

Cost and Charges, Swaption ATM, 2 YR

The sample below displays a transaction that gives the buyer the option to enter into a Swap agreement at Swaption maturity. The Option maturity is in 2 years. The underlying Swap has a notional of 10 MNOK with a startdate in 2 years and a duration of 3 years. The customer pays a premium for the option.

Trade Example

Notional Amount	10 000 000
Option's Duration (YR)	2
Duration (YR)	3
Credit charge in basis points (bps)	14
Premium cost in NOK (incl. credit costs)	89 000
Premium in NOK (inkl Credit charges)	

Cost and Charges

	Bps	Fees in NOK	Fee as a percentage of nominal amount
Cost of transaction after 1 year		14 000	0,14 %
Credit charge (bps)	14		

Credit Charges includes cost of distribution as well as capital charges in accordance with current regulation. XVA is collective name for some charges, such as, but not limited to CVA, KVA, FVA. Capital charges vary depending on product type, duration, counterparty type and creditworthiness and will subsequently differ on a transactional basis. An identical transaction traded twice between the same counterparties will not have identical XVA charges.

This example does not consider revaluation changes to the transaction caused by external events such as changes in interest- or FX rates. The example displays the cost and charges after one year with the intention of holding to maturity.