PPF Banka

MODEL COST SCENARIOS

1. Introduction

a) This document presents examples of how Costs charged by PPF banka impact the performance of an investment. The examples are illustrative only and their future developments are only a model scenario. These model scenarios are simplified hypothetical situations aimed at illustrating the impacts of Costs on the overall return on investment. The Costs do not reflect any tax aspects of the investment, either taxes paid in relation to the Settlement with the Bank (e.g. the tax on financial transactions or the stamp duty) or any subsequent tax liabilities (e.g. the income tax). These tax aspects may further reduce the return on investment.

b) The model scenarios are based on the Price List valid as of 1 November 2022. The Costs of a particular investment may vary depending on the individual pricing agreement between the Client and the Bank.

c) The model scenarios are presented in the currency of the Investment Instrument and converting them into a different currency may have a positive or a negative impact on the performance of the investment. The figures in the examples are rounded and simplified to some extent, which is necessary to clearly show the logic of the calculation and for the sake of illustration. Annual percentage rates of Costs and gains are computed on a 30E/360 interest computation basis.

d) Capitalised terms and expressions used in this document have the meaning specified in the Business Conditions of PPF banka a.s. for Investment Services. The rules of interpretation under the Conditions also apply to the provisions of this document. This document is an Investment Document.

2. Example – Purchase of a Corporate Bond Held to Maturity

a) Initial situation: On 1 February 2023 the Client buys a bond with a nominal value of CZK 1 million for a price of 100 %. This purchase is done through a buy Order given to the Bank.

b) Purchased instrument:
   (i) Type: corporate bond
   (ii) Time to maturity: one year
   (iii) Currency: CZK
   (iv) Fixed coupon: 4 % (per annum) paid on a semi-annual basis

c) Investment performance: The price of the bond does not change and remains at 100 %.

d) Final situation: On 1 February 2024 the issuer redeems the bond in full.

e) Impact on Costs:

Cost/ Gain	Type	Value	Amount from which the value is calculated	Frequency	Absolute value	Annualised percentage (of the initial investment)
Gain	Bond coupon	4.00 %	CZK 1,000,000	per annum	CZK 40,000	4.00 %
Cost	Provision (purchase)	0.60 %	CZK 1,000,000	one-off	CZK 6,000	0.60 %
Cost	Settlement (purchase)	the fee is not charged				
Cost	Administration	0.05 %	CZK 1,000,000	per annum	CZK 500	0.05 %
Cost	Provision (sale)	the fee is not charged				
Cost	Settlement (sale)	the fee is not charged				
Cost	**Total**				**CZK 6,500**	**0.65 %**
Gain	**Net return**				**CZK 33,500**	**3.35 %**

Notes:

(i) No costs on the sale (Provision of Transaction and Settlement) are charged, because the bond is repaid.

3. Example – Purchase of Stocks and Resale 6 Months Later

a) Initial situation: On 1 February 2023 the Client buys 100 shares at a price of USD 80 per share. This purchase is done through a buy Order given to the Bank.

b) Purchased instrument:
   (i) Type: stock of an IT firm
   (ii) Trading venue: NASDAQ (USA)
   (iii) Currency: USD.

c) Investment performance: The price of the stock has not changed over the life of the investment. In the middle of the year the issuer paid out dividends of USD 8 per share.

d) Final situation: On 1 August 2023 the Client is selling the entire stock position at USD 80 per share. The sale is done through a sell Order given to the Bank.

e) Impact on Costs:

Cost/ Gain	Type	Value	Amount from which the value is calculated	Frequency	Absolute value	Annualised percentage (of the initial investment)
Gain	Dividends	USD 8	per share	one-off	USD 800	20.00 %
Cost	Provision (purchase)	0.60 %	USD 8 000	one-off	USD 48	1.20 %
Cost	Settlement (purchase)	the fee is not charged				
Cost	Administration	0.17 %	USD 8 000	per annum	USD 7	0.17 %
Cost	Provision (sale)	0.60 %	USD 8 000	one-off	USD 48	1.20 %
Cost	Settlement (sale)	the fee is not charged				
Cost	**Total**				**USD 103**	**2.57 %**
Gain	**Net return**				**USD 697**	**17.43 %**

4. Example – Purchase of an ETF and Resale of the Same Two Years Later

a) Initial situation: A family member transfers (by a ‘Custody Order’) 1,000 ETF shares to a Client. The Settlement Order is both given and executed on the same date, 1 February 2023. On that date the market closing price is EUR 36 per share, which is also the transfer price.

b) Transferred instrument
   (i) Type: ETF (exchange-traded fund)
   (ii) Trading venue: Deutsche Börse Frankfurt (Germany)
   (iii) International identification number (ISIN) starting with “DE”.

c) Investment performance: On 1 February 2024 the ETF price dropped to EUR 32 per share and remained at that level.

d) Final situation: On 1 February 2025, the Client is selling the entire ETF position at EUR 32 per share. This sale is done through a sell Order given to the Bank. The sale takes place at Deutsche Börse Frankfurt.

e) Impact on Costs:

Cost/ Gain	Type	Value	Amount from which the value is calculated	Frequency	Absolute value	Annualised percentage (of the initial investment)
Gain	ETF price drop	EUR - 4	per ETF share	one-off	EUR -4,000	-5.56 %
Cost	Provision (purchase)	the fee is not charged				
Cost	Settlement (purchase)	CZK 1,800	regardless of amount	one-off	EUR 70	0.10 %
Cost	Administration	0.17 %	see note (ii)	per annum	EUR 116	0.16 %
Cost	Provision (sale)	0.60 %	EUR 32,000	one-off	EUR 192	0.27 %
Cost	Settlement (sale)	the fee is not charged				
Cost	**Total**				**EUR 378**	**0.52 %**
Gain	**Net return**				**EUR -4,378**	**-6.08 %**

Notes:

(i) In this scenario, the costs associated with the Settlement upon ETF acquisition are charged because the Bank does not provide the purchase of the ETF but only handles the Settlement.

(ii) The Administration fees are computed on a daily basis from the current market value of the asset in custody as follows: from 1 February 2023 to 31 January 2024, the value of the asset is EUR 36,000 and from 1 February 2024 to 1 February 2025 the value is EUR 32,000.

(iii) All Settlement Costs (charges) are charged in CZK regardless of the currency in which the Investment Instrument to be settled is denominated. For the sake of consistency the absolute value is converted to EUR.

(iv) The calculation assumes a stable EUR/CZK exchange rate of 25.715.

5. Example – Stock purchase and consequent sale

a) Initial situation: The total number of 10,000 pieces of non-exchange traded stocks are transferred (by a ‘Custody Order’) to a Client in an acquisition; each stock with nominal value of CZK 500. The Client submitted the Order with the Settlement date of 1 February 2023. The stocks are not traded, their market value is non-existent and so they are valued with their nominal value.

b) Transferred instrument:
   (i) Type: stock (non-exchange traded)
   (ii) Settlement venue: Central Securities Depository Prague (Czech Republic)
   (iii) International identification number (ISIN) starting with “CZ”.

c) Investment performance: The Client was approached by a different investment firm with their interest to buy the stocks. The Client agreed with the sale at the offered price of CZK 550 per stock.

d) Final situation: The Client submitted an Order for Settlement of all their stocks with the Settlement date of 10 June 2023 and the price of CZK 550 per stock.

e) Impact on Costs:

Cost/ Gain	Type	Value	Amount from which the value is calculated	Frequency	Absolute value	Annualised percentage (of the initial investment)
Gain	Purchase of stocks by a different investment firm	+ CZK 50	per share	one-off	CZK 500,000	27.91 %
Cost	Provision (purchase)	the fee is not charged				
Cost	Settlement (purchase)	CZK 1,000	regardless of amount	one-off	CZK 1,000	0.06 %
Cost	Administration	0.10 %	5 000 000 CZK	per annum	CZK 1,767	0.10 %
Cost	Provision (sale)	the fee is not charged				
Cost	Settlement (sale)	CZK 1,000	regardless of amount	one-off	CZK 1,000	0.06 %
Cost	**Total**				**CZK 3,767**	**0.21 %**
Gain	**Net return**				**CZK 496,233**	**27.70 %**

Notes:

(i) The Settlement Costs for the stocks purchase and the consequent sale are paid by the Client, because the Bank provides only the Settlement but not the Provision of the stocks.

(ii) The Administration fees are computed on a daily basis from the current market (or nominal, if market is not available) value of asset in Administration. So, from 1 February 2023 to 10 June 2023, the value of the asset is CZK 5,000,000.

6. Example – Entering into a 3-month Foreign Exchange Forward

a) Initial situation: The Client is hedging an exchange rate risk by buying a EUR CZK forward. On 1 February 2023 the Client enters into an FX Forward, under which he buys EUR 100,000 on 1 May 2023 and sells CZK at a forward rate of 25.80.

b) Investment performance: The spot and forward exchange rates fluctuate during the course of the hedge period.

c) Final situation: the forward contract is settled on 1 May 2023; the Client receives EUR 100,000 and pays CZK 2,580,000. On that date, the spot EUR/CZK exchange rate is 26.00.

d) Impact on Costs:

Cost/ Gain	Type	Value	Amount from which the value is calculated	Frequency	Absolute value	Annualised percentage (of the initial investment)
Gain	Exchange rate change	0.20	EUR / CZK rate	one-off	CZK 20,000	3.10 %
Cost	Provision (purchase)	the fee is not charged				
Cost	Settlement (purchase)	the fee is not charged				
Cost	Administration	the fee is not charged				
Cost	Provision (sale)	the fee is not charged				
Cost	Settlement (sale)	the fee is not charged				
Cost	Derivatives	0.18 %	of the notional amount of the forward	one-off	CZK 4,644	0.72 %
Cost	**Total**				**CZK 4,644**	**0.72 %**
Gain	**Net return**				**CZK 15,356**	**2.38 %**

Notes:

(i) No directly-paid fees apply to Derivative Transactions.

(ii) The Derivative Transaction entails implicit Costs that are included in the Derivative Transaction price and that are not paid separately.

(iii) The Derivative Transaction Costs are illustrative and their exact value might differ. The Costs estimates are shown in the document Costs and Fees Relating to derivative Investment Instruments.

(iv) The holding of derivative Investment Instruments may involve a Cost for the provision of funds provided to the Bank as collateral to secure the Derivative Transaction(s) and a gain from interest accrued on the collateral.

7. Example – Purchase of mutual fund units and sale after two years

a) Initial situation: On 1 December 2023 the Client buys 1,000 mutual fund units. The purchase price is CZK 1,250 per unit. The purchase is made by an Order placed via the Bank.

b) Purchased instrument:
   (i) Type: Mutual fund
   (ii) Currency: CZK

c) Investment performance: The value of the fund fluctuated after the purchase both downwards and upwards; after two years it ended up at CZK 1,500 per unit.

d) Final situation: On 1 December 2025 the Client sells all the units (through redemption) at a price of CZK 1,500 per unit. This sale is made by a sell Order placed via the Bank.

e) Impact on Costs:

Cost/ Gain	Type	Value	Amount from which the value is calculated	Frequency	Absolute value	Annualised percentage (of the initial investment)
Gain	Gain in net assets	CZK 250	per unit	one-off	CZK 250,000	10.00%
Cost	Provision (purchase)	3.00%	CZK 1,250,000	one-off	CZK 37,500	1.50%
Cost	Settlement (purchase)	the fee is not charged				
Cost	Administration	the fee is not charged				
Cost	Provision (sale)	3.00%	CZK 1,500,000	one-off	CZK 45,000	1.80%
Cost	Settlement (sale)	the fee is not charged				
Cost	**Total**				**CZK 82,500**	**3.30%**
Gain	**Net return**				**CZK 167,500**	**6.70%**

Notes:

(i) The mutual fund purchase and redemption are made at a price determined one business day (T + 1) after placing the Order.

(ii) The return on the investment in the fund (net asset value gain) includes fund management fees, a performance fee and other Costs related to the management of the fund by the investment undertaking. The Client does not pay these Costs separately, they are included in the (lower) total return of the fund. These Costs are stated as the TER (Total Expense Ratio).