

## Ex-ante cost and charges disclosure for retail clients

Markets in Financial Instruments Directive II ("MiFID II") requires Credit Europe Bank N.V. ("CEB") to inform its clients of the costs and charges for the services offered and products traded on an ex-ante basis. This document provides clients with appropriate information on costs and charges when we provide Investment Services and Activities or Ancillary Services as defined in MiFID II. (Directive 2014/65/EU)

### Overview

In general, towards retail clients, where CEB acts as a principal in an execution-only capacity, there are costs and charges associated with Investment and/or Ancillary Services provided and also costs and charges associated with the Financial Instrument.

A summary of different cost items that may be incurred by the client from time to time is as follows:

	Summary of Costs and Charges Related to the Financial Instrument	Costs and Charges Related to the Investment and/or Ancillary Services
Ongoing Costs	N/A	-Account Maintenance Fee -Custody Fee
Transaction Costs	-Fixed Income Transaction Commission -Fixed Income Transaction Costs -Taxes	N/A
Ancillary Charges	N/A	N/A
One-Off Charges	N/A	-Account Closing Fee
Incidental Costs	N/A	-Funds Transfer Commissions -Fee for Audit Confirmation or Similar

### Costs and charges related to the investment and/or ancillary services

These cost and charges include ongoing costs such as the account maintenance fee, custody fee; one-off charges such as account closing fee and incidental costs such as funds transfer commissions and fees for audit confirmation requests.

These costs and charges are reported on an ex-ante basis annually to clients through an individual schedule of fees and charges.

### Costs and charges related to the financial instrument

In transactions with retail clients, there is always a certain level of reliance on CEB in executing orders on your behalf. For these transactions we charge you a pre-agreed commission. These explicit transaction commissions are reported to you on an ex-ante basis annually through an individual schedule of fees and charges. The commissions are also disclosed in the order execution confirmation that will be sent afterwards.

Apart from these explicit charges, there may be implicit transaction costs that may be incurred by you. This implicit cost for the client will be calculated as the difference between the price quoted and the mid-market price in the market at the time of execution. Mid-market mark is determined by CEB in its sole discretion based on observable market inputs at the time or estimated when not available.

*Annex I* sets out the client specific and non-client specific factors that may affect the all-in price. This list is not exhaustive and we may take into account other factors that we consider appropriate in determining that price. The relevant impact or importance of each factor on the price you receive will differ based on the specific circumstances of the transaction.

*Annex II* sets out estimate cost and charges that may apply under normal market conditions. The actual costs and charges will vary depending upon the circumstances specific to each transaction. The figures displayed are no guarantee of future transaction costs and may be subject to change.

### **Cumulative effect of cost and charges on investments**

As there are ongoing costs and charges relating to the provision of investment and/or ancillary services, these may reduce the returns on an investment by an amount that corresponds to the total ongoing costs and charges incurred in connection with the financial instrument and related investment services and/or ancillary services.

*Annex III* sets out some examples for calculating costs and charges for transactions and description and illustration of cumulative effect of cost and charges on investments.

## **ANNEX I – Factors that affect the transaction costs and charges**

Some of the factors that we may take into account in determining the price for the financial instrument are listed below. The price varies depending upon a number of client specific and non-client specific factors. This list is not exhaustive and we may take into account other factors that we consider appropriate in determining that price. The relevant impact or importance of each factor on the price you receive will differ based on the specific circumstances of the transaction.

- Size of the transaction
- Direction of the transaction
- Tenor of the transaction
- Liquidity of the financial instrument
- Market conditions
- Settlement Fees
- Operational Costs

## ANNEX II – Estimate transaction costs

In instances when CEB has to disclose the cost and charges for cash bonds, the implicit cost for the client is defined as the difference between the price quoted to you and the mid-market price at the time of execution. Mid-market mark is determined by CEB in its sole discretion on the basis of observable market inputs at the time or estimated when not available.

Explicit costs, such as commissions, fees and other charges are disclosed to you separately, they are not included in below table.

Below estimate transaction costs are what we believe to be reasonable estimates under normal market conditions.

The actual costs and charges will vary depending upon the circumstances specific to each transaction. The figures displayed are no guarantee of future transaction costs and may be subject to change.

The figures are represented both as upfront percentage of notional and as a nominal cost over an assumed investment amount of EUR 100,000.

### OTC Cash Bonds

Cost as Upfront % of Notional		Nominal Cost per EUR 100,000	
EM CREDIT	2.50%	EM CREDIT	2,500
EM GOVERNMENT	2.00%	EM GOVERNMENT	2,000
DM CREDIT	1.60%	DM CREDIT	1,600
DM GOVERNMENT	0.50%	DM GOVERNMENT	500

### ANNEX III – Example of cumulative effect of costs and charges

The client opens an account with CEB. The client receives and agrees to the schedule of costs and charges found below:

	Summary of Costs and Charges Related to the Financial Instrument		Costs and Charges Related to the Investment and/or Ancillary Services	
<b>Ongoing Costs</b>	N/A		-Account Maintenance Fee	EUR 500
			-Custody Fee	EUR 500
<b>Transaction Costs</b>	-Fixed Income Transaction Commission	0.25%		
	-Fixed Income Transaction Costs	Variable	N/A	
	-Taxes	Variable		
<b>Ancillary Charges</b>	N/A		N/A	
<b>One-Off Charges</b>	N/A		-Account Closing Fee	EUR 500
<b>Incidental Costs</b>	N/A		-Funds and Securities Transfer Commissions	EUR 200
			-Fee for Audit Confirmation or Similar	EUR 200

The client transfers EUR 100,000 in the beginning of the year to the account and uses these funds to buy EUR 100,000 nominal of a bond as of beginning of the year at the price of 91.50 with a coupon of 6.00% (Mid-market level at the point of execution was 91.00).

The end of year return on investments including the cumulative effect of costs and charges will be as follows:

	<u>Year 1</u>	<u>Year 2</u>
<b>Opening Balance:</b>	<b>EUR 100,000</b>	<b>EUR 104,250</b>
<b>Total Coupon Payment Received:</b>	<b>EUR 6,000</b>	<b>EUR 6,000</b>
Ongoing Charges:		
Account Maintenance Fee:	EUR (500)	EUR (500)
Custody Fee:	EUR (500)	EUR (500)
<b>Total Ongoing Charges:</b>	<b>EUR (1,000)</b>	<b>EUR (1,000)</b>
Transaction Charges:		
Implicit Costs:		EUR (500)
Transaction Commissions:	EUR (250)	-
<b>Total Transaction Charges:</b>	<b>EUR (750)</b>	<b>-</b>
<b>Total Cost and Charges:</b>	<b>EUR (1,750)</b>	<b>EUR (1,000)</b>
<b>Total Costs and Charges (%):</b>	<b>1.75%</b>	<b>0.96%</b>
<b>Closing Balance:</b>	<b>EUR 104,250</b>	<b>EUR 109,250</b>

In addition to above, mark-to-market value of the bond may change. Therefore the client may be exposed to additional profits or losses in the case of selling the bond before maturity.