SPECIFIC TERMS AND CONDITIONS FOR TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS (DFI)

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In this document SPECIFIC TERMS AND CONDITIONS FOR TRANSACTIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS ("**Specific terms and conditions**"):

Phone Agreement	The phone agreement for financial market transactions; it is provided by the Bank to corporate clients as a negotiation medium and contains the terms and conditions under which the Bank may conduct phone negotiations with its clients.
Client	Any of the Bank's clients, who has signed the Master Agreement with the Bank; NOTE: In the clients' confirmations sent by the Bank, this may be replaced by Partner, with the same meaning.
Master Agreement	The Master Agreement for Derivatives Transactions signed between the Bank and the Client;
Netting	The process carried out by the Bank through which the mutual obligations (pending at such date) of the two Parties originating from or related to the Master Agreement terminate; the Bank automatically proceeds to the netting of these obligations, cancels them up to the smallest amount and records only the additional amount to be paid; as a result, the Party having the highest amount due shall pay to the other Party the difference between the amount owed and the one to be received from the other Party;
Confirmation	A written document issued by the Bank and sent to the Client as a proof of each transaction; it includes the confirmation of the terms and conditions specific to each Transaction; an exemplification of Confirmation related to each DFI is included in Chapter B;
Derivative Financial Instrument DFI	A financial instrument whose value depends on the evolution of an underlying asset, typically foreign exchange rates, interest rates, commodities, credit events, or other assets;
Indicative offer	A written document issued by the Bank and sent to the Client in case the latter has not signed a phone agreement with the Bank; this document contains the Bank's firm offer regarding a certain Transaction; a model of the Indicative Offer is included in Chapter C;
Exposure Limit or Limit	The total exposure limit for DFI Transactions based on the Master Agreement signed by the Client; it is approved by the Bank and applies to completed Transactions or future Transactions to be conducted with the respective Client ;
Transaction	Each DFI transaction concluded by the bank with any of its Clients or based on the relevant Master Agreement;
Business day	Any day (excluding Saturday, Sunday and the legal holidays) when the Bank is open for operations, including foreign exchange and money markets operations.
Underlying exposure	the commercial transactions/legal obligations of the Client, whose price/value depends on the evolution of an asset like the exchange rates, interest rates, commodities, credit events, or other assets.

The provisions of the specific Terms and Conditions are part of the Master Agreement signed by the Bank and its Clients.

Chapter A – TERMS AND CONDITIONS SPECIFIC TO EACH DFI

1. Preliminary conditions to conclude DFI Transactions

According to the specifics of the current contract, in order to conclude DFI Transactions, the client must simultaneously fulfill the following conditions:

(a) Have signed the Master Agreement with the Bank;

(b) Have an exposure limit approved by the Bank in accordance with the risks generated by DFI Transactions

(c) At a pre-set date, the total (aggregate) value of the Client's exposure to the derivatives risk for outstanding transactions does not exceed 80% of the value of the exposure limit.

For all the outstanding DFI Transactions concluded with each Client based on the appropriate Master Agreements, the Bank will periodically calculate a total (aggregate) value of the Client's exposure to these risks, according to methods and calculation systems valid at the respective date. The Bank will monitor if the total (aggregate) value of the exposure to the risk generated from those Transactions remains within the exposure limit.

In the case of the Transactions for managing the foreign exchange risk with a tenor longer than 18 months, the Client shall present to the Bank relevant documents in order to prove the exposure (underlying exposure) like: financing contracts and/or commercial contracts or any other kind of contract, concluded or about to be concluded, and which generates future obligations with maturities higher than 18 months.

At any time during the performance of the Master Agreement, the Bank may request to the Client in connection with a Transactions performed or to be performed, and the Client is obliged to provide the Bank in due time, all supporting documents proving the exposure in question (underlying exposure), such as: credit and / or commercial or other contracts, concluded or to be concluded, and which generate market risks.

The Transactions with Derivative Financial Instruments and the underlying exposure represent separate transactions from legal points of view. In the case the underlying exposure no longer exists or is reduced in terms of value and/or tenor, the Client shall inform immediately the Bank. If following of such event, the Bank evaluates that the DFI Transactions turn or may turn to speculative purposes, then the Bank will start close partially or totally the positions at quotes updates at the current market rates, so that the purpose of the master agreement to manage the market risks to be fulfilled.

2. General definitions related to DFI

The expressions below apply to all DFIs included in these Specific Terms and Conditions:

Transaction Date	The date when the terms of the DFI Transaction are set;
Value date	The settlement date which can be: **today** (settlement today), **tomorrow** (settlement today + 1 business day), **spot** (settlement today + 2 business days) or forward (settlement today + at least 3 business days).
Open Position	All the transactions which are outstanding and are not unwound by reversed transactions concluded between the Bank and the Client, according to the Master Agreement and this existing document.
Closed Position	The rights/the claims that stem from the DFI Transactions cease in the following conditions: - at the maturity/expiry date of the Transaction (the last day of settlement); or - by unwinding the position through a reverse transaction.

3. Specific provisions regarding DFI Transactions

3.1. Foreign Exchange (FX) Forward

Definitions

The terms and conditions below apply to Foreign Exchange Forwards:

FX Forward	A derivative financial instrument, non-standardized contract between two parties agreeing to buy and sell on a future date an FX amount at an exchange rate concurred with on the transaction date;
Value date (settlement date)	The date when the FX Forward is settled;
Forward Exchange Rate	The exchange rate used for the settlement of the forward contract;
Notional	The face amount used to calculate payments on the FX Forward;

Specific conditions for the FX Forward

The minimum notional amount for a FX Forward is posted by the bank at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd.

The maximum maturity of a FX forward is 5 years starting from the Transaction Date. To avoid any confusion, the maturity date of any Transaction cannot exceed the period for which the exposure limit to this derivatives risk is approved.

Client's rights and obligations:

(a) The client is entitled to unwind his Transaction before maturity. The position can be offset completely or partially through one or more reverse deals, on the same currency and with the same settlement date as the initial Transaction; Specifically:

(i) Completely by executing one or more opposite FX Transactions, with the same notional amount, in the same currency and with the same settlement date as the initial Transaction. Conducting opposite Transactions with the notional value equal to that of the initial Transaction is equivalent with terminating all the obligations, after the settling of the final result. This termination can be performed using Transactions with settlement date today, tomorrow, spot or using forward Transactions without including actual settlements for each Transaction, but only settling the final result;

(ii) Partly by conducting one or more opposite FX Transactions, on the same currency and with the same settlement date as the initial Transaction. A partial closure of this FX Forward Transaction can be performed using transactions with settlement date today, tomorrow, spot or using forward Transactions without including actual settlements for each Transaction and only settling the difference between Transactions;

(b) The Client is entitled to request the settlement of the final result after terminating the Transactions before their maturity date. Specifically:

(i) If the Client makes a profit and chooses to settle the transaction before the maturity date, then the profit settlement is discounted and will be made at the adjusted net present value.

The Bank will establish the interest rate used for discounting to present value. If the Client does not concur on the interest rate set by the Bank, then the profit will settle at the maturity date of the Transaction.

(ii) If the Client registers a loss and wants to mark to market his loss before due date, then the loss settlement will be executed at an adjusted net present value.

The Bank will establish the interest rate used for discounting to present value. If the Client does not concur on the interest rate set by the Bank, then the loss will settle at the maturity date of the Transaction.

(c) The Client is entitled to request the delay of the maturity date of the Transactions, as follows:

(i) The maturity deferral for a FX Forward can be done partly or for the entire notional amount of the Transaction. This process is completed using a FX swap:

- If the FX swap is negotiated for the total notional amount of the initial FX Forward, then the maturity date for the total notional amount of the FX Forward is delayed;
- If the FX swap is negotiated on an amount smaller than the initial FX Forward notional amount, then the maturity date for a part of the FX Forward notional amount is deferred; the net difference is settled on the maturity date of the FX Forward;

(ii) If the Client requires a total or partial maturity deferral for a FX Forward, the final result after netting all the bilateral obligations is determined. Based on this calculation, the Client has the right to cash out the profit and the obligation to provide cash in case of a loss.

(d) The Client has the obligation to ensure the availability of the compulsory cash required by the Bank to perform and settle the Transaction at maturity date. If the Client refuses to comply with this obligation, the Bank is entitled to unwind the outstanding Transaction with a reversed Transaction and to recover the realized loss from the Client. The level of the loss will be determined based on trading spot rates.

3.1.a. Foreign Exchange Flexible Forward

Definitions

A flexible forward transaction has the same characteristics as a forward transaction with only one specific difference, which is that the settlement of the transaction can take place at any time until the maturity of the contract. The client can use flexible forward contracts to sell or purchase foreign currency amounts within a preset window time and at the forward exchange rate.

The client may choose to make partial settlements for his transaction at any Business Day until the maturity of the contract within the preset window time, having the only obligation to exchange the entire notional amount until maturity. The client utilizes the rate at any given time before the option ends, regardless of the prevailing market rate on that day.

3.2. Foreign Exchange (FX) Swap

Definitions

The terms and phrases below apply to a FX swap:

FX Swap A foreign exchange derivative instrument that consists of a simultaneous purchase and sale of two identical FX notional amounts, with two different settlement dates, using foreign exchange rates agreed upon at the Transaction Date. There are no additional interest rate costs due for the period between these two Transactions, as their value is included in the agreed trading rates. The FX swap transaction can be classified as follows:

	(a) Purchase and Sale (Buy & Sell) Swap is the FX Swap Transaction, which starts with a Purchase Transaction of an amount expressed in a certain currency (base currency) against another currency (secondary currency) on the initial settlement date, and ends with a Sale Transaction of the same amount expressed in the base currency on the final settlement date; (b) Sale and Purchase (Sell & Buy) Swap is the FX Swap Transaction, which implies a Sale operation of an amount expressed in a certain currency (base currency) against another currency (secondary currency) on the initial settlement date, and a Purchase Transaction of the same amount expressed in the base currency on the final settlement date;
Initial Settlement Date	The date the first leg of the FX Transaction is executed. On this date, the bank automatically credits/ debits the Client's current accounts opened with the Bank, correspondent to the two currencies involved in the first leg of the FX Swap Transaction. The date of the initial settlement can be today/tomorrow/FX spot;
Final Settlement Date	The date the second leg of the FX Swap Transaction is conducted. On this date, the bank automatically credits/ debits the Client's current accounts opened with the Bank, correspondent to the two currencies involved in the second leg of the FX Swap Transaction. The date of the final settlement can be tomorrow/ FX spot or can be a term transaction (forward);
The Exchange rate for the First Leg	The exchange rate set on the Transaction Date to be used for the first leg of the FX swap;
The Exchange rate for the Second Leg	The exchange rate set on the Transaction Date to be used to settle the second leg of the FX swap
Period	The time interval expressed in the number of days between the initial settlement and the final settlement date;
Notional	The face amount used to calculate payments on the FX Swap.

Specific conditions for FX Swap

The minimum notional amount for a FX swap is posted by the bank at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd.

The maximum maturity for a FX swap is 5 years, starting from the Transaction Date. To avoid any confusion, the maturity date of any Transaction cannot exceed the period for which the exposure limit to the derivatives risk is approved.

Client's rights and obligations:

(a) The Client is entitled to request to terminate his transaction before the maturity date or at the maturity date of the second leg of the FX Swap

Unwinding the transaction before the maturity date can be done completely or partly by one or more reversed FX Transactions with a value date identical to the second leg of the swap. The offsetting transactions can be conducted with the value date today/ tomorrow/ spot or can be a forward Transaction. Specifically:

(i) Total termination by executing one or more reverse FX Transactions, with a notional amount, FX currency and settlement date identical to that corresponding to the second leg of the FX Swap. Executing the reverse Transactions on an amount equal to the one of the second leg of the FX Swap is equivalent to terminating any obligation, after the netting of the final result. In this case, the Bank will settle with the Client, at the maturity date only the result (profit or loss) computed as a net difference between the second leg of the FX Swap Transaction and the opposite closing Transactions.

(ii) Partial termination, by performing one/ more reverse FX Transactions, on a currency and value date identical to that corresponding to the second leg of the FX Swap, although executed on a smaller amount. Partial closing does not imply the actual settlement of the notional amounts for each transaction, but the settlement of the net differences between Transactions.

(b) The Client is entitled to request the settlement of the result from closing the second leg of the FX Swap Transaction before the maturity date. In this case the procedure is similar to the provisions of letter l(b) section3.1. FX Forward – Client's rights and obligations.

(c) The Client has the right to request the maturity deferral of the second leg of the FX Swap. In this case the procedure is similar to the provisions of letter (c) in section **Error! Reference source not found.** FX Forward – Client's rights and obligations.

(d) The Client has the obligation to ensure the availability of the compulsory cash required by the Bank to perform and settle the Transaction at maturity date. If the Client refuses to comply with this obligation, the Bank is entitled to unwind the outstanding Transaction with a reversed Transaction and to recover the realized loss from the Client. The level of the loss will be determined based on trading spot rates.

On a case by case basis, the procedure will be the following:

(i) If the first leg of the FX Swap was settled and for the second leg of the FX Swap, the Client does not abide by his obligation, the Bank is entitled to recover from the Client the loss resulted from closing the outstanding transaction. The loss will be calculated based on trading spot rates, closing the second leg of the FX Swap using a reverse Transaction on behalf of the Client;

(ii) If the Client does not secure the compulsory amount to settle the first leg of the FX swap, the Bank is entitled to recover from the Client the loss resulted from the difference between the two transactions of the FX swap (initial and final) and the two closing Transactions (Reverse Transactions with the same notional value and settlement dates), based on trading spot rates.

3.3. Foreign Exchange (FX) Option

Definitions

The terms and phrases below apply to a FX option:

FX Option A derivative financial instrument that offers the Client the option of buying/ selling at maturity a certain currency at a pre-agreed exchange rate (strike price), in exchange of an upfront premium that must be paid/ received at Transaction Date

Types of FX options:

- CALL option is the DFI where:
  - The buyer is entitled to, but is not under the binding obligation to buy at maturity date, a certain amount of a currency on a pre-agreed exchange rate in exchange for a paid premium (established on the Transaction Date);
  - The seller has the obligation of selling at maturity date a certain amount of a certain currency at a pre-agreed exchange rate in exchange for a received premium (established on the Transaction Date).
- PUT Option is the DFI where:
  - The buyer is entitled to, but is not under the obligation to sell at the maturity date a certain amount of a currency at a pre-agreed exchange rate in exchange for a paid premium (established on the Transaction Date);
  - The seller has the obligation to buy at the maturity date a certain amount of

a currency at a pre-agreed exchange rate in exchange for a received premium (established on the Transaction Date).

Buyer/ seller	The buyer/seller of a FX option
Option price/ premium	The amount owed by the option's buyer to the seller, agreed upon at the Transaction Date; the premium can be an absolute value or a percentage of the notional;
Strike price	The binding exchange rate fixed on the Transaction date, when the Transaction is concluded; this rate will be used if a purchase/ sale will be conducted, if the buyer decides to exercise the option;
Strike date	The date and hour when the option buyer either decides to exercise the option or forgoes his right to buy or sell the FX amount mentioned in the option Transaction. Given the date when the FX options can be exercised, options can be classified as: (i) „European" option – both the strike date and the maturity date are bindingly settled on the Transaction date; (ii) „American" option - the maturity date is bindingly settled at the Transaction Date. In this case, the exercising date can be any date within the time interval between the Transaction Date and the maturity date. If the option is exercised, the exercise date becomes the maturity date.
Maturity (expiry) date	The validity date of the FX option, namely the settlement date when the settlement of the foreign currency exchange is executed if the option is exercised. Types of options, given the way they can be exercised: (iii) „cash" - exercising represents net settlement of the profit/ loss calculated based on the notional amount, strike price and the exchange rate used by the bank in relation to non-banking clients (iv) „delivery" – the result of exercising is a foreign exchange Transaction whose terms are set on the Transaction Date (notional and strike);
Notional	The face amount expressed in the currency that will be bought/ sold by the buyer of a FX option, within each Transaction.

Specific conditions for options on the exchange rate

The minimum notional amount for FX option is posted by the bank at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd.

The maximum maturity for a FX option is 5 years, starting from the Transaction Date. To avoid any confusion, the maturity date of any Transaction cannot exceed the period for which the exposure limit to that derivatives risk is approved.

Client's rights and obligations:

The Client as buyer:

(a) Has the right to exercise the FX option at the/until the option's maturity date. The Client's right to buy or sell can be exercised only if he secures the compulsory amount to "cash" or "delivery" settle the Transaction at maturity date;

(b) Has the obligation to pay to the Bank (seller of the FX option) the premium agreed on the Transaction Date;

(c) Has the right to unwind an open Long Call position using an identical reverse transaction (sell a Call option), and has the right to unwind a Long Put open position through an identical reverse transaction (sell a Put option);

The Client as seller:

(a) Has the obligation to exercise the FX option at/until the maturity date of the option. The Client's right to buy or sell can be exercised only if he secures the compulsory amount to "cash" or "delivery" settle the Transaction at maturity date;

(b) Has the right to receive from the Bank (buyer of the FX option) the premium set on the Transaction Date;

(c) Has the right to unwind an open Short Call position using an identical reverse transaction (buy a Call option), and has the right to offset a Short Put open position by an identical reverse transaction (buying a Put option);

3.4. Interest Rate Swap

Definitions

The terms and expressions below apply to an Interest Rate Swap:

Interest Rate Swap	An interest rate derivative instrument which implies a series of interest rate payments at pre-agreed future dates. The interest rate is calculated based on a notional amount; the parties can swap: fixed interest rates for floating interest rates, floating for floating interest rates or fixed for fixed interest rates.
Buyer/ seller	The buyer/ seller of the IR Swap;
Buyer (payer of the fixed interest rate)	The party in the IR swap Transaction who either hedges against future interest rate hikes or wants to capitalize on the positive forecasted margin between interest rates (floating interest rate > fixed interest rate of the IR swap);
Seller (payer of the floating interest rate)	The party in the IR swap that hedges against future interest rate declines (fixed rate of the IR swap > floating interest rate);
Swap Rate (Fixed interest rate)	The interest rate agreed by the two counterparties (seller and buyer) on the IR Swap Transaction Date;
Floating interest rate	The interest rate which will be determined during the span of the IR swap, based on a reference market rate, upon which the two counterparties involved in the IR swap agreed at the Transaction Date;
Reference dates	The dates at which the floating interest rates used for calculating the amount to be paid between the two counterparties are established;
Settlement dates	The dates when one of the parties involved in the IR swap makes the payment of the difference between the fixed and variable interest rate, namely the seller if the floating interest rate is higher than the fixed interest rate or the buyer in the opposite case;
Maturity date	The date when the IR swap expires (equals the last settlement date).
Notional	The amount subject to the IR swap (it is used as face amount to establish the net amount to be paid);
Net amount to be paid	The absolute difference between: - The value of the interest rate calculated using the fixed rate of the Transaction, by applying the level of the fixed interest rate to the value of the notional for the calculation period (number of days) and

- The value of the interest rate calculated using the floating interest rate, by applying the level of the floating interest rate to the value of the notional for the calculation period (number of days),

  And is paid by the party impaired by the evolution of the floating interest rate at the established settlement dates.

Specific conditions for the IR Swap

The minimum notional amount for IR swap is posted by the bank at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd.

The maximum maturity for an IR swap is 10 years, starting from the Transaction Date. To avoid any confusion, the maturity date of any Transaction cannot exceed the period for which the exposure limit to this derivatives risk is approved.

The Client's rights and obligations:

The Client as buyer (payer of the fixed interest rate):

(a) Is entitled to receive from the Bank (seller) the positive difference between a higher floating interest rate, determined at the reference date, and a lower fixed interest rate;

The Bank as a Calculation Agent computes automatically at each reference date the net amount to be paid and credits the Client's current account at the respective settlement date;

(b) Has the obligation to pay the bank (seller) the negative difference between the lower floating interest rate, determined at the reference date, and the higher fixed interest rate;

The Bank as the Calculation Agent computes automatically at each reference date the net amount to be paid and debits the Client's current account at the respective settlement date.

The Client as seller (payer of the floating interest rate):

(a) Is entitled to receive from the Bank (buyer) the positive difference between the higher fixed interest rate, determined at the reference date, and the lower floating interest rate.

The Bank as the Calculation Agent computes automatically at each reference date the net amount to be paid and automatically credits the Client's current account at the respective settlement date.

(b) Has the obligation to pay the bank (buyer) the positive difference between the lower fixed interest rate, determined at the reference date, and the higher floating interest rate.

The Bank as the Calculation Agent computes automatically at each reference date the net amount to be paid and debits the Client's current account at the respective settlement date.

The Client may request to unwind his position before maturity. In this case, because the termination date is before maturity, the Client agrees that the Bank has the authority to establish an amount to be paid/ to be received and to automatically proceed with the Netting. The payable/ receivable amount is calculated given the market conditions on that particular moment, the notional amount and the remaining time to maturity.

3.5. Interest Rate (IR) Options

Definitions

The expressions below apply to IR options:

IR Option An interest rate derivative instrument that gives the Client the option to benefit from a positive difference between a floating interest rate and the strike interest rate established on the Transaction date, in exchange for an upfront premium established on the Transaction Date;

Types of IR options:

- CAP option is a DFI where:

- If the floating interest rate is higher than the strike price - on the settlement dates, the buyer exercises the option and the seller pays the difference between the higher floating interest rate and the lower strike price, in exchange for a premium owed by the buyer to the seller established on the Transaction Date**.**

- If the floating interest rate is lower than the strike price – the option expires out of the money, is not exercised and there is no settlement between the bank and the Client.

- FLOOR option is the DFI where:

- If the floating interest rate is lower than the strike price – on the settlement dates, the buyer exercises the option and the seller pays the difference between the higher strike price and the lower floating interest rate, in exchange for a premium owed by the buyer to the seller as established on the Transaction Date.

- If the floating interest rate is higher than the strike price - the option expires out of the money, is not exercised and no settlement is performed between the Bank and the Client;

Buyer/ seller The buyer/ seller of the IR option;

Option price /premium The amount owed by the buyer to the seller established on Transaction Date; the premium can be an absolute value or a percentage of the notional;

Strike price The CAP / FLOOR interest rate, bindingly established on the Transaction Date, as a benchmark for the market floating interest rate determined on the reference dates of the transactions;

Reference dates The dates on which the floating interest rates, used for calculating the amounts to be exchange between the two counterparties involved in the Transaction, are established;

Floating interest rate The interest rate which will be established during the span of the IR option, linked to a reference market rate, on which the two counterparties involved in the IR option agreed on the Transaction Date;

Settlement dates The dates when the option seller pays the difference between the higher floating interest rate and the lower strike price in case of a CAP option, and the difference between the lower floating interest rate and the higher strike price in case of a FLOOR option ;

Maturity date The expiry date of the IR option (equals the last settlement date);

Exercise The process through which the Bank (Calculation Agent) calculates and automatically debits/ credits the payable/ receivable amounts for the Client; Specifically:

(i) for a CAP option: is exercised if the floating interest rate, established on the reference date, is higher than the strike price;

(ii) for a FLOOR option: is exercised if the floating interest rate, established on the reference date, is lower than the strike price;

Notional The face amount subject to the IR option (it is used to establish the net amount to be paid);

Specific conditions for the interest rate option

The minimum notional amount for IR option is posted by the bank at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd.

The maximum maturity for an IR option is 10 years, starting from the Transaction Date. To avoid any confusion, the maturity date of any Transaction cannot exceed the period for which the exposure limit to this derivatives risk is approved.

Client's rights and obligations

The client as buyer:

(a) Is entitled to benefit from the positive result of exercising the IR option; the Bank (Calculation Agent) automatically exercises the option at each settlement date and credits the Client's account with the result, thus:

  (i) For a CAP option: the Client receives (and the Bank pays) the difference between the higher floating interest rate and the lower strike interest rate;

  (ii) For a FLOOR option: The Client receives (and the Bank pays) the difference between the higher strike interest rate and the lower floating interest rate;

(b) Has the obligation to pay the Bank, as seller of the IR option, the premium set on the Transaction Date.

(c) The Client may request to unwind his position before maturity. In this case, because the termination date is before maturity, the Client agrees for the Bank to establish an amount to be paid/ to be received and to automatically proceed with the Netting. The receivable amount is calculated considering the market conditions on that particular moment, the notional, and the remaining time to maturity.

The Client as seller:

(a) Has the obligation to pay the result of exercising the IR option to the Bank; The Bank as the Calculation Agent exercises automatically the option at each settlement date and automatically debits the Client's account with the exercising result, thus:

  (i) For a CAP option: the Client pays (and the Bank receives) the difference between the higher floating interest rate and the lower strike interest rate;

  (ii) For a FLOOR option: The Client pays (and the Bank receives) the difference between the higher strike interest rate and the lower floating interest rate;

(b) Has the right to receive from the Bank (the buyer of the IR option) the premium set on the Transaction Date.

(c) The Client may request to unwind his position before maturity. In this case, because the termination date is before maturity, the Client agrees for the Bank to establish if an amount must be paid to the Bank and to automatically proceed with the Netting. The receivable amount is calculated considering the market conditions on that particular moment, the notional, and the remaining time to maturity.

3.6. Cross Currency Swap

Definitions

The expressions below apply to a Cross Currency Swap:

Cross currency swap The derivative financial instrument which implies an exchange between counterparties of interest rates linked to different currencies. The parties may exchange: a fixed interest rate in a certain currency against a floating interest rate in another currency, floating interest rates in different currencies or fixed

	interest rates in different currencies.
Transaction date	The date at which the counterparties set the details of the Cross Currency Swap transaction;
Reference dates	The dates when the floating interest rate/ rates used for calculating the amount to be paid between the two counterparties involved in the Transaction are established ;
CSS Fixed interest rate	The fixed interest rate denominated in one of the two currencies of the Transaction; it is established by the two counterparties on the date of the cross currency swap transaction;
Floating interest rate	The interest rate which will be determined during the span of the Cross Currency Swap Transaction, based on a market reference rate linked to one of the two currencies of the transaction agreed upon the Transaction date;
Reference dates	The dates when the floating interest rate/ rates to be used for the CCS fixing and for establishing the amount to be paid between the two counterparties involved in the Transaction are determined;
Settlement dates	The dates on which the counterparties involved in the Cross Currency Swap Transaction exchange the amounts representing the interest rates denominated in the two different currencies;
Maturity date	The date when the Cross Currency Swap Transaction expires (equals the last settlement date).
Notional	The amount representing the subject of the Cross Currency Swap Transaction (it is used to establish the net amount to be paid);;
Foreign exchange Rate for the Initial Settlement	The foreign exchange rate established on the transaction date, applied to the calculation of the notional/notionals which are subject to the Cross Currency Swap Transaction.
Amortisation	The amounts set as intermediary payments based on the exchange rate used for the initial settlement. On the date of the final settlement the parties will settle only the remaining value of the notionals, out of which the intermediary payments have been deducted
Period	The time interval (expressed in number of days) between the initial settlement date and the final settlement date;
Notionals	The amounts which are subject to the Cross Currency Swap Transaction

Specific Conditions for Cross Currency Swap

The minimum notional amount for the Cross Currency Swap is posted by the bank at the following web address https://www.bcr.ro/ro/business/informatii-utile/ifd.

The maximum maturity for a CCS is 5 years, starting from the Transaction Date. To avoid any confusion, the maturity date of any Transaction cannot exceed the period for which the exposure limit to the derivatives risk is approved.

Client's rights and obligations:

(a) Is entitled to receive the interest rate owed by the Bank according to the transaction terms;

The Bank as a Calculation Agent, calculates automatically on each settlement date the net amount to be paid and automatically credits the Client's account;

(b) Has the obligation to pay to the Bank the interest rate owed according to the transaction terms;

The Bank as a calculation Agent calculates automatically on each settlement date the net amount to be paid and automatically debits the Client's account.

(c) Has the obligation of paying the fee owed to the Bank according to the transaction terms;

The Bank as a Calculation Agent automatically debits the Client's account on the date of settling the fee.

The Client may request to unwind his position before maturity. In this case, because the termination date is before maturity, the Client agrees for the Bank to establish an amount to be paid/ to be received and to automatically proceed with the Netting. The payable/ receivable amount is calculated given the market conditions on that particular moment, the notional amount and the period of time until maturity.

Chapter B – INDICATIVE TEMPLATES FOR CONFIRMATIONS

1. Confirmation template FX forward

BCR Reference:

Between: BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Client	:	
Bank	:	
The Client buys (amount and currency)	:	
The Client sells (amount and currency)	:	
Forward Exchange Rate	:	
Transaction date	:	
Settlement date	:	
The Purpose of the Transaction	:	Exchange Rate Risk hedging / speculative
Client's Bank Account for the foreign currency bought	:	
Client's Bank Account for the foreign currency sold	:	
BCR Agency/Branch	:	

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client:
Signature	Signature:
Date:	Date:

2. Confirmation template FX swap

BCR Reference:

Between: BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Client	:	
Bank	:	
Transaction Date	:	
First settlement date	:	
The Client buys (amount and currency)	:	
The Client sells (amount and currency)	:	
The Foreign Exchange Rate for the Initial Settlement	:	
Second settlement date	:	
The Client buys (amount and currency)	:	
The Client sells (amount and currency)	:	
The Foreign Exchange Rate for the Final Settlement	:	
The Purpose of this Transaction	:	FX Risk hedging / speculative
The Client's Bank Account for the foreign currency bought	:	
The Client's Bank Account for the foreign currency sold	:	
BCR Agency/Branch	:	

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client
Signature:	Signature:
Date:	Date:

3. **Confirmation template FX options**

BCR Reference :

Between: BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Transaction Date:	:
Buyer:	:
Seller:	:
FX Option Type :	:
FX pair:	:
Amount and Foreign Currency bought	:
Amount and Foreign Currency sold	:
Strike Price:	:
Maturity Date:	:
Expiry Hour:	:
Option Settlement Date:	:
Premium cashed by the Bank:	:
Premium settlement date:	:

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client:
Signature:	Signature:
Date:	Date:

4. Confirmation template IR swap

BCR Reference:

Between: BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Buyer	:	
Seller	:	
Transaction Date	:	
Maturity Date	:	
Notional Amount and Currency	:	
Summary	:	
Client/ Bank Terms	:	
Floating Interest Rate	:	
Margin	:	
Interest rate Calculation Method	:	
Settlement Dates	:	
Reference Dates	:	
Client/ Bank Terms	:	
Fixed Interest Rate	:	
Interest Rate Calculation Method	:	
Settlement dates	:	
Banking Dates	:	
Calculation Agent	:	BCR SA
Settlement Instructions	:	
Bank Account where BCR S.A. will make payments	:	
Bank Account where the Client will make payments	:	
BCR SA Headquarters	:	
Client Headquarters	:	

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client:
Signature	Signature:
Date:	Date:

5. Confirmation template IR CAP options

BCR Reference:

Between: BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Seller	:	
Buyer	:	
Transaction date	:	
Option Maturity Date	:	
Notional Amount and Currency	:	
Premium		
Premium Payer	:	
Premium (amount and currency)	:	
Premium Settlement Date	:	
Summary	:	
Floating Variables		
Payer of Floating Interest Rate	:	
Floating Interest Rate	:	
Reference Interest Rate	:	
Cap Interest Rate	:	
Interest rate Day Count Convention (no of days)	:	
Settlement Dates	:	
Reference Dates	:	
Calculation Agent	:	BCR
Client’s Bank Account for premium payment	:	
Client’s Bank Account for receiving the interest rate after exercising the option	:	
BCR Agency/Branch	:	

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client:
Signature:	Signature:
Date:	Date:

6. Confirmation template IR FLOOR Options

BCR Reference:

Between: BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Seller	:	
Buyer	:	
Transaction Date	:	
Option Maturity Date	:	
Notional Amount and Currency	:	
Premium		
Premium Payer	:	
Premium (amount and currency)	:	
Premium Settlement Date		
Summary	:	
Floating Variables		
Payer of Floating Interest Rate	:	
Floating Interest Rate	:	
Reference Rate	:	
Floor Interest Rate	:	
Interest rate Day Count Convention (no. of days)	:	
Settlement Dates	:	
Reference Dates	:	
Calculation Agent	:	BCR
Client's Bank Account for premium payment	:	
Client's Bank Account for receiving the interest rate after exercising the option	:	
BCR Agency/Branch	:	

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client:
Signature:	Signature:
Date:	Date:

7. Confirmation template Cross Currency Swap

BCR Reference:

Between : BCR

And:

This confirmation incorporates the provisions and is subject to the Master Agreement for Transactions with Derivatives Financial Instruments no [ ] signed on date [ ], with all further amendments and additions, agreed between BCR and [ ].

If there are any differences between the terms of the present Confirmation and the terminology and/ or the terms of the Master Agreement, the terms of the present Confirmation will prevail with respect to the Transaction defined through the current Confirmation.

The Terms of the Transaction this Confirmation refers to are the following:

Client	**:**	
Bank	**:**	
Transaction date	:	
Client buys (amount and currency)	:	
Client sells (amount and currency)	:	
Initial Settlement Date	:	
Final Settlement Date	:	
Transaction Exchange Rate	:	
Fee owed by the Client/ Bank	:	
Fee Settlement Date	:	
Client/ Bank Terms for receivable/ payable interest rate		
FX Fixed/ Floating Interest Rate	:	
Interest rate Calculation Method	:	
Settlement Dates and Amounts	:	
RON Fixed/ Floating rate	:	
Interest rate Calculation Method	:	
Settlement dates	:	
Calculation Agent	:	BCR

All parties declare they have fully understood the terms of the Transaction and that they are fully able to discern these terms in an independent, unbiased manner.

Banca Comerciala Romana	Client:
Signature:	Signature:
Date:	Date:

Chapter C – INDICATIVE OFFER TEMPLATE

Note: The Offer Templates contain all the details of the DFI transaction, as presented above in the Confirmation Templates. The references “Confirmation” will be replaced by “Indicative Template”

Chapter D – OTHER PROVISIONS

If the Master Agreement is terminated following a default event or a termination event (as defined in the Master Agreement), if the maturity date is reached or if a Client requests to unwind completely or partially one or more positions at the same time, the open Transactions will be unwounded as follows:

(a) For the FX forward, the Calculation Agent (Bank) proceeds, on behalf of the Client, to unwind the open operations through reversed Transactions. At that moment they become due and enforceable, regardless of the value date of each Transaction. Pursuant to the Netting request, the profit/ loss will be registered based on the trading spot rates;

(b) For the FX swap the Calculation Agent (Bank) proceeds to unwind the open transactions, as follows:

 (i) If on the date the Master Agreement ceases, the Client has an open FX swap operation for which the value dates of both Transactions are posterior to the date when the Master Agreement expires, then the Calculation Agent (Bank) proceeds, on behalf of the Client, to the total termination of this Transaction using a reverse FX swap. They become due and enforceable on the termination date. Pursuant to the Netting request, the profit/ loss will be registered based on the trading rates;

 (ii) If on the date the Master Agreement ceases, the Client has only the second leg of the FX swap open for which the currency date is posterior to the date when the Master Agreement expires, then the Calculation Agent (Bank) proceeds, on behalf of the Client, to the total termination of this Transaction using a reverse FX Forward transaction. They become due and enforceable on the termination date. Pursuant to the Netting request, the profit/ loss will be registered based on the trading rates;

(c) For the FX options the Calculation Agent (Bank) proceeds to closing all the Transactions. Thus, for the remaining period, the Calculation Agent (Bank) proceeds, on behalf of the Client, to unwind all the open operations using reverse Transactions. The premium related to the reverse operation will be recorded in the Netting request;

(d) For IR swap/interest rate options/cross currency swap transactions the Calculation Agent (Bank) proceeds for the total termination of the open Transactions; specifically:

 (i) Will calculate and register in the Netting request, the receivable/ payable interest rate for the remaining period between the date of the last calculation and the Master Agreement's termination date;

 (ii) For the remaining period until maturity, the Calculation Agent (Bank) proceeds, on behalf of the Client, to unwind the open operations using reverse Transactions. In this case, the Calculation Agent (Bank) will compute a payable/ receivable interest rate resulted from closing the Client's transactions, as a difference between the fixed interest rate related to the two IR swap Transactions (the initial and the closing one) applied to the notional value; the amount will be recorded in the Netting request;

For the adjustment to the present value of the result of the termination of the transactions, the interest percentage established by the Bank will be used.

*

*   *

Legal comments

Warning: *This document contains information regarding the terms and conditions under which the Bank offers to its clients Derivative Financial Instruments on other markets than the regulated ones.*

This document and all data comprised in it are purely indicative and represent NEITHER a recommendation to invest into products or other financial instruments, nor an offer to purchase the financial investment products or services this document refers to. The Bank bears no obligation or responsibility to offer the client of the products presented under the conditions mentioned in the current document. ***Any reference to a quotation or offer price in the current document related to a product/ service is purely indicative and does not represent the available quotation or the available price at the moment the client decides to buy/ acquire the product/ service.*** *Detailed information about material terms and conditions under which you can benefit from BCR products or services are supplied to potential investors at the moment of the request to open an account and in due time before the moment of rendering the required services.*

We also inform you of the fact that the Bank, its affiliates, its employees may hold in their own name the products/ financial instruments this document refers to, they may perform sale, purchase transactions or any type of transaction with these products/ financial instruments, may be market makers for these products/ financial instruments, might offer investment banking or lending services or any other services related to the issuers mentioned within this document or may have brokered public offers related to these issuers.

Important warning:

- *Transactions with derivative financial instruments are subject to some risks, such as: general market risk, the volatility risk which might cause situations such as the deviation of the structured instrument's prices relative to the underlying asset, foreign exchange rate risk;*
- *BCR undertakes no responsibility with respect to the results from derivatives transactions. Past results of the financial transactions are not a guarantee of the future performance of derivatives transactions.*
- *Derivative Financial Instruments are not bank deposits, are not guaranteed by any government authority and do not fall under the deposit guarantee scheme;*
- *These instruments do not represent BCR obligations, nor obligations of its affiliates and are not guaranteed, under the exception of the case when this aspect is mentioned clearly in other documents which contain the terms and conditions regarding a certain financial instrument;*
- *Not all the financial instruments are suitable or appropriateness for all the Clients. If a Client wants to obtain recommendations/ consultancy regarding the investment in a product/ service, the client will have to separately contract a specialized consultant to make sure the product or the service which he wants to acquire suits his needs and preferences and that the risks associated with that product/ service are fully understood.*