strike price, the stronger the leverage effect. At the same time, the risk of the price falling below the knock-out barrier increases. As a result, the certificate becomes worthless or a small remaining amount is paid out.

(c) Performance scenarios

Performance under favourable conditions: if the price of the underlying asset develops as expected and does not reach a certain level (knock-out barrier), the turbo certificate can bring quick and large gains. This is due to the leverage effect (the effect of multiplying gains or losses).

Performance under unfavourable conditions: if the price reaches the knock-out barrier before maturity, the certificate is worthless. In some cases, only a small amount is reimbursed.

9.4.10. Structured products

Risks

Interest and/or dividend payments may depend on future events. These events may be related to indices, shares, prices, commodities or precious metals. For this reason, payments may be lower or even zero.

Redemptions may also depend on future events. These events may be related to indices, shares, prices, commodities or precious metals. For this reason, redemptions may decrease or even disappear in the future.

Several risks must be taken into account for interest and/or dividend payments, as well as for repayments. These risks are: interest rate risk, currency risk, corporate risk, sector risk, country risk and credit risk. The possibility of not having secured creditor rights and not being able to recover assets in the event of bankruptcy must also be taken into account. Tax risks should not be overlooked either.

The risks mentioned above can cause large price changes (losses) over the life of the product. This can happen even if there are guarantees on interest, earnings or nominal value. Because of these risks, it may be difficult or impossible to sell the product before the agreed date.

9.4.10.1. Guaranteed certificates

When guaranteed certificates mature, the initial value or a percentage thereof is returned. This happens regardless of how the underlying financial instrument has performed ("minimum redemption").

(a) Profitability

The maximum gain that can be obtained from the performance of the underlying financial instrument may be limited. The limit may be a maximum redemption price or other restrictions on participation in the performance of the underlying financial instrument. These limits are set out in the terms and conditions of the certificate. The investor is not entitled to dividends and other similar amounts of the underlying financial instrument.

(b) Risk

The value of the certificate before maturity may fall below the minimum redemption price set. However, at maturity, the value will generally be at the minimum redemption price. The minimum redemption price depends on the creditworthiness of the issuer.

(c) Performance scenarios

Performance in favourable conditions: if the reference asset increases in value, the investor may obtain additional gains above the guaranteed amount, but up to a certain limit.

Performance under unfavourable conditions: if the reference asset falls in value, the price of the certificate may also fall. However, at maturity, the investor receives at least the minimum guaranteed amount back.

9.4.10.2. Twin Win Certificates

When Twin Win certificates mature, the issuer pays a redemption price. This price depends on how the underlying financial instrument has performed. The certificates have a barrier.

In general, if the price of the underlying financial instrument does not reach or fall below the barrier of the Twin Win certificate before maturity, the investor benefits from the absolute performance of the underlying financial instrument. The starting point is the reference price set by the issuer. This means that even price losses on the underlying instrument can turn into gains for 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 performance of the underlying financial instrument.

The issuer may determine that it is possible to benefit more from the performance of the underlying financial instrument above the reference price. However, there may be a maximum redemption price limit.

(a) 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 performance; therefore, price losses of the underlying financial instrument can be turned into gains. The price of the certificate may react more or less to price fluctuations of the underlying financial instrument depending on various factors that influence it (e.g. the volatility of the underlying instrument, the period to maturity, the difference between the price of the underlying financial instrument and the barrier).

(b) Risk

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

(c) Performance scenarios

Performance under favourable conditions: if the price of the reference asset remains above a certain level (barrier), the investor can earn regardless of whether the price rises or falls. This is because the investor benefits from price movements in both directions.

Performance in unfavourable conditions: if the price falls below the barrier, the investor no longer benefits from this mechanism (Twin Win) and may lose some or all of the money invested.

9.4.10.3. Express Certificates

An "express certificate" is a structured investment certificate, i.e. a financial instrument that combines the characteristics of a direct investment with those of a derivative product. It is designed to give investors access to an asset (e.g. a share) without having to invest directly in that asset.

With an Express certificate, investors can participate in the performance of the underlying financial instrument, with the option of early redemption. This means that investors can request the value of the express certificate before maturity. The underlying financial instrument refers to a share, a share index, a bond or a derivative financial instrument.

If, on an observation date, the underlying instrument meets the early redemption criterion specified by the issuer, the certificate expires early. In this case, it will be automatically redeemed by the issuer at the redemption price applicable on that date. The observation date refers to an event, such as the investor requesting early redemption.

If the underlying financial instrument does not meet the specified 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 determined on the final observation date.

In this case, if the issuer has set a barrier on the date of issue of the certificate and the price of the underlying instrument does not reach or exceed 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.

(a) Profitability

If the price of the underlying instrument does not reach the barrier, you can still make a profit even if the price of that instrument falls. This is because you profit from any change

in price, whether it is an increase or a decrease. So even if the price of the underlying instrument falls, you can still make a profit.

The price of the certificate may rise or fall more or less, depending on how much the price of the underlying instrument changes and other factors. These factors include: how often the price of the underlying instrument changes, how long there is until the certificate expires, and how close the price of the underlying instrument is to the set barrier.

(b) Risk

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

(c) Performance Scenarios

Performance under favourable conditions: if the underlying asset reaches a certain level set for early redemption, the certificate is automatically redeemed. In this case, the investor receives the gain before the originally set final date.

Performance under unfavourable conditions: if the underlying asset does not reach the level for early redemption and the price falls below a certain level (barrier) at maturity, the investor may lose some or all of the money invested.

9.4.11. Derivative financial instruments

a) Market (price) risk:

There is a risk of losing money if the value of the underlying asset (interest rates, exchange rates, etc.) changes negatively. Market changes may cause a derivative to become unprofitable.

b) Counterparty risk (credit):

There is a risk that the other party to the contract may not meet its payment obligations. If the counterparty is unable to pay, the investor may lose large sums of money, especially if the market has performed poorly. This risk can be reduced through guarantee contracts (ISDA/CSA type), centralised clearing (if possible) and analysis of the counterparty's credit risk.

c) Liquidity risk:

There is a risk that you may not be able to sell or close your position at a price close to the actual value. Liquidity (the ease with which an asset can be sold) may vary on the secondary market. In addition, contracts are customised and difficult to transfer. Exiting the contract depends on renegotiation between the parties. Thus, positions that generate losses may remain open or may only be closed at a significant loss.

d) Profitability:

There is a risk that the actual profit obtained from the derivative will be very different from the expected or estimated profit. Closing the contract before maturity may result in significant losses.

e) Valuation risk:

It is difficult to determine the correct value of a derivative financial instrument because there is no standard market price. Incorrect valuations can lead to misreporting or poor investment decisions. To reduce this risk, pricing models, independent valuers and market data (if available) can be used.

9.5. SUSTAINABILITY RISKS

Sustainability risk

9.5.1 Sustainability risk is an environmental, social or governance (how an organisation is run) event or condition that, if it happens, could have a significant negative effect, either actual or potential, on the value of an investment.

- 9.5.2 Sustainability risk, as well as the requirements for integrating these risks into investment advice services, are set out in Regulation (EU) No 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**).

Integration of sustainability risks into the investment advice process

(this section applies only from the moment the investment advice service becomes available and only to clients who will benefit from this service)

- 9.5.3 When providing investment advice services, BCR, as a financial advisor, collects clients' sustainability preferences through the suitability assessment questionnaire. This includes, for example, the type of financial instruments in which they choose to invest (e.g. investment funds that invest in sustainable investments or environmentally sustainable investments or that promote environmental or social characteristics or a combination of these characteristics).
- 9.5.4 Based on the information provided by the client in the suitability assessment questionnaire, BCR determines whether the financial instruments in its portfolio are suitable for the client, including from the perspective of the client's sustainability preferences.
- 9.5.5 If such financial instruments are identified in the Bank's portfolio for which it provides investment advice services, they will be recommended to the client. Otherwise, the Bank will not be able to make an investment recommendation to the client.
- 9.5.6 However, at present, BCR does not have in its portfolio of financial instruments for which it provides investment advice services any financial instruments that:
- (i) can be considered or that integrate (include) sustainable investments or environmentally sustainable investments;
 - (ii) take into account the main negative effects on sustainability factors (e.g. environmental, social and labour issues, respect for human rights, anti-corruption and bribery issues).
- 9.5.7 As the portfolio is updated with financial instruments that have a sustainable component, BCR will inform clients by updating the relevant list, in accordance with section 6.3 General aspects of the Advice Service.
- 9.5.8 For the purposes of this section 9.5,
- (i) **sustainable investment** is an investment in an economic activity that contributes to an environmental objective measured, for example, by key indicators, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to combating inequality or promoting social cohesion, social integration and labour relations, or investments in human capital or in economically or socially disadvantaged communities, provided that such investments do not significantly harm any of these objectives and that the companies in which the investments are made follow good governance practices, in particular with regard to sound management structures, labour relations, remuneration of relevant personnel and compliance with tax obligations.
 - (ii) **An environmentally sustainable investment** is an investment that finances one or more economic activities that qualify as environmentally sustainable.
- 9.5.9 Sustainability factors are environmental (e.g. climate change, greenhouse gas emissions, energy efficiency, use of natural resources, air and water pollution), social (human rights, social inclusion, impact on local communities) and all factors related to the workforce, respect for human rights, and the fight against corruption and bribery.
- 9.5.10 BCR also complies with the BCR Group's Code of Ethics in its activities and publishes sustainability reports in accordance with applicable regulations. The Code of Ethics is available at <https://www.bcr.ro/ro/business/esg>, in the Our Policies section, and sustainability reports are available in the Reports section.
- 9.5.11 The remuneration policy, which can be found at <https://www.bcr.ro/ro/despre-noi/guvernanta-corporativa/sfdr>, in the sections Transparency of remuneration policies in relation to the integration of sustainability risks and BCR Remuneration Policy, also applies to employees involved in investment advice activities.

Negative effects of sustainability factors

- 9.5.12 When providing investment advice, BCR only collects information about the client's sustainability preferences, but does not take into account the negative effects of investment decisions on sustainability factors.
- 9.5.13 Thus, BCR does not analyse sustainability risks, the likely effect of these risks on the profit (return) of investments, or the negative effects of investment decisions on sustainability factors in its investment advice.
- 9.5.14 To date, publicly available data (based on issue documents) on the impact of sustainability risks on the profit (return) of financial instruments from issuers or producers is limited. Therefore, until clear (concrete) information is available from issuers and producers of financial instruments, it is difficult for BCR to consistently take into account the negative effects of investment advice and recommendations on sustainability factors.
- 9.5.15 More information on the integration of sustainability risks into the investment advice process can be found on the BCR website: <https://www.bcr.ro/ro/despre-noi/guvernanta-corporativa/sfdr>.

10. INCENTIVES RECEIVED BY BCR IN CONNECTION WITH THE PROVISION OF FINANCIAL INVESTMENT SERVICES

10.1. General provisions

BCR may pay or receive certain sums of money or other types of benefits (referred to as "**Incentives**") in connection with the provision of investment services or ancillary services. These Incentives may be offered by BCR or received from other persons, but not from the client. In order to be permitted, these Incentives must meet two conditions:

- (a) They must be intended to improve the quality of the service provided to the client; and
- (b) They must not prevent BCR from acting honestly, fairly and professionally in the best interests of the client.

10.1.1. In connection with **the investment execution and advice services provided by BCR**, BCR receives the following types of Incentives from other parties:

- (a) Monetary incentives (sums of money) that meet the conditions set out in points (a) and (b) above; and
- (b) Non-monetary incentives (benefits that are not money), but which are minor and may improve the quality of the service provided to the client. These benefits must not, by their nature and extent, affect BCR's obligation to act in the best interests of the client.

10.2. Incentives related to the execution service provided by BCR:

10.2. Monetary incentives:

BCR currently generates the following revenues acting as a distributor (receiving and transmitting orders) for fund units managed by:

Erste Asset Management (EAM) Romania:

BCR receives between 60% and 85% of the fees that Erste Asset Management (EAM) receives for managing or performing the funds. These fees come from the amounts invested by clients to whom BCR has offered these funds.

Erste Asset Management Vienna

BCR receives between 30% and 85% of the income generated from the management of the amounts of money that have been invested in the funds for which BCR, on a contractual basis, has distributed fund units.

Fidelity International

BCR receives 50% of the income generated from the management of the amounts of money that have been invested in the funds for which BCR has distributed fund units on a contractual basis.

10.2.2. Non-monetary incentives (non-monetary benefits)

BCR does not offer or receive non-monetary incentives, other than minor acceptable non-monetary benefits, in connection with the execution service. Currently, BCR only receives minor benefits that may improve the quality of the service provided to the client. These benefits, by their nature and scope, do not affect BCR's obligation to act in the best interests of the client. These may include:

- (i) participation in conferences, seminars and other training events on the benefits and characteristics of a particular financial instrument or investment service;
- (ii) hospitality of reasonable value, such as food and drink during a business meeting or at a conference, seminar or other training event mentioned above;
- (iii) short-term market information, such as recent economic statistics or information about upcoming events. This information is provided by another party and contains only a brief summary of that party's opinion. The information is not supported by detailed evidence or analysis. For example, it may be material that repeats an opinion based on an existing recommendation or research material.

10.3. Incentives related to the investment advice service provided by BCR:

10.3.1. Monetary incentives

BCR earns income when it sells fund units (shares) issued by funds managed by Erste Asset Management (EAM) Romania.

These revenues represent between 60% and 85% of the fees (management or performance) that Erste Asset Management (EAM) Romania charges for the amounts invested by clients to whom BCR has sold funds managed by EAM.

10.3.2. Non-monetary incentives

BCR does not offer or receive non-monetary incentives, other than minor acceptable non-monetary benefits, in connection with the investment advice service.

Currently, BCR only receives minor benefits that may improve the quality of the service provided to the client. These benefits, by their nature and scope, do not affect BCR's obligation to act in the best interests of the client. These may include:

- (i) participation in conferences, seminars and other training events on the benefits and characteristics of a particular financial instrument or investment service;
- (ii) hospitality of reasonable value, such as food and drink during a business meeting or conference, seminars or other training events specified above;
- (iii) short-term market information, such as recent economic statistics or information about upcoming events. This information is provided by another party and contains only a brief summary of that party's opinion. The information is not supported by detailed evidence or analysis. For example, it may be material that repeats an opinion based on an existing recommendation or research material.

11. ORDER EXECUTION POLICY

11.1. Order execution policy for each class of financial instruments

11.1.1. General

- (a) Order execution venues include regulated markets, multilateral trading facilities, organised trading facilities and other liquidity providers. The choice of execution venue may have a direct impact on the best possible result for the Bank when executing client orders.

The trading venue is a regulated market, a multilateral trading facility or an organised trading facility.

A Regulated Market (RM) is an official and closely supervised place where shares, bonds or other financial instruments can be bought and sold. It operates under strict rules to protect investors and ensure fair and transparent trading. Examples are stock exchanges on the best possible result for the Bank when executing client orders.

A Multilateral Trading Facility (MTF) is an alternative to regulated markets, bringing together multiple buyers and sellers, but with more flexible rules. It can offer lower costs and easier access for certain types of transactions or investors.

An Organised Trading Facility (OTF) is a specialised trading platform designed for complex financial instruments or larger transactions that do not fit well with the rules of regulated markets or MTFs. The operator plays a more active role in finding counterparties.

A Liquidity Provider is an entity (firm or person) that helps maintain an active market where assets can be bought or sold quickly and easily without significantly changing the price. These providers include market makers, hedge funds and large institutional investors.

- (b) This section presents the execution venues chosen by BCR for executing client orders. It also describes the selection criteria and risks involved. Sales are usually executed in the country where the custodian of the financial instrument is located. This is due to the settlement costs associated with executing orders. This rule also applies to the sale of subscription rights.

11.1.2. Shares and exchange-traded funds (ETFs)

- (a) Orders for shares and ETFs are sent directly or through intermediaries to trading venues for execution.
- (b) In general, BCR executes orders for shares and ETFs on a commission basis. For shares, the trading venue is chosen in accordance with the laws and regulations in force (Law 126 of 11 June 2018 and MiFID II Directive). Thus, BCR executes share orders mainly on the stock exchange of the country where the company that issued the shares is located. This is done because it is considered that the best result for the client can be achieved due to the higher trading volume. There may be exceptions to this rule.
- (c) For certain shares, Erste Group Bank AG may execute client orders directly on its own account. The prices and shares offered are determined by Erste Group Bank AG and published on their website: <https://www.erstegroup.com/en/legal-information/mifid/siquotes>. In this case, Erste Group Bank AG complies with the applicable rules and best execution principles.
- (d) Erste Group Bank AG may use alternative execution venues for orders larger than EUR 500,000 or if there are insufficient shares available. This is done to achieve a better result for the client, taking into account price or cost. This trading venue may be different from the one initially chosen when placing the order.

11.1.3. Bonds

- (a) BCR offers the possibility to buy or sell bonds (including zero-coupon bonds) directly at current market prices. In general, bond orders are executed on the basis of a trading commission.
- (b) Erste Group Bank AG may use alternative execution venues for orders larger than EUR 500,000 or if there is insufficient liquidity. This is done in order to achieve a better result for the client, taking into account price or cost. This trading venue may differ from the initial one chosen when the order was placed.
- (c) Erste Group Bank AG may execute client orders directly on its own account. In this case, Erste Group Bank AG complies with the applicable rules and principles of best execution

11.1.4. Investment funds

The purchase or sale of fund units of investment funds of Erste Group SAI and BCR partners, if these funds can be distributed in Romania, is not considered an execution of client orders under Law No. 126/2018. Therefore, this policy does not apply. In general, the execution of orders on investment funds is based on a trading commission.

11.1.5. Certificates and warrants

- (a) BCR offers the possibility to purchase certificates and warrants based on a commission in a trading venue or outside a trading venue.
- (b) BCR 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.

11.1.6. OTC derivatives

- (a) These are transactions agreed individually between the client and BCR, at a fixed price and outside a regulated market or traded on an MTF (multilateral trading facility) or OTF (organised trading facility). For transactions with derivative financial instruments, BCR closes the position with Erste Group Bank AG. The way in which BCR calculates the price offered is explained in the document "Ex-Ante Cost Transparency", available here: <https://www.bcr.ro/ro/business/informatii-utile/ifd>.
- (b) OTC derivatives may be based on different underlying assets, such as interest rates, currencies or commodities.
- (c) BCR evaluates the parameters of a client order executed outside a trading venue prior to each transaction. To this end, BCR uses current reference prices and appropriate valuation methods. For OTC derivatives, BCR uses Erste Group Bank AG as its sole liquidity provider, but for comparison purposes, the client may also request quotes from other service providers.

11.2. Execution factors for each class of financial instruments

11.2.1. General information

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

- ➔ Price
- ➔ Cost
- ➔ Speed of execution
- ➔ Probability of execution
- ➔ Other relevant factors

For retail clients, in order to achieve the best possible result for the client, the main factors taken into account are the price of the financial instrument and the costs associated with executing the order.

In order to achieve the best possible result for **RETAIL** clients, Erste Group Bank AG takes into account the execution factors described below; these can be found in 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 result for **Professional** clients, Erste Group Bank AG takes into account the execution factors described below; see 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 BCR include, for example, execution fees, taxes, brokerage fees or clearing and settlement fees.

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

11.2.2. Shares and exchange-traded funds (ETFs)

Shares and ETFs are mainly traded on a trading venue.

Shares and ETFs admitted to 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 to Erste Group Bank AG for execution.

In order to achieve the best possible result for the client, BCR takes into account the following execution factors:

Execution factor	Description
Price/Costs	Erste assesses which trading venues consistently achieve the best results in terms of trading price. Erste takes into account all costs related to order execution that may have an impact on the client. These include, for example, commissions charged by trading venues, brokers or clearing systems, as well as taxes.
Speed/probability 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 considers qualitative factors such as secure and fast access to execution venues and brokers, the reliability of clearing systems, and the procedures available in case of emergencies.

11.2.3. Bonds

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

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

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

Execution factor	Description
Price/Costs	Erste assesses which trading venues consistently achieve the best results in terms of trading price. Erste takes into account all costs related to the execution of orders that could have an impact on the client. These include, for example, commissions charged by trading venues, brokers or clearing systems, as well as taxes.
Qualitative factors	In addition, Erste takes into account qualitative factors such as secure and fast access to execution venues and brokers, the reliability of clearing systems, and the procedures available in case of emergency.

11.2.4. 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 that orders be executed at a particular trading venue, the same execution factors are used as for shares and ETFs.

11.2.5. Certificates and Warrants

Certificates and warrants are traded on trading venues or directly with the issuer, depending on where the best total price for the client can be obtained.

Certificates are complex exchange-traded financial instruments constructed from simple financial instruments and derivatives.

Warrants are derivative financial instruments that give the right, but not the obligation, to buy or sell a security at a certain price.

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

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

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

Execution factor	Description
Price/Costs	Erste evaluates which trading venues consistently achieve the best results in terms of trading price. Erste takes into account all costs associated with order execution that could have an impact on the client. These include, for example, , trading venue fees, brokerage fees, clearing system fees and taxes.
Qualitative factors	In addition, Erste takes into account qualitative factors such as secure and fast access to execution venues and brokers, the reliability of clearing systems, and the procedures available in case of emergency.

11.2.6. OTC derivatives

BCR assesses the parameters of a client order executed outside a trading venue before each transaction. Therefore, BCR uses current reference prices and appropriate valuation methods to inform the client about potential risks, such as counterparty risk (the risk that the other party involved in a transaction will not meet its obligations).

11.3. Primary Market

BCR 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.

11.4. Brokers

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

11.5. Costs and fees paid to third parties

In general, there may be different costs for executing client orders. These may be:

- (a) Trading venue costs: these are the costs published by the respective trading venue and apply in the case of direct market access as well as execution through a broker.

- (b) Broker fees: if BCR does not have direct access to a market, costs may be incurred by brokers who provide the necessary market access.
- (c) Settlement fees: these are the fees charged by external settlement agents and custodians in connection with the settlement and custody of financial instruments.
- (d) Other costs: these may be incurred both for a specific trading venue and for a single financial instrument.

Bank fees: These fees under (a) to (d) are presented as own expenses.

11.6. Specific trading instructions from clients

- (a) If a client gives a specific instruction regarding the place of execution or other aspects of the order, BCR will execute the order in accordance with that instruction. The client should be aware that any specific instruction may prevent BCR from obtaining the best possible result for the execution of the order.
- (b) If there are no specific instructions from the client, BCR will execute the order in accordance with this order execution policy.

11.7. Technical malfunctions and other unforeseen events

In the event of unforeseen circumstances, BCR may be required to deviate from its order execution policy and choose other methods for executing orders. BCR will endeavour to obtain the best possible execution. During periods of trading restrictions, certain exchanges may not be available for placing orders. In this case, BCR will inform clients, if possible, when it receives orders. The information will be provided by its employees, on the Bank's website or through the online trading application (BCR Broker).

11.8. Monitoring and reviewing the order execution policy

- (a) BCR reviews its order execution policy ("Best Execution") annually. The policy will also be reviewed if there are signs that the rules important for choosing a particular place of execution are no longer valid. BCR will inform clients of any significant changes to its execution policy. Execution venue means an exchange, a multilateral trading facility (MTF) or an organised trading facility (OTF).
- (b) BCR has procedures in place to assess the quality of execution obtained. These checks are based on the execution factors for each class of financial instruments, listed in section 2 for execution venues.

The best execution venue for a financial instrument is chosen based on a scoring model (an evaluation system based on a series of criteria). The execution factors are given different weights and are evaluated using this system. The execution venue with the highest score is chosen.

- (c) BCR uses the execution quality reports published by the execution venues as assessment parameters.
- (d) For OTC derivatives (financial instruments negotiated directly between two parties), BCR verifies that the price is correct. To do this, BCR regularly uses external market data in its validation methods and verification processes.

11.9. Reporting of the top 5 execution venues and quality of execution report

- (a) BCR publishes annually, for each class of financial instruments, the top five execution venues for the volume of client orders executed in the previous year.
- (b) BCR publishes quarterly data on the quality of execution of client orders for financial instruments. This happens if BCR acts as a systematic internaliser (a firm that executes client orders on its own account) or as a liquidity provider (a firm that helps to buy and sell assets quickly).

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

11.10. BCR's trading venues are the Bucharest Stock Exchange, Bloomberg MTF and Erste Group Bank AG.

Please refer to Erste Group Bank AG's execution policy for a list of Erste Group Bank AG's trading venues.

12. CONFLICT OF INTEREST MANAGEMENT POLICY

BCR has established measures to ensure that its clients' interests are not adversely affected by potential conflicts of interest. These conflicts may arise between BCR and its clients or between different clients.

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

Between the Bank's clients and BCR and/or its affiliated companies, the Bank's employees and/or those of its affiliated companies and/or other relevant persons or persons who have a direct or indirect connection with BCR/affiliated companies through a control relationship.

This may occur when BCR provides investment services/related services, particularly in areas such as:

- financing;
- financial analysis;
- fund management;
- investment banking;
- retail distribution (sale of products and services to retail clients);
- execution of client orders;
- trading on behalf of third parties;
- trading on own account;
- safekeeping (custody) of securities (safekeeping and administration of securities).

Conflicts of interest may arise in particular from the Bank's and/or its affiliated companies' relationships with firms that issue financial instruments. This occurs through participation in supervisory boards or advice committees. Conflicts may also arise from the relationships of companies that issue financial instruments with BCR and/or its affiliated companies, when they are clients of the Bank and/or its affiliated companies.

Conflicts of interest may also arise from the Bank's and/or its affiliates' relationships with companies that issue financial instruments, when the issuing company is an affiliate of the Bank and/or one of its affiliates. Conflicts may also arise when BCR and/or an affiliate has a direct or indirect stake in the share capital of the firm issuing financial instruments.

In addition, conflicts of interest may arise when BCR and/or its affiliated companies participate in the issuance of financial instruments of that company. Conflicts may also arise when BCR is the creditor or guarantor of the company issuing financial instruments, participates in the preparation of the company's financial analysis, makes/receives payments to/from the company issuing financial instruments, has entered into a cooperative relationship with the company, or operates directly or indirectly joint ventures with the company.

Conflicts of interest may also arise when BCR and/or its affiliated companies or individuals within the Bank and/or its affiliated companies had/have 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, provision of advice, issuance of recommendations or execution of client orders.

12.2. In order to avoid conflicts of interest as much as possible, BCR and/or its affiliated companies have departments with clearly defined responsibilities. According to the law, every BCR employee must provide financial investment and related services in a fair and professional manner. Every BCR employee must act in the best interests of BCR clients and avoid potential conflicts of interest.

Within the Bank, there is a compliance system that takes into account the following measures for managing conflicts of interest:

- (a) We have established separate areas of confidentiality through "Chinese walls". These are organisational barriers (virtual or physical) that prevent the spread of information;
- (b) We have rules for the personal transactions of Bank employees. These include special rules on the holding of custody accounts (accounts for the safekeeping of financial assets) by employees in confidentiality areas;
- (c) It is mandatory for BCR employees who may find themselves in situations of conflict of interest to disclose these situations and the operations that create the conflicts of interest;
- (d) We have a watch list and a restricted list of financial instruments that may give rise to conflicts of interest. Transactions involving financial instruments on the watch list are permitted under certain conditions and are monitored. Transactions involving financial instruments on the restricted list are prohibited.
- (e) We have a register of persons working in areas of confidentiality.
- (f) We monitor transactions with financial instruments that may generate conflicts of interest and that are carried out by relevant persons within BCR;
- (g) We execute client orders in accordance with the order execution policy or in accordance with the client's instructions;
- (h) We have clear rules on the policy regarding gifts and other benefits;
- (i) We provide training (courses) to employees on how to avoid conflicts of interest.

If the above measures are not sufficient to guarantee with reasonable certainty that the risk of affecting our clients' interests will be avoided, we will clearly inform clients about the nature and sources of conflicts of interest and the measures taken to reduce those risks. We will do this before acting on their behalf. In this case, we will refrain from making assessments, providing advice or issuing recommendations regarding the relevant financial instruments.

At the request of clients, we will provide further details on how we resolve situations that may give rise to conflicts of interest. Any additional details about the conflict of interest policy will be made available to clients upon request, on a durable medium (e.g. on paper or in electronic format).