

SMBC BANK EU AG

# Ex-Ante Costs and Charges Disclosure

In accordance with MiFID Articles 24 of Directive 2014/65/EU and 50 of MiFID II Delegated Regulation, we are required to inform our clients of the costs and charges for the services offered and products traded on an ex-ante (i.e. pre-trade) basis. This is an estimation of the costs you will incur prior to providing investment services and activities or ancillary services as defined under MiFID II.

The information provided in this document relates to over-the-counter Foreign Exchange (FX) and interest rate derivative contracts provided by SMBC Bank EU AG and its branches in the European Economic Area (collectively “the Bank”, “we” or “our”) to its clients.

Please note the following

- We do not charge costs separately, when you enter into a transaction with us, as the price of the instrument includes costs and charges.
- Pricing will be offered in accordance with our Order Execution Policy, where applicable.
- This disclosure may be updated or supplemented from time to time.
- The margin in relation to each transaction, takes into account the following (but not limited to):
  - Nature of the financial instrument / transaction
  - Notional amount
  - Credit Risk
  - Tenor
  - Market conditions

## Foreign Exchange Derivatives

The below table represents the indicative maximum costs and charges for vanilla FX transactions. It excludes FX spot and FX transactions for payments purposes.

Foreign Exchange Instruments	Expected Cost and Charges
Forwards	0 -2.5%
Swaps	0 -2.5%

Please note

- The typical expected costs and charges are a percentage of the notional traded.
- The maximum 2.5% charge shown in the table above is an estimation. This means the amount of transaction costs may vary in specific client circumstances or market conditions.
- For bespoke / structured trades (such as non-deliverable forwards and options), please contact your Bank representative.

## Illustrative examples

The illustrative cost and charges information (specified in the example below) will be calculated on the basis of certain assumptions and estimates. The figures displayed are no guarantee of future transaction costs and may be subject to change.

Product name	FX Forward		FX Swap	
	%	Notional: EUR 1,000,000 Currency: EUR/USD Maturity: 1 year	%	Notional: EUR 10,000,000 Currency: EUR/USD Maturity: 3 months
Costs				
One-off charges	0	0	0	0
Ongoing costs	0	0	0	0
All costs related to the transactions	1*	EUR 10,000	0.1*	EUR 10,000
Incidental costs	0	0	0	0

\* Mark-up embedded in the transaction price

The above-mentioned elements determine the total price you, as a client of the Bank, pay to purchase a financial instrument.

We advise you to carefully study the information below, prior to entering into a transaction.

- **One-off charges** (i.e. upfront costs) are all costs and charges (included in the price or in addition to the price of the financial instrument) paid to the Bank at the beginning or at the end of the investment in the financial instrument.
- **Ongoing charges** are all ongoing costs and charges related to the management of the financial product that are deducted from the value of the financial instrument during the investment in the financial instrument.
- **All costs related to transactions** cover costs and charges incurred as a result of the acquisition and disposal of investments.

Please note:

- During the life of the financial instrument, there will be no Incidental Costs (e.g. performance fees) or Ongoing Costs applied other than the mark up embedded in the spread applied to the transaction.

## Interest Rate Derivatives

This statement seeks to inform Clients about estimated average transaction costs & charges as a spread or margin from bid side, offer side or mid-market for a range of products by currency & tenor.

The ranges contained in the tables reflect a typical range of charges for Investment Grade Clients, trading on an uncollateralised, uncleared basis.

Costs & charges will depend on, but are not limited to:

- **Nature of the financial instrument** – Cross Currency Swaps will generally generate higher costs and charges than Interest Rate Swaps.
- **Tenor** – Long-dated trades generally generate higher costs & charges than short dated trades.
- **Trade direction** – This will be currency dependent.
- **Client credit quality** – Highly rated Clients will generally attract lower costs and charges than less highly rated Clients.
- **Credit mitigation** – Unmitigated deals will generally attract higher charges than collateralised or cleared trades
- **Funding** – Trades with high funding costs (to the Bank) will generally generate higher costs & charges, than trades with low funding costs.

- **Currency liquidity** – Emerging market currencies generally attract higher costs and charges than G7 currencies.
- **Timing** – “Out of hours trading” (i.e. when markets are “closed”) may lead to higher costs and charges due to reduced liquidity.
- **Deal complexity** – Complex trades will generally attract higher costs and charges than more vanilla trades.
- **Capital impact** – Trades with a high capital or regulatory impact may attract higher costs and charges than those with a benign impact.
- **Deal size or notional** – Very large, or very small trades may attract higher costs and charges than “market- size” trades.
- **Portfolio effect** – Clients with existing portfolios may benefit from portfolio netting which may lead to reduced costs and charges.

The Bank specialises in bespoke, rather than generic over-the-counter derivative contracts. In all cases, each trade opportunity will be individually priced, using our in-house pricing models, taking all the above factors into account. We will provide indications, upon our receipt of a satisfactory termsheet (and discussion of terms).

Additional Information:

- We can quote from bid, mid, or offer.
- We generally quote “all-in” on an indicative or executable basis. When you enter into a transaction, the price of the instrument includes the costs and charges of the instrument. We do not charge these costs separately.
- Costs and charges quoted will be subject to change, as market conditions change.

Once a trade is closed, it will be subject to the Swap Master Agreement & Trade Confirmation (or Long-form confirmation). No further costs and charges will be applied.

Detailed below are the estimated average transaction costs & charges for the primary products offered by the Bank

Interest Rate Swaps EUR; GBP; USD; JPY			
Cost Type	% year	10 year	15 year
Investment services and/or ancillary services	0 bppa	0 bppa	0 bppa
Financial Instruments	0 – 15 bppa	0 – 25 bppa	0 – 35 bppa
Other payments made or received - excluding intra-group fees	0 bppa	0 bppa	0 bppa
Total costs and charges	0 – 15 bppa	0 – 25 bppa	0 – 35 bppa

Cross Currency Product GBP/USD; EUR/USD; JPY/USD (Fixed Currency v USD Float)			
Cost Type	% year	10 year	15 year
Investment services and/or ancillary services	0 bppa	0 bppa	0 bppa
Financial Instruments	0 – 15 bppa	0 – 25 bppa	0 – 35 bppa
Other payments made or received - excluding intra-group fees	0 bppa	0 bppa	0 bppa
Total costs and charges	0 – 15 bppa	0 – 25 bppa	0 – 35 bppa

### **Third-party payments**

From time to time, we may receive remuneration from third parties (excluding our affiliates) in respect of transactions we carry out with or for you, or we may provide or receive non-monetary benefits in connection with the provision of services to you, provided that the payment or benefit:

- (i) is designed to enhance the quality of the services that we provide to you; and
- (ii) does not impair compliance with our duty to act honestly, fairly and professionally in accordance with your best interests.

Where we pay or receive such amounts or benefits, we will disclose the existence, nature and amount of the payment or benefit separately to you (which may be via a client platform or portal). Minor non-monetary benefits e.g. participation in conferences, may be described in a generic way.

**If you have any questions in relation to the costs and charges associated with any particular financial instrument, please contact your Bank representative.**