

Annual Report 2017



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Vereniging Aegon

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the 2017 Annual Report of Vereniging Aegon.
In the event of a difference in interpretation,
the Dutch text prevails.

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Executive Committee and Members

Executive Committee	Members	Year of resignation	
		Scheduled	Final
W.M. van den Goorbergh, chairman	H.J.E. Bruins Slot	-	2018
H.J.E. Bruins Slot, vice-chairman	B.F. Dessing	2018	2023
C.J. Kalden	H.A. Doek	-	2020
H.P.M. Knapen	W.M. van den Goorbergh	2018	-
M.E. van Lier Lels	C.M. Hooymans	2018	2022
M.J. Rider	C.J. Kalden	2020	2024
V.P.G. de Serière	H.P.M. Knapen	-	2018
A.R. Wynaendts	M.E. van Lier Lels	-	2021
	C.M. Machielsens	2021	2029
	P.L. Meurs	2020	2024
	R.J. Meuter	2020	2024
	N.A. Mourits	2020	2024
	M.J. Rider	-	-
	E.M. Sent	2018	2022
	V.P.G. de Serière	2019	2027
	J.W.Th. van der Steen	2021	2029
	H.A. van der Til	2018	2022
	A.R. Wynaendts	-	-

Executive Committee as at December 31, 2017



W.M. van den Goorbergh (1948) has been a member of Vereniging Aegon since 2003, joining the Executive Committee in 2004. In 2008, he was appointed chairman of the Executive Committee. Until 2002, he was vice-chairman of the Executive Board of Rabobank Nederland. He now holds several executive and supervisory positions, including that of chairman of the Supervisory Boards of DELA and NIBC Bank N.V.



H.J.E. Bruins Slot (1948) has been a member of Vereniging Aegon since 1998, joining the Executive Committee in 2010. In 2012 he was appointed vice-chairman of the Executive Committee. Mr Bruins Slot was chairman of the Executive Board of the Netherlands Public Broadcasting System. His previous positions include that of secretary-general of the Ministry of Education, Culture and Science and mayor of the Municipality of Apeldoorn. After his retirement, Mr Bruins Slot held several executive and supervisory positions, particularly in healthcare. At present, he is chairman of the Supervisory Board of Geldersch Landschap & Kasteelen, Gelderland Broadcasting System and the Wilde Ganzen Foundation, and a member of the Board of De12Landschappen. He also is chairman of the Board of the College of Church Administrators of the Protestant Municipality Apeldoorn and panellist of the Accreditation Organisation of the Netherlands and Flanders (NVAO).



C.J. Kalden (1948) has been a member of Vereniging Aegon since 2012. He joined the Executive Committee in 2017. Until May 2013, he was the director of Staatsbosbeheer. His previous positions include that of secretary-general of the former Ministry of Agriculture, Nature and Food Quality (LNV). He holds several other executive and supervisory positions. These include being chairman of the Board of Stichting Weidegang, chairman of the Supervisory Council of Stichting ARK Natuurontwikkeling, chairman of the Board of Stichting Groene Hart, chairman of the Board of Nederlandse Kastelenstichting, and chairman of the Bosch Rosenthal Foundation and Landgoed Beekzicht.



H.P.M. Knapen (1951) was a member of Vereniging Aegon from 2004 to 2010 and a member of its Executive Committee from 2008 to 2010. Mr Knapen re-joined Vereniging Aegon in 2012, being appointed as a member of the Executive Committee on June 13, 2013. From 2010 to 2012, Mr Knapen served as the State Secretary for Foreign Affairs and subsequently, until August 2015, as a director-general of the European Investment Bank (EIB). Since June 2015, he has also been a member of the Senate of the Dutch Parliament.



M.E. van Lier Lels (1959) has been a member of Vereniging Aegon since 2009. She joined the Executive Committee in 2012. She was director of Operations for the Schiphol Group until 2005. She holds various supervisory and executive positions since 2005, including as a member of the Supervisory Boards of TKH Group N.V., Eneco Holding N.V. and, since February 2016, of the NS (Dutch Railways). She is a non-executive member of the Boards of RELX N.V., RELX Group plc, and RELX PLC and chairman of the Supervisory Council of the Netherlands Society for Nature and the Environment.



M.J. Rider (1963) became a member of Vereniging Aegon and its Executive Committee in 2017. Mr Rider is Chief Financial Officer of Aegon N.V.



V.P.G. de Serière (1949) has been a member of Vereniging Aegon as well as a member of its Executive Committee since 2015. Mr De Serière is of counsel associated with Allen & Overy in Amsterdam, specialising in banking and securities law. He is also professor of Securities Law (aspects pertaining to property rights) at the Radboud University Nijmegen and a member of the Nijmegen Institute for Financial Law. He is a member of the Supervisory Board of IMC B.V. and a member of the Vereniging OOM/Aegon. He also is a member of the Board of a cultural foundation.



A.R. Wynaendts (1960) has been a member of the Vereniging and its Executive Committee since 2008. Mr Wynaendts is chairman of the Executive Board of Aegon N.V.

Secretary to the Executive Committee



S. van Nieuwkuyk (1964) is secretary to the Executive Committee since 2017.

Other members as at December 31, 2017



B.F. Dessing (1948) became a member of Vereniging Aegon in 2011. Until 2007, Mr Dessing was chairman of Coöperatie Univé-VGZ-IZA-Trias (UVIT). He now holds several executive and supervisory positions, including as a member of the Supervisory Board of SPF Beheer B.V., a member of the Supervisory Board of ACTA Holding B.V., a member of the Supervisory Board of Leyden Academy on Vitality and Ageing B.V., a member of the Supervisory Board of the NOS (Dutch Broadcast Foundation), and chairman of Stichting Nederlandse Hart Registratie.



H.A. Doek (1947) has been a member of Vereniging Aegon since 2008. He was a partner at Loyens & Loeff and, until June 2011, a member of the Senate of the Dutch Parliament. Mr Doek holds several executive and supervisory positions. He is a member of the Supervisory Boards of the East Netherlands Development Agency N.V., Topfonds Gelderland B.V. and chairman of the Board of Stichting Kasteel Middachten. He also is Treasurer of Europa Nostra at The Hague/Brussels.



C.M. Hooymans (1951) became a member of Vereniging Aegon in 2010. From 2002 until the end of 2013, she was a member of the Executive Board of TNO in Delft. Before that, she was a member of the Plant Sciences Board of Wageningen University and Research Centre, managing director of Applied Plant Research B.V., managing director of the Rijks-Kwaliteitsinstituut voor Land- en Tuinbouwproducten (State Quality Institute for Agricultural and Horticultural Products), all based in Wageningen. She is a member of the Supervisory Board of Rabobank Vallei en Rijn. She also is a member of the Supervisory Boards of the Diabetesfonds, Erasmus MC Rotterdam, and HAN University of Applied Sciences.



H.J. Machielsen (1960) became a member of Vereniging Aegon in 2017. Until 2012, Mr Machielsen was Chief Financial Officer of Eneco N.V. He now holds several executive and supervisory positions, including as a member of the Supervisory Board of Provinciale Waterleiding Noord-Holland, Chairman of the Board of Stichting Pensioenfonds Nedlloyd, a member of the Supervisory Board of Stichting Pensioenfonds Openbare Bibliotheken and Chairman of the Board of Stichting Pensioenfonds Recreatie. He is also connected as an investment expert to the Dutch National Monuments Organisation (NMO).



P.L. Meurs (1953) became a member of Vereniging Aegon in 2012. She is a professor of Healthcare Governance at Erasmus University and was a member of the Senate of the Dutch Parliament until February 1, 2013. Subsequently, she first became a member and thereafter an associate member of the Dutch Safety Board. Since January 1, 2015, she has been chairwoman of the Council for Health and Society. Ms Meurs also holds several other executive and supervisory positions, in particular in the field of healthcare. Until June 2015, she was chairwoman of the Board of ZonMw (the Dutch Organization for Health Research and Development). She is a member of the Supervisory Board of AMC (the Amsterdam University Medical Center) and a member of the Board of the Health Insurance Fund. Since August 26, 2016, she has also been a member of the Supervisory Council of the University of Amsterdam (UvA) and since January 1, 2017 a member of the Supervisory Board of ArtEZ, College of fine Arts.



R.J. Meuter (1947) has been a member of Vereniging Aegon since 2012. Mr Meuter was vice-chairman of Wholesale Banking at ABN AMRO until 2005. He now holds several executive and supervisory positions, including as a member of the Supervisory Boards of TD Bank N.V. and Advanced Metallurgical Group N.V. He also is a member of the Board of Stichting Ubbo Emmiusfonds of University Groningen (Groningen University Fund), and chairman of the Board of Stichting Continuïteit of Vistaprint.



N.A. Mourits (1947) became a member of Vereniging Aegon in 2012. Mr Mourits is a financial services consultant. He is a member of the Geschillencommissies (Arbitration Boards) for the Legal Profession, the Notarial Profession, and the BOVAG. Until 2010, Mr Mourits was the managing director of NVA, a Dutch association of insurance intermediaries.



E.M. Sent (1967) became a member of Vereniging Aegon in 2010. Since 2004, she has been a professor of Economic Theory and Economic Policy at the Radboud University Nijmegen and she has been a member of the Senate of the Dutch Parliament since June 2011. Before that, she was a Research Fellow of the Netherlands Institute for Advanced Study (NIAS) in Wassenaar and an Assistant/Associate Professor at the University of Notre Dame in Indiana, USA. She also was Visiting Scholar at the London School of Economics in London, UK. She is a member of the Supervisory Boards of Karakter, Introdans and Atria, a member of the Board of Trustees of the Wiarda Beckman Stichting, and editor of the Journal of Institutional Economics.



J.W.Th. van der Steen (1954) has been a member of Vereniging Aegon since 2017. Mr Van der Steen is Supervisory Board member and advisor. He is chairman of the Supervisory Board of BinckBank N.V., and of Princess Sportsgear & Travel B.V., vice-chairman of Amsterdam RAI B.V., Executive Board member of Stadhold Insurances Luxemburg S.A., and advisor of Aon Group Nederland B.V. Furthermore, he is board member of the RCO donors' foundation (Royal Concertgebouw Orchestra) at Amsterdam. Until 2014, Mr Van der Steen served in various international functions within Aon Corporation and until 2006 as chairman of the board of Aon Group Nederland B.V. Previously, he worked at ING Bank.



H.A. van der Til (1956) became a member of Vereniging Aegon in 2010. During the last ten years of his military career, he worked mainly in finance (planning and control) and operations (planning and operational readiness). From June 2007 until his retirement in January 2012, he held, in the rank of Major General of the Marines, several positions at the NATO Headquarters in Afghanistan and on the staff of the Chief of Defence at the Ministry of Defence in The Hague. Before that, he held several operational and staff management positions at home and abroad in the Marine Corps and the Royal Netherlands Navy Command in Den Helder. He is chairman of the Board of the Stichting De Reenske Compagnie, which manages 180 rental homes for senior citizens in Hoogeveen.

Objectives

Primary objective

As a shareholder, Vereniging Aegon ('the Vereniging') represents, in a balanced manner, the direct and indirect interests of Aegon N.V. and its group companies, insured parties, employees, shareholders and other relations of these companies. Influences that threaten the continuity, independence, or identity of Aegon N.V., in conflict with the aforementioned interests, will be resisted as much as possible. The Vereniging does this by holding Aegon N.V. securities and exercising the associated rights, including voting rights. The Vereniging's income consists of the revenues from these securities.

Secondary objective

The Vereniging considers it important that, in addition to its primary objective, it also shapes its social responsibility in the spirit of its roots as caretaker of mutual solidarity. For that purpose, it facilitates a centre for the research and promotion of vitality and healthy ageing. Since 2008, the Leyden Academy on Vitality and Ageing has developed into a leading centre in the field of ageing (www.leydenacademy.nl).

History

Origin of Vereniging Aegon

Vereniging Aegon is an association under Dutch law. Until 1983, it was known as Vereniging AGO. It was established in 1978 as the legal successor of AGO Onderlinge Levensverzekeringmaatschappij, which was demutualized as a result of a legal restructuring of the AGO insurance group. Under the terms of the restructuring, Vereniging AGO became the sole shareholder in AGO Holding N.V.

At the time of the merger between AGO and Ennia in 1983, Vereniging AGO transferred its holding of the entire share capital in AGO Holding N.V. to the listed company Ennia N.V. (whose name was changed to Aegon N.V.) in exchange for new Aegon N.V. common and preferred shares. Vereniging AGO was renamed Vereniging Aegon. Under the terms of the 1983 Merger Agreement, the Vereniging acquired a substantial (minority) interest in the common shares as well as all of the preferred shares, thus acquiring a majority of the voting rights in Aegon N.V. Under the agreement, in the event of a dilution of its voting rights as a result of a new issue of common shares, the Vereniging also received the right to acquire new preferred shares in order to maintain its majority position as desired by the parties involved in the merger; this is referred to as the 'option rights scheme'.

Development of shareholding in Aegon N.V., voting rights and financing

- **The period from 1983 to 1996**

During this period, the Vereniging's shareholding amounted to 40% of the issued common shares in Aegon N.V. In combination with the shareholding in preferred shares, the Vereniging held approximately 54% of the total voting rights.

- **The period from 1997 to 2012**

In the period from 1997 to 2001, Aegon N.V. substantially expanded its activities through the acquisition of Providian and Transamerica in the United States of America.

In the spirit of its objectives, Vereniging Aegon successfully supported these acquisitions. As a result of these transactions, Vereniging Aegon's common shareholding decreased and it incurred a bank debt.

The Vereniging concluded a Recapitalization Agreement with Aegon N.V. in 2002. This agreement led to a further decrease in Aegon N.V. common shares. Subsequently, in 2003, the capital structure of Aegon N.V. was adapted, in the context of which the existing preferred shares were converted into preferred shares A and a new class, preferred shares B, was created. During this period Vereniging Aegon concluded several refinancing transactions with various consortia of banks.

As a result of these transactions, the Vereniging's shareholding in Aegon N.V.'s common shares decreased from approximately 37% to approximately 12%, and its full voting rights decreased from approximately 52% to approximately 33%.

- **Restructuring of the Vereniging Aegon shareholding in 2013**

In 2013, all of the preferred shares that Vereniging Aegon held were converted. The aim for Aegon N.V. was to simplify its capital structure and maintain a high-quality capital base under the new European solvency requirements. This agreement enabled Vereniging Aegon to reduce its bank debt substantially.

All preferred shares were exchanged for cash and common shares.

The Vereniging relinquished its preferential rights with regard to dividends and liquidation proceeds. In addition, the voting rights of the Vereniging under normal circumstances were reduced from approximately 22% to approximately 14.8%. This aligned the voting rights with the economic ownership.

After the transaction, the Vereniging held approximately 293 million of the total of approximately 2,066 million outstanding Aegon N.V. common shares, as well as all outstanding (approximately) 566 million common shares B.

The financial rights attached to the common shares B amount to 1/40 of one Aegon N.V. common share. The other rights attached to the common shares B are identical to those of the common shares. Thus, the common shares and common shares B have the same nominal value (EUR 0.12) and equal voting rights: one vote per share.

The Voting Rights Agreement and the 1983 Merger Agreement were amended to reflect the restructured share capital and voting rights. As a consequence of the amended Voting Rights Agreement, the voting rights are limited to one vote per forty common shares B, although Vereniging Aegon will, for "special cause", be entitled to exercise its full voting rights, one vote per common share B. However, as long as the Vereniging's financial interest in Aegon N.V. remains below 32.64%, the full voting rights may never exceed 32.64% of the voting rights attached to the outstanding shares in Aegon N.V.'s capital. In order to prevent the dilution of voting rights in the event of such special cause, Vereniging Aegon may exercise its option to acquire additional common shares B. It will be entitled to exercise this option whenever its full voting rights in the event of special cause decrease to less than 32.64%, regardless of the reason for this decrease.

- **Development shareholding Aegon N.V.**

Number of share	Common	Common B
December 31, 2013	292,687,444	579,005,440
December 31, 2014	292,687,444	581,325,720
December 31, 2015	292,687,444	585,022,160
December 31, 2016	279,236,609	567,697,200
December 31, 2017	279,236,609	569,676,480

- **Recent developments in the Vereniging Aegon shareholding**

From 2013 to 2015, the Vereniging exercised its option rights and acquired 19 million additional common shares B.

In 2016, Aegon N.V. executed a share buy-back program that resulted in a reduction of the Aegon N.V. share capital. The Vereniging chose to participate in the second tranche of the Aegon N.V. share buy-back program, as a result of which its relative holding of Aegon N.V. common shares was unchanged. An additional advantage was Vereniging Aegon's use of the revenues it received to reduce its bank debt. As a result of this transaction, the Vereniging Aegon's shareholding was reduced by 13.5 million Aegon N.V. common shares. As a result, the Vereniging held 279 million common shares as at December 31, 2016.

Following the Aegon N.V. share buy-back program, Vereniging Aegon sold 17.3 million Aegon N.V. common shares B, as a result of which the Vereniging held 568 million common shares B as at December 31, 2016.

Leyden Academy on Vitality and Ageing

The Leyden Academy on Vitality and Ageing is the main activity of the private company with limited liability of the same name, which was established in 2008 and in which Vereniging Aegon is the sole shareholder. In 2008, Vereniging Aegon provided Leyden Academy on Vitality and Ageing B.V. with EUR 1,000,000 in paid-up share capital. In each of the following years, the Vereniging made between EUR 1,000,000 and EUR 1,200,000 available in the form of share premium on the existing paid-up share capital.

Leyden Academy aims to promote and improve the quality of life of the elderly. To achieve its goals, Leyden Academy offers educational programs, conducts research and initiates developments in the field of vitality and ageing. Leyden Academy does not focus solely on conducting research; it particularly wishes to assimilate knowledge and comprehension, critically evaluate these, and communicate these through educational services, consultations, and its public service function.

Leyden Academy's cooperative relationships include those with the Leyden University Medical Centre, the Leyden University, "Vereniging Het Zonnehuis", "ZonMW", and several government agencies.

For further information on Leyden Academy on Vitality and Ageing please visit the website at www.leydenacademy.nl.

Vereniging Aegon website

For a more comprehensive version of the history of Vereniging Aegon, please visit the website at www.verenigingaeagon.nl.

Report of the Executive Committee

Developments in 2017

Shareholding and voting rights as at December 31, 2017

During the year under review the holding of Aegon N.V. common shares did not change, so the Vereniging held a total of approximately 279 million Aegon N.V. common shares as at December 31, 2017.

In order to prevent the dilution of voting rights, Vereniging Aegon acquired approximately 2 million common shares B in May 2017. Aligned with the stock dividend in June 2017 she acquired about 13 million common shares B. After completion of the Aegon N.V. share buy-back program in December 2017, Vereniging Aegon sold and transferred 13 million Aegon N.V. common shares B to Aegon N.V., as a result of which the Vereniging held a total of approximately 570 million common shares B as at December 31, 2017. The disposal of common shares B was implemented to prevent the Vereniging's full voting rights at the general meeting of shareholders of Aegon N.V. from exceeding the agreed 32.64%.

On December 31, 2017, the Vereniging's voting rights in normal circumstances on common and common shares B amounted to approximately 14.35%, based on the number of outstanding voting shares (excluding common shares held in treasury by Aegon N.V.). This figure was approximately 14.4% as at December 31, 2016. In the event of "special cause", the Vereniging's voting rights will increase, for a maximum period of six months, to the full number of votes, about 32.6% as at December 31, 2017 (this figure was also approximately 32.6% as at December 31, 2016).

Exercising voting and dividend rights

As in previous years, the Vereniging met its objectives in 2017 by holding shares in Aegon N.V. and exercising the associated rights, in particular the voting rights.

In accordance with the resolution of the Annual General Meeting of Members of the Vereniging, the voting rights were exercised at the Annual General Meeting of Shareholders of Aegon N.V. held on May 19, 2017.

Aegon N.V. distributed a final dividend for the year 2016 of EUR 0.13 per common share, and EUR 0.00325 per common share B. An interim dividend for 2017 of EUR 0.13 per common share and EUR 0.00325 per common share B was also received. All dividends were received in cash.

Financing of Vereniging Aegon

On April 7, 2016, the Vereniging concluded a new credit facility in the amount of EUR 445,000,000 with a consortium of lenders led by ING Bank. The facility became effective on May 23, 2016 and has a three-year term (with two options to extend the term to five years). As at December 31, 2017, the bank debt amounted to EUR 222,000,000 (excluding the prepaid upfront fee of EUR 1,029,000).

Members and Executive Committee

As at December 31, 2017, the General Meeting of Members of the Vereniging consisted of eighteen members, sixteen of whom are not affiliated with Aegon N.V. They are neither current nor former employees of Aegon N.V. or its associated companies, and neither current nor former members of the Supervisory or Executive Board of Aegon N.V. The other members, members B, are members of the Executive Board of Aegon N.V.

During the year under review, member A Ms Van Lier Lels stepped down as scheduled and was re-elected as a member A of the Vereniging. Moreover members A Ms Nagel and Mr Spruijt, stepped down permanently. Mr Machielsen and Mr Van der Steen were both admitted by the General Meeting of Members as new members A. In the year under review, Mr Rider was admitted as a member B after his appointment as a member of the Executive Board of Aegon N.V.

The Executive Committee of Vereniging Aegon has eight members, six of whom are members A, including the chairman and the vice-chairman, who are not and never have been affiliated with the Aegon Group.

The other members, members B, are also members of the Executive Board of Aegon N.V.

In 2017, Ms Van Lier Lels stepped down as scheduled as a member A of the Executive Committee.

Subsequently, the General Meeting of Members re-appointed her as a member A of the Executive Committee. Mr Spruijt also stepped down as a member A of the Executive Committee. In his place, the General Meeting of Members appointed Mr Kalden as a member A of the Executive Committee. Mr Rider was appointed as a member B of the Executive Committee in 2017.

Remuneration

The members of the Executive Committee are granted a fixed fee for their activities. The other members receive a fixed fee and an attendance fee. The General Meeting of Members adopts all fee amounts.

In 2017, the chairman of the Executive Committee received a fee of EUR 28,500, and the vice-chairman received a fee of EUR 23,000. The fee for the other members of the Executive Committee was EUR 20,000 each. In 2017, the members received a fee of EUR 7,000 per year and EUR 1,000 per meeting attended.

For their activities as members of its Supervisory Board, Leyden Academy on Vitality and Ageing B.V. paid Mr Van den Goorbergh (chairman) a fixed fee of EUR 7,000, and Mr Dessing a fixed fee of EUR 5,000.

Leyden Academy on Vitality and Ageing

In 2017, the Vereniging again provided Leyden Academy on Vitality and Ageing B.V. with a EUR 1,200,000 grant. This was effected by means of share premium on the existing paid-up share capital.

As at December 31, 2017, the Board of Directors of Leyden Academy on Vitality and Ageing B.V. consisted of Mr J.P.J. Slaets (chairman) and Ms M.A.E. van der Waal. The Supervisory Board consisted of Mr W.M. van den Goorbergh (chairman), Ms M. de Visser, Mr B.F. Dessing, Mr J.W.B. Westerburgen and Mr M.J. Janssen.

For further information about Leyden Academy on Vitality and Ageing, please visit the website at www.leydenacademy.nl.

2017 Financial Statements

Under the accounting policies, the Aegon N.V. common shares held by the Vereniging were carried at fair value.

The value of the shareholding in Aegon N.V. was EUR 1,559,838,000 as at December 31, 2017, with the common shares B being carried at 1/40 of the market value of a common share on that date. As at December 31, 2016, this value was EUR 1,534,047,000.

The change in market value in the financial year is recognized in the statement of income and expenditure. Consequently, in 2017 an increase of value of EUR 24,293,000 was recognized in the statement of income and expenditure in respect of the common shares and an increase of value of EUR 1,528,000 in respect of the common shares B.

The result for 2017 was a profit of EUR 93,843,000 (2016: EUR 50,971,000). The increasing result was particularly affected by the change in the market value of Aegon N.V. shares, a profit of EUR 26 million (2016, a loss of EUR 13 million). Reduced financial expenses (decrease of EUR 4 million) also contributed to an improvement in results.

As at December 31, 2017 the solvability (equity/balance sheet total) is equal to 85.7% (2016: 81.2%). Thus the Vereniging expects to meet its obligations on the long term.

The Executive Committee recommends that the General Meeting of Members adopt the 2017 financial statements and grant the Executive Committee a discharge for its management in 2017.

Risk paragraph

The main objective of Vereniging Aegon is to exercise the voting rights attached to the Aegon N.V. shares it holds. Consequently, the only relevant risk is that it fails to realize this objective wholly or partially. Such risk could only arise if the Vereniging failed to comply with its obligations to its financiers which would lead to a forced sale of its shareholding.

As far as the income of the Vereniging is concerned such failure could only occur if Aegon N.V. were to forego dividends for a prolonged period. For the shorter term, the financing of the Vereniging allows sufficient flexibility to accommodate such a setback.

Also, the expenses of the Vereniging could sharply increase if the general level of interest rates were to increase rapidly and radically. The development of interest rates is closely monitored by the Executive Committee and if necessary the interest risk will be hedged. In 2017 the Vereniging did not execute any hedge transactions.

More generally, the Vereniging's policy is directed at fully repaying its financing as soon as possible.

Preview of 2018

In 2018, the financing costs will decrease further as a result of repayments in 2017. Presuming that Aegon N.V. maintains a stable dividend policy, the Vereniging expects to repay a substantial part of its financing in 2018.

General information with regard to the entity and the related company

The following information is included in this report according to the provisions of RJ 400.108.

- No staff were employed during 2017 at Vereniging Aegon (2016: none);
- Vereniging Aegon has one participating interest.

The Hague, March 26, 2018

On behalf of the Executive Committee,

W.M. van den Goorbergh, chairman

Balance sheet at December 31

(after appropriation of the result)

(amounts x EUR 1,000)

	2017	2016
Fixed assets		
<i>Financial fixed assets</i>		
Participation Aegon N.V., listed stock	1,484,142	1,459,849
Participation Aegon N.V., unlisted stock	75,696	74,198
Participating interest in Leyden Academy on Vitality and Ageing B.V.	1,451	1,308
	1,561,289	1,535,355
Current assets		
Other receivables	1,725	-
Liquid assets	362	431
Total assets	1,563,376	1,535,786
Capital and reserves	1,340,236	1,246,393
Long-term liabilities		
Credit facility consortium of lenders	220,971	287,231
Current liabilities		
Other liabilities, accruals and deferred income	2,169	2,162
Total liabilities	1,563,376	1,535,786

Statement of income and expenditure

(amounts x EUR 1,000)

	2017	2016
Income		
Dividend on Aegon N.V. common shares	72,602	72,602
Dividend on Aegon N.V. common shares B	3,745	3,746
Change in value Aegon N.V. common shares	24,293	-
Change in value Aegon N.V. common shares B	1,549	-
Total income	102,189	76,348
Expenses		
Change in value Aegon N.V. common shares	-	12,907
Change in value Aegon N.V. common shares B	-	325
Financial expenses	6,610	10,467
Expenses	679	719
Total expenses	7,289	24,418
Result participating interest	(1,057)	(959)
Result	93,843	50,971

Cash flow statement

(amounts x EUR 1,000)

	2017	2016
Cash flow from operating and investing activities		
Dividend received on Aegon N.V. common shares	72,602	72,602
Dividend received on Aegon N.V. common shares B	3,745	3,746
Sales proceeds Aegon N.V. common shares	-	58,000
Sales proceeds Aegon N.V. common shares B	-	1,968
	76,347	136,316
Payment on Aegon N.V. common shares B	(1,674)	-
Paid-up share premium Leyden Academy on Vitality and Ageing B.V.	(1,200)	(1,200)
Financial expenses paid	(5,892)	(10,194)
Expenses paid	(650)	(867)
	66,931	124,055
Cash flow from financing activities		
Repayment of credit facilities	(67,000)	(124,000)
Movement in liquid assets	(69)	55

The cash flow statement was prepared using the direct method. A credit facility is accounted for under cash flow from financing activities. The principal sum of this credit facility is set periodically. For further information, please refer to page 23.

Notes to the financial statements

Residential address

Vereniging Aegon (Trade Register number 40531114) has its registered office at Aegonplein 50 in The Hague.

Introduction

The Vereniging has financial fixed assets of approximately EUR 1.56 billion (with the common shares and the common shares B being carried at the closing price on the Euronext Amsterdam stock exchange on December 31, 2017: EUR 5.315 or 1/40 thereof). At the same time, the Vereniging has outstanding debts of EUR 222 million, for which credit facilities with a three year term have been arranged until April 8, 2019 (with a double option to extend the term to a maximum of five years).

As at December 31, 2017, Vereniging Aegon held approximately 279 million Aegon N.V. common shares and approximately 570 million Aegon N.V. common shares B.

The participating interest (100%) in Leyden Academy on Vitality and Ageing B.V. has not been consolidated in the financial statements because of its minor financial impact.

Notes to the balance sheet

Accounting policies

The financial statements have been prepared in accordance with the provisions of Section 9 Book 2 of the Dutch Civil Code.

The valuation of balance sheet items and the determination of income and expenditure are based on historical cost. Unless stated otherwise in the relevant accounting policy of a specific balance sheet item, balance sheet items are valued at cost.

Fixed assets

Financial fixed assets

Participation Aegon N.V. listed stock

This item is the holding of Aegon N.V. common shares. The common shares are valued at fair market value. Changes in value are accounted for in the statement of income and expenditure.

Movements in common shares
(value x EUR 1,000)

	2017		2016	
	Number	Value	Number	Value
Balance as at January 1	279,236,609	1,459,849	292,687,444	1,530,756
Sales	-	-	(13,450,835)	(58,000)
Revaluation financial year	-	24,293	-	(12,907)
Balance as at December 31	279,236,609	1,484,142	279,236,609	1,459,849

The market value of the common shares as at December 31, 2017, was EUR 1,484,142,000 (EUR 5.315 per share). At December 31, 2016, the fair value was EUR 1,459,849,000 (EUR 5.228 per share). The cost of the common shares as at December 31, 2017, was EUR 2,795,101,000 (EUR 10.010 per share).

The common shares have been pledged as collateral to the consortium of lenders on behalf of the credit facility.

Participation Aegon N.V. unlisted stock

This item refers to the Aegon N.V. common shares B acquired from the conversion of unlisted Aegon N.V. preferred shares in 2013 and from exercising the option rights. Common shares B are not listed.

Movements in common shares B
(value x EUR 1,000)

	2017		2016	
	Number	Value	Number	Value
Balance as at January 1	567,697,200	74,198	585,022,160	76,491
Purchases	15,021,872	1,674	-	-
Sales	(13,042,592)	(1,704)	(17,324,960)	(1,968)
Revaluation financial year	-	1,528	-	(325)
Balance as at December 31	569,676,480	75,696	567,697,200	74,198

In 2017 approximately 15 million Aegon N.V. common shares B were acquired and about 13 million Aegon N.V. common shares B were sold. The sale resulted in a book profit of EUR 21,000 over the valuation as at December 31, 2016.

The financial rights attached to the Aegon N.V. common shares B amount to 1/40 of an Aegon N.V. common share. Based on that, these shares are carried at 1/40 of the market value of a common share. The derivative market value of the common shares B as at December 31, 2017, was EUR 75,696,000 (EUR 0.13288 per share). At December 31, 2016, the derivative market value was EUR 74,198,000 (EUR 0.13070 per share). The purchase price of the common shares B at the end of 2017 was EUR 69,351,000 (EUR 0.12174 per share).

The other rights attached to the common shares B are the same as those attached to common shares. Based on the voting rights agreement, the voting rights are limited to one vote per 40 common shares B. In the event of special cause, Vereniging Aegon can decide to use its full voting rights, one vote for each common share B. However, as long as the Vereniging's financial interest in Aegon N.V. remains below 32.64%, the full voting rights may never exceed 32.64% of the voting rights attached to the outstanding shares in Aegon N.V.'s capital.

In order to prevent the dilution of voting rights in the event of special cause (full voting rights), Vereniging Aegon can exercise its option to acquire additional common shares B.

The ability to exercise the full voting rights is not reflected in the valuation of the common shares B. The common shares B are not freely negotiable, and there is no active market or any other reliable valuation method for the full voting rights.

Participating interest in Leyden Academy on Vitality and Ageing B.V.

The participating interest (100%) in Leyden Academy on Vitality and Ageing B.V., which has its registered office in Leiden, is recognized in accordance with the net equity method (amounts x EUR 1,000)

	2017	2016
Balance as at January 1	1,308	1,067
Paid-up share premium	1,200	1,200
Result participating interest	2,508 (1,057)	2,267 (959)
Balans per 31 december	1,451	1,308

Leyden Academy on Vitality and Ageing B.V. commenced its activities in 2008, which tie in with the Vereniging's secondary objective, facilitating research and addressing issues around vitality and healthy ageing .

Due to its relatively minor financial importance, the participating interest has not been consolidated in the financial statements.

Current assets

	2017	2016
Other receivables	1,725	-

On December 19, 2017 Vereniging Aegon sold and transferred common shares B to Aegon N.V. The sales proceeds were received on January 10, 2018.

	2017	2016
Liquid assets	362	431

Under the credit agreement, free cash flow, less overhead, acquisition cost of Aegon N.V. common shares B and the yearly share premium on the paid-up share capital in Leyden Academy on Vitality and Ageing B.V., may only be applied to pay interest and repay the credit facility.

Capital and reserves

The capital in the Vereniging is specified as follows
(amounts x EUR 1,000)

	2017	2016
Balance as at January 1	1,246,393	1,195,422
Result financial year	93,843	50,971
Balance as at December 31	1,340,236	1,246,393

Appropriation of the result of income and expenditure for the 2016 financial year

The 2016 annual report was approved at the General Meeting of Members held on April 20, 2017. The General Meeting of Members approved the appropriation of the result in accordance with the proposal made by the Executive Committee.

Proposed appropriation of the result of income and expenditure for the 2017 financial year

The Executive Committee proposes that the General Meeting of Members adds the full result for the financial year 2017 to the capital of the Vereniging. The financial statements reflect this proposal.

Long-term liabilities

Withdrawn interest-bearing loans and debts are accounted for at amortized cost
(amounts x EUR 1,000)

	2017	2016
Credit facility consortium of lenders	220,971	287,231

In 2016 refinancing of the credit facility was concluded whereby the former credit facility was repaid in full. The new credit facility, to a maximum of EUR 445 million, was made available by a consortium of lenders led by ING Bank.

The new credit facility consists of a "Facility A" (initially EUR 300 million), a "Facility B" (EUR 100 million) and a "Facility C" (with a maximum of EUR 45 million). The facilities mature on April 8, 2019. The Vereniging has twice the option to extend the term to April 8, 2021. Any extension needs the consent of the lenders. After a first draw of EUR 225 million under Facility A, at year-end 2017, the Facility A was paid down to EUR 121 million and EUR 1 million was drawn on Facility C. During the term no redemption will take place on Facility B of nominal EUR 100 million as long as the Facilities A and C are not settled in full. The interest rate agreed for these facilities is based on EURIBOR rates, with an interest surcharge linked to Aegon N.V.'s senior debt ratings. In 2017 and 2016 the margin was 2% (Facility A and C) and 2.15% (Facility B).

As was the case with the former credit facility, Vereniging Aegon paid an upfront fee in order to obtain the new facility. The fee will be recognized pro rata in the statement of income and expenditure over the three-year term. The partial prepayment of EUR 1,029,000 (2016: EUR 1,769,000) has been deducted from the amount drawn on the credit facility.

According to RJ 254.201 and RJ 254.202, at initial recognition loans and debts must be recognized at fair value. After initial recognition, liabilities are recognised at the amortised cost price. Transaction costs, directly attributed to the acquisition of the liabilities, must be accounted for at initial recognition. Accordingly, the upfront fee has been deducted from the valuation of the credit facility.

All common shares of Aegon N.V. and all income have been pledged as collateral for the credit facility. The free cash flow must be used to repay the credit facility.

Current liabilities

Other liabilities, accruals and deferred income (amounts x EUR 1,000)

	2017	2016
Deposits Leyden Academy on Vitality and Ageing B.V.	600	600
Accrued interest Facility A and C	115	136
Accrued interest Facility B	1,332	1,332
Fees consortium of lenders	33	34
Other liabilities	89	60
	2,169	2,162

Contingent assets and liabilities

The fee payable to Aegon N.V. in respect of the Support Services Agreement is set at EUR 266,000 a year. Aegon N.V. and Vereniging Aegon are free to decide individually to restrict, suspend or terminate the support services. Aegon N.V. must observe a notice period of at least 60 days in order to ensure the continuity of the support services.

The Vereniging is committed to the financial support of Leyden Academy on Vitality and Ageing B.V. For the period up to and including 2020, commitments have been made up to a maximum of EUR 1.2 million per year by means of share premium payments.

Notes to the statement of income and expenditure

Income and expenditure attributable to the financial year are included in the statement of income and expenditure.

Income

Dividend on Aegon N.V. common shares

Dividends on common shares are dividends received in the financial year. The cash dividends amount to EUR 0.26 per share (2016: EUR 0.26).

Dividend on Aegon N.V. common shares B

Dividends on common shares B are dividends received in the financial year. The cash dividends amount to EUR 0.0065 per share (2016: EUR 0.0065).

Change in value Aegon N.V. common shares

The change in value of common shares relates to the change of the market value of Aegon N.V. common shares during the financial year. The increase in value for 2017 was EUR 0.087 per share (2016: decrease of EUR 0.002 per share), which led to a profit of EUR 24,293,000 (2016: a loss of EUR 559,000).

The participation in the Aegon N.V. share buy-back program 2016 led to an additional loss of EUR 12,348,000 in 2016.

Change in value Aegon N.V. common shares B

The change in value of common shares B relates to the change of the derivative market value (1/40 of a common share) of Aegon N.V. common shares B during the financial year. The increase in value for 2017 was EUR 0.002175 per share B (2016: decrease of EUR 0.00005 per share B), which led to a profit of EUR 1,528,000 (2016: a loss of EUR 28,000).

In order to prevent its full voting rights at the general meeting of shareholders of Aegon N.V. from exceeding the agreed 32.64%, common shares B were sold. As a result, compared to the valuation as at December 31, 2016, a profit of EUR 21,000 was realized (2016: a loss of EUR 297,000).

Expenses

	2017	2016
Financial expenses		
The financial expenses were as follows (amounts x EUR 1,000)		
Interest paid	5,535	8,137
Commissions paid to financial institutions	335	605
Upfront fee credit facility	740	1,725
	6,610	10,467

In 2017, an average of EUR 265 million (2016: EUR 355 million) of the credit facility was used and the average interest rate was 2.09% (2016: 2.29%).

Due to the limited use of Facility C, an average of EUR 1.6 million of the available EUR 45 million, a near-maximum commission was paid for 2017 as well as 2016.

In order to obtain the current credit facility, as was the case with the previous facility, a one-time upfront fee was payable to the consortium of lenders. This fee will be recognized pro rata in the statement of income and expenditure over the term of the facility. In 2017 the amortisation relates to the upfront fee of the current facility. The remaining upfront fee of the former facility was also included in 2016.

	2017	2016
Expenses		
The expenses were as follows (amounts x EUR 1,000)		
Costs of executive committee and members	265	264
Costs of visit to Aegon branch office abroad	-	77
Costs of Aegon N.V. support services	266	266
Costs of secretary's office	51	42
Accounting costs	40	40
Auditor's costs	41	34
Legal advisory costs	6	11
Refinancing costs	-	144
Other costs	10	6
	679	884
Various benefits	-	(165)
	679	719

The costs of the executive committee and members include EUR 164,000 (2016: EUR 171,500) incurred by the Vereniging in the financial year for the remuneration of the members of the Executive Committee, pursuant to Section 2:383(1) of the Dutch Civil Code.

Visits to Aegon branch offices take place once every two years. No visit was paid in 2017 (the Aegon branch office in Madrid, Spain, was visited in 2016).

The costs of Aegon N.V. support services are pursuant to the Service Level Agreement as last amended on March 6, 2014.

For further information on Aegon N.V., please refer to the Aegon N.V. financial statements for 2017 and the company's website at www.aegon.com.

Post-balance sheet events

On March 26, 2018, Vereniging Aegon exercised its option to extend the term of the credit facilities. An extension of the Facilities A and C was concluded with the consortium of lenders until April 7, 2020, for the amounts of EUR 121 million and EUR 20 million, respectively. An extension of Facility B was concluded until July 1, 2021, for an amount of EUR 100 million.

The Hague, March 26, 2018

The Executive Committee

W.M. van den Goorbergh, chairman
H.J.E. Bruins Slot, vice-chairman
C.J. Kalden
H.P.M. Knapen
M.E. van Lier Lels
M.J. Rider
V.P.G. de Serière
A.R. Wynaendts

Other information

Rules in the Articles of Association concerning appropriation of the result of income and expenditure

The Articles of Association of Vereniging Aegon do not stipulate the appropriation of the result.

Independent Auditor's Report

To: Executive Committee of Vereniging Aegon

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of Vereniging Aegon based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Vereniging Aegon as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2017;
- The statement of income and expenditure for 2017;
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Vereniging Aegon in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The report of the Executive Committee;
- Other information.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Committee is responsible for the preparation of the other information, including the report of the Executive Committee in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the Executive Committee for the financial statements

The Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Committee is responsible for such internal control as Executive Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Committee is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Committee should prepare the financial statements using the going concern basis of accounting unless the Executive Committee either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Executive Committee should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.

- Concluding on the appropriateness of the Executive Committee use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

The Hague, 26 March 2018
Ernst & Young Accountants LLP

signed by G.W. Hilverda

