

Capital Requirements Regulation (CRR) 2017 Remuneration Disclosure Delta Lloyd Bank N.V. (“DL Bank”)

Introduction

The information below provides detailed information on the remuneration for DL Bank’s Identified Staff, i.e. staff whose professional activities have a material impact on DL Bank’s risk profile. The data presented is based on applicable (European) legislation as incorporated into the remuneration policies and principles that were applicable throughout 2017. This section is divided into the following subsections:

1. Governance
2. Performance management principles
3. Remuneration principles and policy
4. Identified Staff remuneration in detail
5. Quantitative information

1. Governance

Remuneration of Identified Staff is governed by the Remuneration Committee, a committee of the Supervisory Board of NN Group. The Remuneration Committee advises the Supervisory Board, among other things, on the policies and general principles of remuneration and the terms and conditions of employment of Identified Staff. For the performance of these tasks, the Remuneration Committee receives information from compensation committees at lower levels in the organisation. In these compensation committees, NN Group’s control functions Finance, Risk, Compliance, HR and Legal are represented. The Remuneration Committee is authorized to engage external remuneration advisors. In 2017 it made use of the services of Korn Ferry Hay Group.

The members of the Remuneration Committee of NN Group in 2017 are:

- Ms. Y.C.M.T. (Yvonne) van Rooij, Chair
- Mr. D.H. (Dick) Harryvan
- Mr. J.H. (Jan) Holsboer
- Mr. R.W. (Robert) Jenkins
- Mr. R.A. (Robert) Ruijter

The Remuneration Committee met six times in 2017 and discussed (inter alia) off cycle remuneration proposals, the regulatory developments and discussed and reviewed the Identified Staff selection criteria and the selection of Identified Staff members. The roles and responsibilities of the Remuneration Committee are outlined in the Charter of the Remuneration Committee which is available on [NN Group’s website](#). As from the moment that Delta Lloyd Group was wholly owned by NN Group on 1 June 2018 the Remuneration framework and governance of NN Group was applicable to DL Bank.

2. Performance Management principles Identified Staff

The performance management process for Identified Staff of NN Group is centrally designed and coordinated by Corporate Human Resources. The performance management principles applied to Identified Staff ensure that there is focus on performance and strong leadership behaviour is promoted. In addition, NN Group’s strategy (including both long-term and short-term objectives) is reinforced and NN Group’s risk profile is aligned in the management of performance of Identified

Staff. The following performance management principles applied specifically to Identified Staff in 2017 and thus from the moment Delta Lloyd Group was wholly owned by NN Group also to DL Bank:

- (i) the performance objectives must include both financial and non-financial performance objectives according to the following balance: for control functions a maximum of 15% financial and a minimum of 85% non-financial targets applies and for non-control functions a maximum of 50% financial and a minimum of 50% non-financial targets;
- (ii) control functions will only have financial performance objectives that are not linked to the performance of the Business Unit they control; and
- (iii) all performance objectives are reviewed by NN Group’s Risk Function.

For each Identified Staff member a set of objectives is defined, including details on what the individual is expected to contribute to NN Group’s business success and how this contribution is to be achieved. The individual’s overall performance evaluation is used as one of several factors that determine individual variable remuneration. This takes into consideration both the results that were achieved and extent to which the NN leadership behaviours were demonstrated. The final amount of variable remuneration is also dependent on other factors such as: the overall financial affordability and the ex ante risk adjustment and the outcome of an assessment of leadership behaviour which may cause adjustments of the level of variable remuneration.

The performance assessment of Identified Staff and the consequent awarding of variable remuneration is done as part of a multiple-year framework. As deferral periods apply to variable remuneration of Identified Staff, it is ensured that variable remuneration is “at risk” during the entire deferral period. Variable remuneration is linked to risk and non-financial performance and takes into account the company performance at NN Group level, business line, team and individual performance. Any undesired risk taking or breaches of compliance that were not apparent at the time the variable remuneration was awarded, will be taken into account at every (deferred) vesting of variable remuneration.

Examples of 2017 performance targets for DL Bank:

Performance targets	Senior Management	Other Identified Staff
Financial: standard formula ratio, free cashflow, operating result, cost level, new business value, mortgage production	Non-Control Function: max 50% Control Function: max 15%	Non-Control Function: max 50% Control Function: max 15%
Non-Financial: ensure business continuity in key processes based on client NPS, intermediary rating and retaining employees, integration activities, operational control	Non-Control Function: min 50% Control Function: min 85%	Non-Control Function: min 50% Control Function: min 85%

3. Remuneration principles and policy

DL Bank is well aware of the public debate about remuneration in the financial industry. NN Group’s remuneration policies take into account all applicable regulations and codes, including the Banking Code. The NN Group Remuneration Framework strikes a balance between the interests of its customers, employees, shareholders and society at large and supports the long-term objectives of the company. The maximum variable remuneration as a percentage of the total fixed income for DL Bank Identified Staff is capped at 20%.

The general principles underpinning the NN Group Remuneration Framework are (amongst others) as follows:

- Enhance focus on the long-term interest of NN Group and the interest of customers
- Align with company values, business strategy and risk appetite
- Promote and align with robust and effective risk management
- Comply with and support the spirit of the (inter)national regulations on remuneration policies
- Aim to avoid improper treatment of customers and employees
- Create a balanced compensation mix with a reduced emphasis on variable compensation
- Have claw-back and hold-back arrangements in place
- Attract and retain talented personnel

The variable remuneration is linked to clear targets. These targets are, for a large part, non-financial.

As a subsidiary of NN Group, DL Bank fell within the scope of the NN Group Remuneration Framework as from the moment DL Group was wholly owned by NN Group.

In addition, variable remuneration for Identified Staff is performance-based and risk-adjusted and is partly paid upfront and partly deferred. Deferred variable remuneration is subject to the assessment of undesired risk-taking, as well as non-compliant behaviour in view of past performance. If deemed necessary by the Supervisory Board on the basis of the applicable remuneration principles and policies, deferred compensation is adjusted downwards via hold back or claw back.

4. Identified Staff remuneration in detail

Based on the guidelines of the Dutch Regulation on Sound Remuneration Policies Wft 2014, employees, whose activities are of material significance on the risk profile of the company, have to be designated as Identified Staff. The following groups of employees are designated as 'Identified Staff' on the grounds of the guidelines of the Regulation on Sound Remuneration Policies Wft 2014 (DNB):

- Members of the Executive Board and General Directors
- Directors (Line and Corporate Staff Departments)
- Managers in control functions
- Managers whose work has a material impact on the risk profile of Delta Lloyd Group

These categories comprise all senior management positions within DL Group.

Different elements of remuneration

The remuneration of Identified Staff has been structured in accordance with the applicable laws and regulations. The total reward of Identified Staff consists of the following elements:

- Fixed remuneration;
- Variable remuneration consisting of cash and shares (until end of 2016 for 100% in shares). Both parts are each divided in an upfront and a deferred part and retention periods of one to five years following the date of award are applicable (depending on the group of Identified Staff); and
- General employee benefits, such as employer pension contributions, employee discounts on financial services, disability insurance coverage (applicable to all DL Group staff).

Prudent risk management is reflected in the performance target setting, and as such taken into account when determining the variable remuneration of each Identified Staff member.

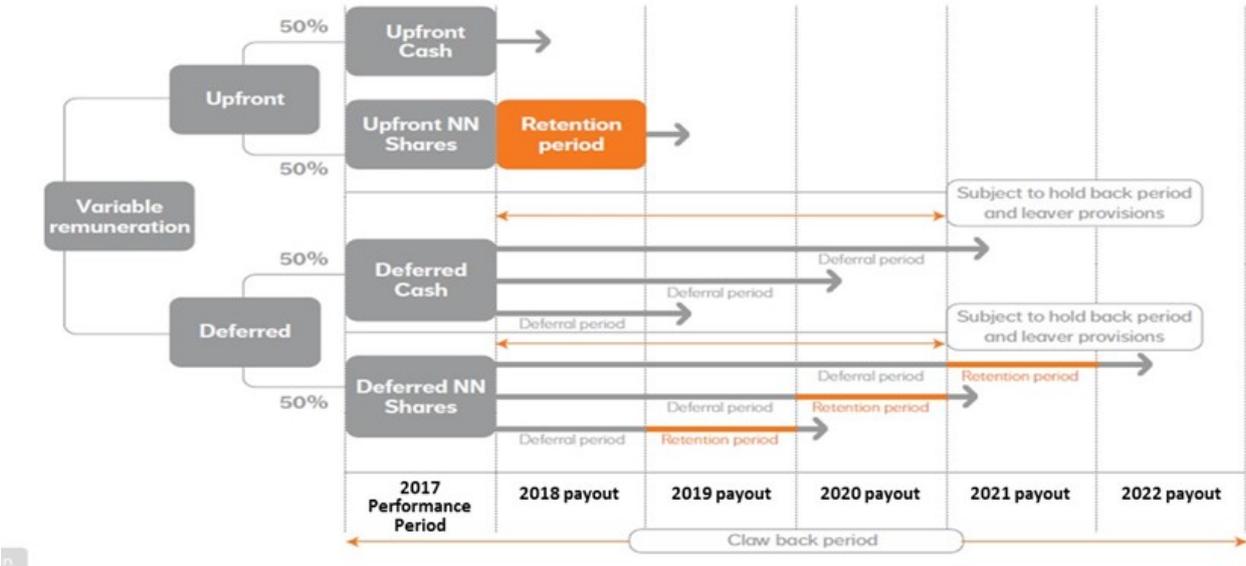
Variable remuneration

In line with the Dutch Regeling Beheerst Beloningsbeleid 2014, any variable remuneration for Identified Staff for the performance year 2017 is governed by the schedule below:

Ability to award variable remuneration depends on:	The relevant business, team and individual performance.
Fixed/variable pay ratios	Maximum ratios between fixed and variable. The ratio differs for each Identified Staff category and depends on the individual risk profile.
Delivery of variable pay	A minimum of 50% is deferred. Both the upfront and the deferred part are equally split into cash and equity. The minimum deferral period is one year. Deferred variable remuneration vests annually in equal tranches. The first deferred portion of the variable remuneration vests one year after the date of grant. Any vested portion of deferred equity-linked instruments is subject to an additional retention period of at least one year from the date of vesting.
<i>Ex post</i> performance assessment	<p>The performance assessment extends beyond the date of variable remuneration award and continues as part of a multi-year framework of at least three to five years. NN Group has the option of applying a hold back, i.e., not to pay out variable remuneration, in the following circumstances:</p> <ul style="list-style-type: none"> • the variable remuneration does not reconcile with the financial situation of DL Bank or is not justified on the basis of the performance of the relevant business unit or the relevant employee; or • NN Group's capital adequacy is insufficient as determined via the capital test; or • the relevant staff member participated in or was responsible for conduct which resulted in significant losses to NN Group or any of its subsidiaries or affiliates; or • the relevant staff member failed to meet the appropriate standards of fitness and propriety (bekwaamheid en correctheid), such as an oath for the financial sector, a code of conduct or other internal rules and regulations that are applicable to NN Group; or • NN Group or the business unit in which the relevant employee works suffers a significant failure of risk management, or • if this is required or reasonable taking into account the outcome of the reassessment procedures set out in the NN Group Remuneration Framework; or • in the event of significant negative changes in the economic and regulatory capital base; or • in the event of specific conduct which has led to the material re-statement of NN Group's

	<p>annual accounts and/or significant (reputational) harm to NN Group or any of its subsidiaries or affiliates; or</p> <ul style="list-style-type: none"> • if any other material new information arises that would have changed the original determination of the award of variable remuneration to that individual if it were known at the time of the award; such reassessment is also based on the criteria for the original award. <p>A claw back of paid/vested variable remuneration from any current (or former) Identified Staff can be applied in the following circumstances:</p> <ul style="list-style-type: none"> • this is required or reasonable taking into account the outcome of the (reassessment) procedures set out in the NN Group Remuneration Framework; or • in the event of engagement in conduct or performance of acts which are considered malfeasance or fraud; or • in the event of specific conduct which has led to the material restatement of NN Group’s annual accounts and/or significant (reputational) harm to NN Group or any of its subsidiaries or affiliates; or • the relevant staff member participated in or was responsible for conduct which resulted in significant losses to NN Group or any of its subsidiaries or affiliates; or • the relevant staff member failed to meet appropriate standards of fitness and propriety, such as an oath for the financial sector, a code of conduct or other internal rules and regulations that are applicable to NN Group.
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Overview of delivery of variable remuneration of Identified Staff



Note: a one year retention period is applicable to all equity-linked instruments that are part of the variable remuneration for Identified Staff and all variable remuneration is subject to hold back, claw back and leaver provisions.

5. Quantitative information

The tables below provide detailed aggregated information on the remuneration of Identified Staff and the Management Board per business segment of NN Bank in 2017 and based on the Identified Staff employed within NN Bank at 31 December 2017. It also provides information on the number of high earners within NN Bank.

Aggregate fixed and variable remuneration of Identified Staff in 2017

Amounts in EUR 1,000 and gross	Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2017, split by instrument	
	Management Board ¹	Other Identified Staff
Number of employees	3	2
Fixed remuneration (1)	548	334
Variable remuneration (2)		
of which upfront cash	12	13
of which upfront shares	0	9
of which deferred cash	12	13
of which deferred shares or share-based instruments	0	9
Buy-out payments (3) made in 2017:		
- Number of beneficiaries	0	0
- Buy-out payments	0	0
Severance payments paid in 2017:		
- Number of beneficiaries	1	0
- Severance payments	15	0
Guaranteed bonuses paid in 2017:		
- Number of beneficiaries	0	0
- Guaranteed bonuses	0	0

- Note 1) The fixed remuneration includes collective fixed allowances, which includes elements such as 8% holiday pay and pension allowance.
- Note 2) The variable remuneration of Identified Staff in the table above is based on the variable remuneration proposals approved by the Supervisory Board of NN Group on 14 February. No discretionary pension benefits were paid in 2017.
- Note 3) "Buy-out" payments refer to payments made to individuals at the start of their employment with DL Bank, to compensate them for forfeiture of their entitlement to a certain amount of unvested variable compensation at their previous employer.

¹ Figures are based on the remuneration of two board members for the full year 2017 and for one board member for the period until 1 June 2017. The remuneration of the current Management Board members are disclosed in the CRR disclosure report of Nationale Nederlanden Bank N.V.

Overview of deferred remuneration in 2017

This table includes deferred remuneration awarded or paid in 2017 to current and former members of the Management Board and Identified Staff members.

The Identified Staff awards shown in the table below reflect awards which were granted to the individuals concerned in their capacity of Identified Staff. The Management Board awards reflect awards which were granted to the individuals concerned in their capacity of member of the Management Board.

The vested shares are valued based on the relevant NN Group share price on the vesting date. Unvested shares are valued against the NN Group share price on 29 December 2017 (EUR 36.12).

Analysis of deferred remuneration Identified Staff awarded or paid in 2017		
Amounts in EUR 1,000 and gross	Senior Management	Other Identified Staff
Deferred shares outstanding, vested (1)	53	42
Deferred shares outstanding, unvested (2)	0	0
Deferred shares awarded during financial year (3)	110	87
Deferred cash outstanding	47	45
Deferred cash awarded during financial year (3)	0	0
Deferred cash, paid out (4)	0	0
Reduced amount through performance adjustment (holdback and clawback)	0	0

- Note 1) Outstanding vested: deferred shares (equity) awards outstanding on 1 January 2017, which vested in 2017.
- Note 2) Outstanding, unvested: deferred shares (equity) awards outstanding on 1 January 2017, which have not vested in 2017.
- Note 3) Awarded during financial year: awards made in 2017, over financial year 2016, in the form of deferred shares (equity) awards and deferred cash awards.
- Note 4) Outstanding vested: deferred cash and investment entitlement (cash) awards outstanding on 1 January 2017, which vested in 2017.

Total remuneration per bracket of high earners (above EUR 1 million)

The total remuneration of each individual Identified Staff employee of NN Bank does not exceed the threshold of EUR 1 million.