

## Quality report for the financial year 2017

According to Directive 2014/65/EU on Markets in Financial Instruments (MiFID II), investment firms that execute client orders are required to annually for each category of financial instrument the five trading venues that are most important on the basis of the trading volume on which they were client orders in the previous year and to summarize and publish information about the quality of execution achieved.

Please find attached the required information. Please note, however, that MiFID II requirements only came into effect on 03.01.2018 and that not all of the required data was available for the past year. Therefore, we are publishing a limited top 5 report for the 2017 financial year.

We did not have any customer transactions for securities financing transactions (SFT) in the 2017 financial year, which is why we can only provide you with a Top 5 report for all financial instruments (zero report).

Please note that NORD / LB was merged with Bremer Landesbank in the 2017 financial year and therefore shares a separated identification.

## **Summary of the achieved quality of execution (quality report)**

This document contains for each category of financial instruments a summary of the evaluation and conclusion from the monitoring of the achieved execution quality for the relevant execution venues where customer orders were executed in the previous year.

### **Equity instruments - shares and Depository Receipts**

#### a) Explanation of the relative importance of execution factors

Pursuant to § 82 WpHG (formerly § 33a WpHG), the total fee is to be used as the decisive factor for evaluating execution venues when executing orders from a private customer. In addition, other factors such as execution speed and probability of execution are evaluated. The resolution security is included as a general factor in the investigation. The calculation of the total remuneration is based on the evaluation of the factors price and costs. Here not only external costs are considered, but also own costs and commissions. In addition to the total fee, however, the factors speed of execution and probability of execution are also considered. In accordance with the legal provisions, the total pay is given the highest weighting. The execution speed and the probability of execution are assigned an equal percentage position. As a general factor we consider the settlement security.

#### b) Description of any links, conflicts of interest and joint ownership of the relevant execution venues

A member of the Executive Board of NORD / LB is a member of the Supervisory Board of a trading venue valued as part of the Best Execution. Please read the description of possible conflicts of interest contained in the customer information on transactions in securities and other financial instruments of the bank.

#### c) Description of all special arrangements made with the relevant execution venues for payments and rebates made and received

Grants are accepted or granted within the framework of the regulatory and regulatory requirements. For details, please refer to the customer information on transactions in securities and other financial instruments.

#### d) Explanation of the factors that led to a change in the relevant execution venues

Not relevant as there was no event-based review of the execution principles during the period under consideration.

- e) Explanation of how order execution differs according to customer categorization if the bank treats different customer categories differently

Our execution principles refer to private and professional customers.

- f) an explanation of whether priority was given to criteria other than price and cost when executing private client orders

According to § 82 WpHG we weight the factors price and costs the highest. Other factors are not given priority.

- g) Explanation of how Bank has used any data or tools to determine the quality of execution

Order, market and stock market data were used to determine the execution quality.

- h) Explanation of how the bank has used the information of a provider of consolidated data tickers

This is not relevant.

### **Debt instruments**

- a) Explanation of the relative importance of execution factors

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This is not relevant.

### **Interest rate derivatives**

Not relevant in the sense of the execution principles.

### **Credit derivatives**

Not relevant in the sense of the execution principles.

### **Currency derivatives**

Not relevant in the sense of the execution principles.

**Structured financial products**

Not relevant in the sense of the execution principles.

**Equity Derivatives**

Not relevant in the sense of the execution principles.

**Securitized Derivatives**a) **Explanation of the relative importance of execution factors**

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b) **Description of any links, conflicts of interest and joint ownership of the relevant execution venues**

A member of the Executive Board of NORD / LB is a member of the Supervisory Board of a trading venue valued as part of the Best Execution. Please read the description of possible conflicts of interest contained in the customer information on transactions in securities and other financial instruments of the bank.

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- g) Explanation of how Bank has used any data or tools to determine the quality of execution.

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- h) Explanation of how the bank has used the information of a provider of consolidated data tickers.

This is not relevant.

#### **Commodity Derivatives and emission allowances Derivatives**

Not relevant in the sense of the execution principles.

#### **Contracts for difference**

Not relevant in the sense of the execution principles.

#### **Exchange traded products (exchange traded funds, exchange traded notes and exchange traded commodities)**

Not relevant in the sense of the execution principles.

#### **emission allowances**

Not relevant in the sense of the execution principles.

#### **Other instruments**

Not relevant in the sense of the execution principles.