

Bank of Ireland Global Markets MiFID II costs and charges disclosure

March 2021

This document relates solely to your dealings with The Governor and Company of the Bank of Ireland (“Bank of Ireland”) acting through its business unit Global Markets and not to any of your dealings with other businesses of the Bank of Ireland Group.

We may amend this document as required by law or regulation. We will amend this document (if required) by uploading a new version of it on our website and such changes will take effect immediately.

Under the revised Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (known collectively as MiFID II), we are required to provide two types of costs and charges disclosures to you:

- (1) **Ex-Ante (Pre-trade) disclosure** of aggregated expected costs for proposed investment services and products. The information contained in this document intends to satisfy this requirement and is available on our website <https://corporate.bankofireland.com/library/>
- (2) **Ex-Post (Post-trade) disclosure** of aggregated costs which have actually been incurred by you for investment services and products, which we will provide to you either post trade or at least annually on a personalised basis.

The MiFID II costs and charges obligations apply to services and activities and transactions in products that are “financial instruments” as set out in Annex I of MiFID II.

Further information on MiFID II - its requirements and the likely impact on you and our relationship with you can be found at <https://corporate.bankofireland.com/library/>

Disclosure

This information contained in this disclosure document applies to the following financial instruments:

Forward Exchange Contracts (FECs or outright forwards)/FX Swaps
Non Deliverable Forwards (NDFs)
FX Options
Interest Rate Swaps
Forward Rate Agreements (FRAs)
Cross Currency Swaps (CCS)
Interest Rate Options/Swaptions
Emissions

Price formation

The price at which we transact in a particular instrument with you, is called the “**Final Instrument price.**”

Formation of a Final Instrument Price in the Macro businesses (consists of Foreign Exchange, Rates and e-Trading of Macro products) generally takes the following approach:

- a basic instrument price is determined, which, for vanilla OTC financial instruments, is based on the mid-price of the relevant instrument;
- this basic instrument price is adjusted to take account of other factors including observable market prices, liquidity, executed transactions, volatility data, other market data, internal models and observable trade flows;
- internal hedging costs are applied to create an instrument price.
- Additional costs and charges, taking into account factors including credit and trade margin, related to the financial instrument are then applied on top of the instrument price to form the Final Instrument price.

In order to provide full transparency we will provide you with disclosure of costs and charges post trade based, where possible, on the mid price of the financial instrument. In some cases we may base the post trade disclosure on the actual price at which we have transacted in the external market.

The instruments covered by this disclosure are not currently subject to any government transaction charges or stamp duty. If they are imposed in the future, then the transaction cost will include such charges.

The Macro business aims to deliver Best Execution in respect of the basic instrument price, as the factors reflected in the adjustment to form the final price constitute internal costs that are not in scope for Best Execution.

Our best execution policy is available on our website on our website <https://corporate.bankofireland.com/library/>

Ex-ante (Pre trade) cost and charges disclosure

Introduction

An important element which needs to be taken into consideration when trading with Bank of Ireland is the costs of our services and the costs related to the financial instruments. MiFID II requires us to disclose an estimation of the costs you will incur in good time prior to servicing you (ex-ante disclosure).

PLEASE NOTE:

The estimations (set out in the table below) are based on assumed minimum notional values and a range of mark-up percentages and will not reflect the exact notional, percentage mark-up or basis point spread for each of your transactions.

As a result, the actual amount of costs and charges applied to your transaction may deviate from the sample in the table and it is not practical to calculate these costs and charges without making estimates and assumptions. Consequently, they may not provide the basis for meaningful comparisons with costs and charges of other service providers and counterparties selling similar products.

For derivatives, generally the amounts in the 'total costs and charges' column shall be the difference between the basic instrument price and the final instrument price .

The table below informs you about the estimated range for transaction costs and charges, as a margin from mid-market on the financial instrument, when trading with us, for different tenors and product types (the estimated transaction costs). The estimation takes into account all costs and charges.

The above mentioned elements determine the total price you as a client pay to Bank of Ireland to purchase a financial instrument. We advise you to carefully study the information below, prior to entering into a transaction.

Considerations

While reading the table, please take the following into account:

- When you enter into a transaction, the final price of the instrument includes the costs and charges of the instrument. We do not charge these costs separately.
- The cost of the investment service as well as the cost of the financial instrument are related to the transaction. You will not be charged other costs, such as incidental or on-going costs.
- The transaction costs compensate for, amongst others, risks, costs and capital consumption considerations and may include sales margins. Actual transaction costs are determined by a number of factors including, but not limited to, transaction size, market environment, liquidity, clearing and settlement fees, broker/platform costs, market and counterparty risk and your past trading activity.
- The figures displayed are no guarantee of future transaction costs and may be subject to change. The figures presented are an estimation and do not take into account specific client situations or unusual conditions which may influence costs. The amount of transaction costs may vary according to the unique circumstances of a particular transaction. Additionally, pricing will be offered in accordance with our Best Execution Policy, where applicable.
- The majority of our financial instruments fulfil a hedging need. Therefore we do not provide an illustration showing the cumulative effect of costs on return.
- CSA: perfectly collateralised, zero threshold, cash only collateral, daily margining, two way CSA

Indicative Costs and Charges by Product

(EUR, USD AND GBP)

	0 - 5 YEARS	5 - 10 YEARS	10 - 20 YEARS
Interest rate Swap	0.02% - 0.21%	0.05% - 0.25%	0.10% - 0.35%
Cross Currency Swaps	0.05% - 0.25%	0.10% - 0.35%	0.12% - 0.45%
	<1 YEAR	1 - 3 YEARS	3 - 5 YEARS
Forward Exchange Contracts			
<€1m	0.1% - 0.5%	0.25% - 0.75%	0.35% - 0.85%
>€1m	0.05% - 0.3%	0.15% - 0.45%	0.25% - 0.65%
Interest Rate Options			
Premium as % Notional (NFC-)/ Retail	0.005% - 0.30%*		
Premium as % Notional (FC/NFC+)	0.015% - 0.50%*		
*Assumes minimum notional of €5,000,000			
	0 - 5 YEARS		
FX Options*			
Premium as % Notional (NFC)	0.1% - 1.00%**		
Premium as % Notional (FC/NFC+)	1.10% - 2.00%**		
* Assumes margin applies on full structure for structured options			
**Assumes minimum notional of €1,000,000			
Costs and charges reflect total costs to counterparty from market mid price, and are expressed as % of Notional Amount, basis points or as a cash amount.			
Serves as a guide, factors such as Credit, Strike rate, Liquidity, Volatility, Security, CSA will contribute to final charge.			

IRS Example

Counterparty seeks a quote on a €50million EUR IRS to pay Fixed for 3years
 3year Mid market swap rate is 0.25%
 Bank of Ireland apply 0.10% charge to this rate (Encompassing all Execution and Credit charges)
 Counterparty pays 0.35% fixed on Notional amount
 Costs and charges equates to €50,000 per annum

IR Option

Counterparty seeks a quote on a €50million 3year IR Cap with 0.50%Cap Strike
 Mid Market Cap Premium is 0.07% (€35,000 upfront)
 Bank of Ireland apply 0.02% charge to this rate (Encompassing all Execution and Credit charges)
 Counterparty pays 0.09% Premium on Notional amount (€45,000)
 Costs and charges equates to €10,000

FX Option

Counterparty seeks a quote on a €1million 1 year vanilla AMTF Strike
 Mid Market Cap Premium is 3.40% (€34,000 upfront)
 Bank of Ireland apply 0.50% charge to this rate (Encompassing all Execution and Credit charges)
 Counterparty pays 3.90% Premium on Notional amount (€39,000)
 Costs and charges equates to €5,000

Forward Exchange Contract

Counterparty seeks a quote to Sell GBP £1 million and Purchase EUR equivalent, for Forward value 6 months.
 Market rate is 0.9150 (0.9090 Spot Rate + 0.0060 Forward Points)
 Bank of Ireland apply a 13 basis point (0.0013) charge to this rate (encompassing all Execution and Credit charges)
 Counterparty rate 0.9163
 Costs and charges equates to €1,550.55

EMISSIONS	0 - 3 YEARS
Premium as % of Notional*	1.00% - 5.00%

*Notional is the number of allowances multiplied by the price per allowance

Spot Emissions Example

Counterparty seeks a quote to buy 10,000 EUA allowances in the spot market
The mid market rate is €25.00 per allowance
Bank of Ireland apply a 1% charge to this rate (encompassing all Execution and Credit Charges)
Counterparty pays €25.25 per allowance
Cost and Charges equate to €2,500

Termination

If a MiFID II investment transaction is terminated, amended, restructured or partially unwound, Bank of Ireland may charge additional margin to provide this service. Such margin will be paid in the form of a spread on the instrument or included in the closeout amount on a terminated transaction.

Benchmark Reform

IBORs, Inter Bank Offered Rates, also known as benchmark rates or reference rates, are used in some financial transactions to determine, amongst other things, the interest receivable or payable by the parties to those transactions, including in the loan, deposit, derivative and bond markets. IBORs are based on submissions provided by a number of panel banks, and are intended to reflect the average rates at which these banks lend to one another. Since the last financial crisis, the level of activity in the interbank lending market has greatly reduced. This lack of liquidity has meant that rates are increasingly based on the expert judgement of the panel banks that submit IBORs, rather than actual transactions.

IBORs are available across five currencies and seven tenors (e.g. 1 month, 3 month, 6 month). The key IBORs for Bank of Ireland are EURIBOR which is the Euro Rate, GBP LIBOR which is the UK Sterling rate and USD LIBOR which is the US Dollar rate. Since 2014, financial regulators and market participants worldwide have been progressively moving towards replacing or reforming IBORs in what is known as Benchmark Reform.

Benchmark reform involves:

- the introduction of new alternative reference rates to replace certain existing benchmark rates; and
- the reform of other existing benchmark rates to become compliant with EU Benchmarks Regulation

Further information on Benchmark Reform - its timelines and the likely impact on you and our relationship with you can be found at <https://corporate.bankofireland.com/library/>

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