

Summary of Analysis and Conclusions

INTRODUCTION

By publishing this document, Československá obchodní banka ("ČSOB") discloses a summary of analysis and conclusions in relation to all types of financial instruments which it drew from a detailed monitoring of the quality of execution achieved at execution venues, at which it executed all client orders (both standard and professional clients) in 2017.

a) Explanation as to what relative importance the investment firm has attributed to factors affecting execution, such as price, costs, speed, likelihood of execution or any other consideration, including qualitative factors, when assessing the quality of execution:

When assessing the quality of execution of orders, ČSOB takes into account all factors influencing the execution. Especially the price and the costs are assessed for standard clients. In addition to the total costs, the key factors in executing client orders also include liquidity, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

In order to determine the relative importance of the different factors, ČSOB takes into account the following criteria:

- a) the nature of the client, including its classification as a standard client or a professional client;
- b) the nature of the client order;
- c) the nature and the characteristics of the product that is the subject of the order, including cases where the order also concerns securities financing transaction ("SFT");
- d) the nature of the execution venues to which the order in question can be directed.

Detailed information is provided in the document entitled **Best Execution Principles**, which is posted on the ČSOB website (Information for clients in line with MiFID and PRIIPs).

b) Description of possible close business links, conflicts of interest and joint ownership with any of the execution venues used to execute client orders:

Of the execution venues used, ČSOB has close business links only to its parent company KBC. As ČSOB is a member of a business group (the KBC Group), it identifies and manages conflicts of interest with respect to all foreseeable circumstances that may lead to a conflict of interest due to the structure of the business group and the business conducted by its members. ČSOB's approach to conflicts of interest complies with the principles applied by the KBC Group.

At ČSOB, the rules for conflict of interest management are mainly laid down by the Policy concerning the Conflict of Interest in the Provision of Investment Services, which covers specific conflicts of interest that may occur in the provision of investment services between investment brokers, through which ČSOB accepts client orders to sell or purchase securities, and their clients. Detailed information is available on the ČSOB website (information for clients in line with MiFID and PRIIPs) and in the **Elimination of Conflicts of Interests** policy.

c) Description of any special arrangements with any of the execution venues relating to the payments made or received as well as any discounts, rebates or non-monetary benefits received:

ČSOB has not signed any special arrangement with any of the execution venues and does not accept any payments, discounts, rebates or non-monetary benefits in relation to a specific execution venue.

Detailed information on ČSOB's approach to incentives is described in the document titled **ČSOB Approach to Incentives in the Provision of Investment Services and Distribution of Pension Products**, which is posted on the ČSOB website (information for clients in line with MiFID and PRIIPs).

d) If an enterprise has made a change to the list of execution venues, which forms an integral part of its order execution policy, explanation of factors that caused the change:

The list of execution venues is provided in the document entitled **Best Execution Principles**, which is posted on the ČSOB website (Information for clients in line with MiFID and PRIIPs). ČSOB has not made any changes to the list in 2017.

e) Explanation of differences in the execution of orders depending on the category of clients if the enterprise applies a different approach to different client categories and if this may affect any measures governing the execution of client orders:

In executing client orders, ČSOB applies a consistent approach both to standard and professional clients. The approach applied to different categories of clients is also provided in the document entitled **Best Execution Principles**, which is posted on the ČSOB website (Information for clients in line with MiFID and PRIIPs).

f) Whether or not any preference was given to criteria other than price and cost when executing retail clients' orders and how these criteria contributed to ensuring the best possible result for the client in terms of overall performance:

The rules and procedures described in the document entitled **Best Execution Principles (the "Principles")** do not prohibit ČSOB from acting otherwise if it does not believe that adherence to the standard procedure in accordance with these Principles would not deliver the best result for the client in the relevant specific case. It is an exceptional situation that may occur under extraordinary circumstances such as low liquidity, volatility due to political, economic or social events or the publication of financial data or in case of an adverse change in the creditworthiness of the issuer of the relevant product. Also, in case of emergency, e.g. a system failure, ČSOB may not be capable to execute the order in accordance with the procedures described herein. The above possibilities are described in the Principles.

None of the aforementioned emergencies occurred in 2017, therefore, only the price and the costs were taken into account when executing orders by standard clients.

g) Explanation as to how the investment firm has used the data or tools related to the quality of execution, including the data disclosed under the Commission Delegated Regulation (EU) 2017/575:

In 2017, ČSOB did not use any data and tools related to the quality of execution, including data disclosed under the Commission Delegated Regulation (EU) 2017/575 as the first available information will be released on 30 June 2018 for the segment market maker, liquidity provider, points of sale, systematic internaliser.

h) Where relevant, an explanation as to how the investment firm has used the output from the provider of consolidated business information established under Article 65 of Directive 2014/65/EU:

In 2017, ČSOB did not use the output from any provider of consolidated business information established under Article 65 of Directive 2014/65/EU.