

# VERENIGING

---

# AEGON

# ANNUAL REPORT 2013

## **Vereniging Aegon**

PO Box 202

NL-2501 CE The Hague

Telephone: +31 (0)70 3448288

Fax: +31 (0)70 3477929

E-mail: [secretariaat@verenigingaegon.nl](mailto:secretariaat@verenigingaegon.nl)

Registered office in The Hague, the Netherlands

Trade Register, The Hague No. 40531114

This is a translation of the Dutch text of the 2013 Annual Report of Vereniging Aegon. In the event of a difference in interpretation, the Dutch text prevails.

## TABLE OF CONTENTS

<b>Executive Committee and Members</b>	<b>4</b>
<b>Objectives</b>	<b>8</b>
<b>History</b>	<b>9</b>
<ul style="list-style-type: none"> <li>Origin of Vereniging Aegon</li> <li>Development of shareholding in Aegon N.V., voting rights and financing</li> <li>Amendment of Articles of Association (2005)</li> <li>Loan from the State of the Netherlands (2008-2011)</li> <li>Leyden Academy on Vitality and Ageing</li> </ul>	
<b>Report of the Executive Committee</b>	<b>11</b>
<ul style="list-style-type: none"> <li><b>Developments in 2013</b></li> <li>Restructuring of shareholding, voting rights and financing</li> <li>Shareholding in Aegon N.V. and voting rights as at December 31, 2013</li> <li>Exercising voting and dividend rights</li> <li>Members and Executive Committee</li> <li>Remuneration</li> <li>Leyden Academy on Vitality and Ageing</li> <li>2013 Financial Statements</li> </ul>	
<b>Financial Statements</b>	<b>14</b>
<b>Auditor's Report</b>	<b>28</b>

## EXECUTIVE COMMITTEE AND MEMBERS

### Executive Committee

W.M. van den Goorbergh, *chairman*

H.J.E. Bruins Slot, *vice-chairman*

D.D. Button (since May 15, 2013)

H.P.M. Knapen (since June 13, 2013)

M.E. van Lier Lels

J.J. Nooitgedagt (until May 15, 2013)

H.P. Spruijt

A.R. Wynaendts

### Secretary

T.H.M. Schijf

Members	Year of resignation	
	Scheduled	Final
H.J.E. Bruins Slot	2014	2018
D.D. Button (since May 15, 2013)	n/a	2025
B.F. Dessing	2015	2018
H.A. Doek	2016	2017
W.M. van den Goorbergh	2015	2018
C.M. Hooymans	2014	2022
C.J. Kalden	2016	2018
H.P.M. Knapen	2016	2018
P.C. Krikke	-	2016
M.E. van Lier Lels	2017	2021
P.L. Meurs	2016	2023
R.J. Meuter	2016	2017
N.A. Mourits	2016	2017
J.J. Nooitgedagt (until May 15, 2013)	-	-
H.M. Pinedo (until April 18, 2013)	-	-
E.M. Sent	2014	2022
H.P. Spruijt	-	2017
H.A. van der Til	2014	2022
A.R. Wynaendts	n/a	2020

**Executive Committee as at December 31, 2013**

**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. He is also a member of the Supervisory Board of N.V. Bank Nederlandse Gemeenten.



**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 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. Mr Bruins Slot holds several executive and supervisory positions, in particular in healthcare. He is chairman of Stichting Koningin Wilhelmina Fonds voor de Nederlandse Kankerbestrijding, chairman of the Supervisory Board of 's Heeren Loo, chairman of the Supervisory Board of Stichting Gelre Ziekenhuizen, chairman of the Supervisory Board of Rabobank Apeldoorn en Omgeving, chairman of the Supervisory Board of Geldersch Landschap & Kasteelen and a member of the Board of De12Landschappen.



**D.D. Button** (1969) has been a member of Vereniging Aegon and its Executive Committee since 2013. Mr Button is a member of the Executive Committee and Chief Financial Officer of Aegon N.V.



**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. From 2010 to 2012, Mr Knapen served as the State Secretary for Foreign Affairs. Before

becoming State Secretary, Mr Knapen was a member of the Scientific Council for Government Policy and a professor at Radboud University Nijmegen. He also was a member of the Executive Board of PCM Uitgevers B.V. At present, he is as a director-general associated with the European Investment Bank. In 2012, Mr Knapen rejoined Vereniging Aegon, being appointed as a member of the Executive Committee on June 13, 2013.



**M.E. van Lier Lels** (1959) has been a member of Vereniging Aegon since 2009. She joined the Executive Committee in 2012. She has held various supervisory and executive positions since 2005, including as a member of the

Supervisory Boards of Koninklijke KPN N.V., USG People N.V., TKH Group N.V., Maersk B.V., and Reed Elsevier N.V. She is also a member of the Council for Environment and Infrastructure, a member of the Netherlands Bureau for Economic Policy Analysis (CPB), chairman of the Supervisory Council of the Netherlands Society for Nature and the Environment and a member of the Supervisory Board of Eneco Holding N.V. She was director of Operations for the Schiphol Group until 2005.



**H.P. Spruijt** (1949) has been a member of Vereniging Aegon since 2005, joining the Executive Committee in 2008. Mr Spruijt was a member of the Executive Board of Reed Elsevier N.V. Until December 2010, he was chairman of the International Publishers Association (IPA) in Geneva.

He is chairman of the Supervisory Boards of M&R de Monchy N.V., Koninklijke Jumbo B.V. (games) and of Koninklijke BDU Holding B.V., and a member of the Supervisory Board of Koninklijke Brill N.V.



**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



**T.H.M. Schijf** (1944) has been secretary to the Executive Committee since 2004.

#### Other members as at December 31, 2013



**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, 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 St. Antonius Hospital in Nieuwegein and a member of the Audit Committee of the Netherlands Court of Audit.



**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, Topfonds Gelderland B.V., and chairman of the Supervisory Board of Rabobank Arnhem en Omgeving, member of the Supervisory Board of the Youth Orchestra of the Netherlands (NJO) and a member of the Board of Stichting Introdans.



**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) and director of research of Plant Research International, all based in Wageningen. She is a member of the Board of the Catholic University Nijmegen Foundation, a member of the Central Commission for Statistics of Statistics Netherlands (CBS) and a member of the Supervisory Boards of Rabobank Vallei en Rijn and Koninklijke KPN N.V.



**C.J. Kalden** (1948) has been a member of Vereniging Aegon since 2012. 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 also holds several other executive and supervisory positions. These include being chairman of the Board of Stichting Weidegang, chairman of the Supervisory Board of Stichting ARK Natuurontwikkeling, chairman of the Board of Nederlandse Kastelenstichting and a member of the Supervisory Board of Diergaarde Blijdorp (Rotterdam Zoo).



**P.C. Krikke** (1961) has been a member of Vereniging Aegon since 2004. Ms Krikke served as mayor of the Municipality of Arnhem until July 2013. Since then, she has had her own business acting as an independent consultant for government agencies and companies. She holds several executive and supervisory positions. Ms Krikke is chairman of the Strategic Advisory Committee of the Association of Insurers and chairman of the National Committee Consumer Interests in Public Transport.



**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. Ms Meurs

also holds several executive and supervisory positions, in particular in the field of healthcare. She is chairwoman of the Board of ZonMw (the Dutch Organization for Health Research and Development), a member of the Board of FORUM Institute for Multicultural Affairs, chairwoman of the International Advisory Board of ICCO (an interchurch organization for developmental cooperation), a member of the Supervisory Board of AMC (the Amsterdam University Medical Center) and a member of the Supervisory Board of health-care insurer CZ. Ms Meurs has been a member of the Dutch Safety Board since February 1, 2013.



**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 Board of TD Bank, a member of the Supervisory Board of KNRM (The Royal Netherlands Sea Rescue Institution), a member of the Board of Stichting Ubbo Emmiusfonds of University Groningen (Groningen University Fund) and chairman of the Board of Stichting Continuïteit van Vistaprint. Mr Meuter acts as boardroom counsellor, and has been appointed by the Enterprise Chamber of the Amsterdam Court as a director of several listed companies. He also acts as a trustee for the Netherlands Competition Authority.



**N.A. Mourits** (1947) became a member of Vereniging Aegon in 2012. Mr Mourits is a financial services consultant. He is also chairman of the Board of the Banking and Insurance Sector of ECABO (Center of Expertise on

Vocational Education, Training and Labour Market for the economic/administrative, ICT and security

professions). Since 2013, he has been a member of the Geschillencommissie (Arbitration Board) for the Notarial Profession and 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 was also Visiting Scholar at the London School of Economics in London, UK. She is a member of the Supervisory Board of Plan Nederland, a member of the Supervisory Board of Karakter, a member of the Board of Trustees of the Wiarda Beckman Stichting, a member of the Advisory Council of De Groene Zaak, and editor of the Journal of Institutional Economics.



**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

October 2008 until his retirement in January 2012, he held, in the rank of Major General of the Marines, several positions 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, the Royal Netherlands Navy Command in Den Helder, NATO in Afghanistan and the Ministry of Defence in The Hague.

## 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. 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 research and promotion of healthy and vigorous ageing. Since 2008, the Leyden Academy on Vitality and Ageing has developed into a leading centre in the field of issues on ageing ([www.leydenacademy.nl](http://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 new issued common shares, the Vereniging would also receive 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 2001

In this period, 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.

At the end of 2001, as a result of these transactions, Vereniging Aegon's shareholding decreased to roughly 37% of the common shares and it had incurred a bank debt of approximately NLG 3.6 billion. The amount of the bank debt and the decrease in share price Aegon N.V. prompted the Vereniging to restructure its shareholding and reduce its bank debt.

During this period, the full voting rights remained roughly at 52% due to the acquisition of preferred shares.

#### - Recapitalization Agreement 2002

The Vereniging concluded a Recapitalization Agreement with Aegon N.V. in September 2002. This agreement formed the basis for the Vereniging's sale of 350,000,000 Aegon N.V. common shares. The Vereniging used part of the proceeds to reduce its debt and agreed a new credit facility with a consortium of banks for the remainder. The Vereniging paid the remaining portion of the proceeds (EUR 2,064,000,000) as a premium on its Aegon N.V. preferred shares with a view to raising their value to that of the 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. Both classes of preferred shares had a nominal value of EUR 0.25 per share and voting rights of 25/12 votes per share. In the Preferred Shares Voting Rights Agreement the Vereniging had, in normal circumstances, relinquished its full voting rights on the preferred shares A and B and limited itself to one vote only per preferred share. In special circumstances, it could exercise the full voting rights on the preferred shares A and B. Vereniging Aegon acquired a call option on preferred shares B in case its shareholding in Aegon N.V. were diluted as a result of a share issue.

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%.

#### **- Financing of Vereniging Aegon from 2002 to 2013**

The financing facility, agreed in 2002 with a consortium of banks, was replaced in 2005 by a facility that was reduced to a maximum of EUR 1,650,000,000. In 2010, Vereniging Aegon arranged a new credit facility. The original maximum of this facility amounted to EUR 1,250,000,000. In May 2013, the facility was replaced by a new financing facility for a period of three years with a maximum of EUR 650,000,000.

#### **- Restructuring of shareholding, voting rights and financing in 2013**

For an explanation of this restructuring, please refer to the 2013 Report of the Executive Committee.

#### **Amendment of Articles of Association (2005)**

On September 13, 2005, Vereniging Aegon amended Article 18 of its Articles of Association. The amendment limits Aegon N.V.'s influence on future amendments to the Articles of Association of Vereniging Aegon. In the event of an undesired change of control at the General Meeting of Shareholders of Aegon N.V., Vereniging Aegon may, under certain circumstances, amend its Articles of Association without Aegon N.V.'s cooperation.

#### **Loan from the State of the Netherlands (2008 to 2011)**

On December 1, 2008, Vereniging Aegon entered into an agreement with the State of the Netherlands and Aegon N.V. in order to provide Aegon N.V. with additional core capital in the amount of EUR 3 billion. To this end, the State granted Vereniging Aegon a loan of EUR 3 billion, which the Vereniging used to acquire 750 million Convertible Core Capital Securities from Aegon N.V. at the issue price of EUR 4 each.

This loan was repaid in four tranches, the first on December 1, 2009, and the last on June 15, 2011, with the corresponding convertible securities being simultaneously transferred to Aegon N.V. Vereniging Aegon participated in this structure within the context of its objectives under its Articles of Association, which are to serve the interests of Aegon N.V. in a balanced manner. The Vereniging was not exposed to any financial risk in respect of this structure. All income accrued to and expenses were borne by Aegon N.V.

#### **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 LAVA 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 to LAVA B.V. in the form of share premium on the existing paid-up share capital.

#### **Website Vereniging Aegon**

For a more comprehensive version of the history of Vereniging Aegon, please visit [www.verenigingaegon.nl](http://www.verenigingaegon.nl).

## REPORT OF THE EXECUTIVE COMMITTEE

### Developments in 2013

#### Restructuring of shareholding, voting rights and financing

On February 15, 2013, Vereniging Aegon and Aegon N.V. announced that they had reached an agreement on the restructuring of the Vereniging's shareholding. While Vereniging Aegon wished to liquidate part of its shareholding in order to reduce its bank debt, Aegon N.V. wished to restructure its preferred share capital in order to maintain a high-quality capital base under the new European solvency requirements. The agreement that was implemented on May 29, 2013 consisted of the following elements.

All preferred shares were to be exchanged for cash, common shares and common shares B. The value of the preferred shares – with a historical purchase price of EUR 2,146,000,000 – had been set at EUR 1,055,000,000 (ex dividend).

The Vereniging received an EUR 83,000,000 cash dividend on the preferred shares for the period from January 2012 up to and including June 2013, EUR 400,000,000 in cash and the equivalent of EUR 655,000,000 in shares (121 million common shares and 566 million newly created common shares B). 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 the current 22% to approximately 14.8%. This aligned the voting rights with the beneficial ownership.

After the transaction, the Vereniging held an aggregate of 293 million common shares of a total of 2,066 million outstanding common shares in Aegon N.V. and all outstanding 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 common shares and common shares

B, sharing the same nominal value (EUR 0.12), have equal voting rights: one vote per share.

However, as a consequence of the amended voting rights agreement, the voting rights are limited to one vote per forty common shares B. Yet, in the event of a "special cause", Vereniging Aegon will be entitled to exercise its full voting rights, one vote per common share B. However, the full voting rights will never exceed 32.64% of the voting rights attached to the outstanding shares in the capital of Aegon N.V., provided that the financial interest of the Vereniging in Aegon N.V. remains below 32.64%.

In order to prevent dilution of voting rights in the event of such special cause, Vereniging Aegon is to exercise its option rights to acquire additional common shares B. It will then be entitled to exercise these rights whenever its full voting rights in the event of a special cause decrease to less than 32.64%, regardless of the cause of the decrease.

During 2013, the Vereniging exercised its option rights and acquired 13 million additional common shares B, as a result of which the Vereniging held a total of 579 million common shares B as at December 31, 2013.

Furthermore, the Vereniging concluded a new credit facility in the amount of EUR 650,000,000 with a consortium of banks led by Royal Bank of Scotland and ING. The financial facility has a three-year term (with the option to extend for one year) and took effect on May 29, 2013. The extended facility of EUR 1,050,000,000 expired at the same time.

As at December 31, 2013 the bank debt amounted to EUR 522,000,000.

On May 29, 2013 the Articles of Association of the Vereniging were amended to reflect the changes in Aegon N.V.'s capital structure. The Voting Rights Agreement and the 1983 Merger Agreement were correspondingly amended to reflect the restructuring of the share capital and the voting rights.

### Shareholding in Aegon N.V. and voting rights as at December 31, 2013

On June 14, 2013, in order to prevent dilution of voting rights at the General Meeting of Shareholders of Aegon N.V. in the event of a special cause, the Vereniging exercised its option rights to acquire the required common shares B at the derived market value. On December 31, 2013, the Vereniging held a total of approximately 293 million Aegon N.V. common shares and approximately 579 million common shares B.

On December 31, 2013, the Vereniging's voting rights in normal circumstances on common and common shares B amounted to approximately 14.6%, based on the number of outstanding and voting shares (excluding common shares held in treasury by Aegon N.V.). As at December 31, 2012, this was approximately 22%.

In the event of a special cause, the Vereniging's voting rights will increase for a maximum period of six months to the full number of votes, approximately 32.6% as at December 31, 2013 (as at December 31, 2012, this also was approximately 32.6%).

### Exercising voting and dividend rights

As in previous years, the Vereniging met its objectives in 2013 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 15, 2013.

Aegon N.V. distributed a final dividend for the year 2012 of EUR 0.11 per common share. An interim dividend for 2013 of EUR 0.11 per common share and EUR 0.00275 per common share B was also received. A preferred dividend of EUR 83,000,000 was received for the period from January 1, 2012, up to and including June 14, 2013.

### Members and Executive Committee

As at December 31, 2013, the General Meeting of Members of the Vereniging consisted of seventeen members, fifteen of whom are not affiliated with Aegon N.V. They are neither current nor former employees of Aegon N.V. or its associated companies, or of the Supervisory or Executive Board of Aegon N.V. The two other members are members of the Executive Board of Aegon N.V.

During the year under review, members Mr Nooitgedagt and Mr Pinedo stepped down. Mr Button was elected as a member. Ms Van Lier Lels and Mr Spruijt stepped down as scheduled and were re-elected as members of the Vereniging.

The Executive Committee of Vereniging Aegon has seven members, five of whom, including the chairman and the vice-chairman, are not and never have been affiliated with the Aegon Group. The other two members are also members of the Executive Board of Aegon N.V.

In 2013 Ms Van Lier Lels and Mr Spruijt stepped down as scheduled as members of the Executive Committee. Subsequently, the General Meeting of Members re-appointed them as members of the Executive Committee and Mr Button and Mr Knapen were also appointed as members of the Executive Committee.

### Remuneration

The members of the Executive Committee receive 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 2013, 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 2013, 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, LAVA 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**

Over the past few years, the Leyden Academy on Vitality and Ageing has continued to evolve. In addition to its educational programme, the research programme has developed further and both its national and international networks have grown. This progress has resulted in the creation of useful new joint ventures and the strengthening of existing joint ventures, such as those with Leiden University Medical Center, “Vereniging Het Zonnehuis” and “ILC Zorg voor Later”.

The Leyden Academy tightened up its strategic plan for the years 2012-2016. The fourth Executive Course, “Ageing and Healthcare”, took place in 2013, along with the masters course “Vitality and Ageing”.

In 2013, the Vereniging again provided LAVA 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, 2013, the Board of Directors of LAVA B.V. consisted of Mr R.G.J. Westendorp (chairman) and Ms M.A.E. van der Waal, and the Supervisory Board consisted of Mr W.M. van den Goorbergh (chairman), Ms M. de Visser, Mr B.F. Dessing and Mr J.W.B. Westerburgen.

For further information about Leyden Academy on Vitality and Ageing, please visit the organisation's website at [www.leydenacademy.nl](http://www.leydenacademy.nl).

### **2013 Financial Statements**

Under the accounting policies, the Aegon N.V. common shares held by the Vereniging were carried at fair market value, while the preferred shares were carried at purchase price or fair market value, whichever was lower. The latter is based on the net cash value of the discounted expected future cash flows.

The value of the shareholding Aegon N.V. was EUR 2,107,750,000 as at December 31, 2013, where the common shares B were carried at 1/40 of the market value of a common share on that

date. As at December 31, 2012, this value was EUR 1,880,809,000, where the preferred shares were carried at the net cash value of the discounted expected future cash flows.

The change in market value in the financial year is recognized in the statement of income and expenditure. Consequently, a positive change of value of EUR 596,350,000 was recognized in the statement of income and expenditure in respect of the common shares and a positive change of value of EUR 28,972,000 in respect of the common shares B.

The result for 2013 was a profit of EUR 676,231,000 (2012: a loss of EUR 760,349,000). The result for 2013 was significantly affected by the change in the market value of the Aegon N.V. common shares.

The Executive Committee recommends that the General Meeting of Members adopt the 2013 financial statements and grant the Executive Committee a discharge for its management in 2013.

The Hague, April 11, 2014

### **On behalf of the Executive Committee**

W.M. van den Goorbergh, *chairman*

**BALANCE SHEET AT DECEMBER 31**

(after appropriation of the result)

	<b>2013</b>	<b>2012</b>
<b>Fixed assets</b>		
<i>Financial fixed assets</i>		
Participation Aegon N.V., listed stock	2,008,421	825,991
Participation Aegon N.V., unlisted stock	99,329	1,054,818
Participating interest in Leyden Academy on Vitality and Ageing B.V.	964	937
	<b>2,108,714</b>	<b>1,881,746</b>
<b>Current assets</b>		
Prepayments and accrued income	6,843	59,400
Liquid assets	191	13
	<b>7,034</b>	<b>59,413</b>
<b>Total assets</b>	<b>2,115,748</b>	<b>1,941,159</b>
<b>Capital and reserves</b>	<b>1,592,029</b>	<b>915,798</b>
<b>Long-term liabilities</b>		
Credit facility consortium of banks	522,000	1,003,000
<b>Current liabilities</b>		
Other liabilities	1,719	22,361
<b>Total liabilities</b>	<b>2,115,748</b>	<b>1,941,159</b>

**STATEMENT OF INCOME AND EXPENDITURE**

<b>Income</b>	<b>2013</b>	<b>2012</b>
Dividend on Aegon N.V. common shares	51,113	34,332
Dividend on Aegon N.V. common shares B	1,592	-
Dividend on Aegon N.V. preferred shares	24,418	58,985
Change in value Aegon N.V. common shares	596,350	292,700
Change in value Aegon N.V. common shares B	28,972	-
<b>Total income</b>	<b>702,445</b>	<b>386,017</b>
<b>Expenses</b>		
Impairment on Aegon N.V. preferred shares	-	1,091,506
Financial expenses	24,119	53,076
Expenses	922	720
<b>Total expenses</b>	<b>25,041</b>	<b>1,145,302</b>
<b>Result participating interest</b>	<b>(1,173)</b>	<b>(1,064)</b>
<b>Result</b>	<b>676,231</b>	<b>(760,349)</b>

**CASH FLOW STATEMENT**

<b>Cash flow from operating and investing activities</b>	<b>2013</b>	<b>2012</b>
Dividend received on Aegon N.V. common shares	51,113	34,332
Dividend received on Aegon N.V. common shares B	1,592	-
Dividend received on Aegon N.V. preferred shares	83,403	58,912
Share premium received on Aegon N.V. preferred shares	400,000	-
	<b>536,108</b>	<b>93,244</b>
Payment on Aegon N.V. common shares B	(1,619)	-
Payment on Aegon N.V. preferred shares	-	(2,006)
Paid-up share premium Leyden Academy on Vitality and Ageing B.V.	(1,200)	(1,200)
Financial expenses paid	(51,225)	(46,520)
Expenses paid	(886)	(526)
	<b>481,178</b>	<b>42,992</b>
<b>Cash flow from financing activities</b>		
Repayment of credit facilities	<b>(481,000)</b>	<b>(43,500)</b>
<b>Movement in liquid assets</b>	<b>178</b>	<b>(508)</b>

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 the chapter entitled “**Credit facility consortium of banks**” on page 22.



## NOTES TO THE FINANCIAL STATEMENTS

### Introduction

To the extent that the Supervisory Board of Aegon N.V. does not use the annual profit to strengthen capital or create reserves, an annual dividend is paid on the average paid-up capital of 330 million Aegon N.V. preferred shares at a rate which is equal to the European Central Bank refinancing rate on the first business day of the year on the Euronext Amsterdam stock exchange plus 1.75 percentage points. The dividend on the preferred shares for the current year was set at 2.5% (last year this was 2.75%). Because of the conversion from preferred shares to common shares and common shares B, the preferred dividend was received until the conversion date (June 14, 2013).

The Vereniging has financial fixed assets of approximately EUR 2.1 billion (where the common shares and the common shares B are carried at the closing price on the Euronext Amsterdam stock exchange on December 31, 2013: EUR 6.862 or 1/40 thereof). At the same time, the Vereniging has outstanding debts of EUR 0.5 billion, for which bank facilities have been arranged until June 17, 2016.

As at December 31, 2013, Vereniging Aegon owned approximately 293 million Aegon N.V. common shares and approximately 579 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. If a dividend is taken in shares, an amount equal to the proceeds is added to the participation and accounted for through the statement of income and expenditure. An equal number of shares are immediately sold and the difference between the proceeds and the average cost of the shares is accounted for in the statement of income and expenditure.

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

	2013		2012	
	Number	Value	Number	Value
Balance as at January 1	171,974,055	825,991	171,974,055	533,291
Conversion of preferred shares	120,713,389	586,080	-	-
Revaluation financial year	-	596,350	-	292,700
<b>Balance as at December 31</b>	<b>292,687,444</b>	<b>2,008,421</b>	<b>171,974,055</b>	<b>825,991</b>

The market value of the common shares as at December 31, 2013, was EUR 2,008,421,000 (EUR 6.862 per share). At December 31, 2012, the fair market value was EUR 825,991,000 (EUR 4.803 per share). The cost of the common shares as at December 31, 2013, was EUR 2,929,741,000 (EUR 10.010 per share).

**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 and the Aegon N.V. preferred shares (value x EUR 1,000).

	2013		2012	
	Number	Value	Number	Value
Aegon N.V. common shares B.	579,005,440	99,329	-	-
Aegon N.V. preferred shares	-	-	329,773,000	1,054,818
<b>Balance as at December 31</b>	<b>579,005,440</b>	<b>99,329</b>	<b>329,773,000</b>	<b>1,054,818</b>

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

	2013		2012	
	Number	Value	Number	Value
Balance as at January 1	-	-	-	-
Conversion of preferred shares	566,313,695	68,738	-	-
Purchases	12,691,745	1,619	-	-
Revaluation financial year	-	28,972	-	-
<b>Balance as at December 31</b>	<b>579,005,440</b>	<b>99,329</b>	<b>-</b>	<b>-</b>

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, 2013, was EUR 99,329,000 (EUR 0.1716 per share). The purchase price of the common shares B at the end of 2013 was EUR 70,357,000 (EUR 0.1215 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 a special cause, Vereniging Aegon can decide to use its full voting rights, one vote for each common share B. However, the full voting rights will never exceed 32.64% of the voting rights attached to the outstanding shares in the capital of Aegon N.V., provided that the financial interest of the Vereniging in Aegon N.V. remains less than 32.64%.

In order to prevent dilution of voting rights in the event of a special cause, Vereniging Aegon can exercise its option rights 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.

Movements in preferred shares (value x EUR 1,000):

	2013		2012	
	Number	Value	Number	Value
Balance as at January 1	329,773,000	1,054,818	321,752,000	2,144,318
Purchases	-	-	8,021,000	2,006
	<b>329,773,000</b>	<b>1,054,818</b>	<b>329,773,000</b>	<b>2,146,324</b>
Impairment	-	-	-	(1,091,506)
Share premium received preferred shares A	-	(400,000)	-	-
Conversion preferred shares A	(211,680,000)	(640,270)	-	-
Conversion preferred shares B	(118,093,000)	(14,548)	-	-
<b>Balance as at December 31</b>	<b>-</b>	<b>-</b>	<b>329,773,000</b>	<b>1,054,818</b>

A dividend was received on the average paid-up capital on the preferred shares. It is equal to the European Central Bank refinancing rate on the first trading day on the Euronext Amsterdam stock exchange of the year to which the dividend relates, plus 1.75 percentage points. For 2013, a (pro rata) dividend of 2.5% was received (2012: 2.75%).

Both the preferred shares A and B were paid up at par value; in addition, a premium was paid up on the preferred shares A, although preferred shares A and preferred shares B carried equal rights.

The preferred shares were carried at the lower of purchase price or fair market value. In the context of the planned adjustment to Vereniging Aegon's shareholding in Aegon N.V., it was agreed that the fair market value of the preferred shares as at February 15, 2013, was EUR 1,055,000,000. This valuation was based on the net cash value of the discounted expected future cash flows (the expected future preferred dividends). From this, a lower market value became apparent, which led to a valuation of the preferred shares A at EUR 4.9144 (ex dividend) and the preferred shares B at EUR 0.1232 (ex dividend) as at December 31, 2012.

**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).

	<b>2013</b>	<b>2012</b>
Balance as at January 1	937	801
Paid-up share premium	1,200	1,200
	<b>2,137</b>	<b>2,001</b>
Result participating interest	(1,173)	(1,064)
<b>Balance as at December 31</b>	<b>964</b>	<b>937</b>

Leyden Academy on Vitality and Ageing B.V. commenced its activities in 2008, which tie in with the Vereniging's secondary objective, addressing issues such as the ageing of the population and maintaining vitality when growing older. Due to its relatively minor financial importance, the participating interest has not been consolidated in the financial statements.

**Current assets****Prepayments and accrued income**

Receivables are recorded at fair value and subsequently valued at amortized cost. Fair value and amortized cost are equal to face value (amounts x EUR 1,000).

	<b>2013</b>	<b>2012</b>
Expected preferred dividend	-	58,985
Prepaid upfront fee	6,843	415
<b>Total</b>	<b>6,843</b>	<b>59,400</b>

To obtain the new credit facility, Vereniging Aegon paid an upfront fee of EUR 8,353,600. This fee will be recognized pro rata in the statement of income and expenditure over the course of the three-year term.

**Liquid assets**

Under the credit agreement, free cash flow, less overhead and the yearly share premium on the paid-up share capital in LAVA B.V., may only be applied to pay interest and repay the credit facility. These receipts are allocated for this purpose to a blocked account with the Royal Bank of Scotland N.V. At the end of 2013, a blocked balance of EUR 5,000 (2012: EUR 5,000) remained in the account.

**Capital and reserves**

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

	<b>2013</b>	<b>2012</b>
Balance as at January 1	915,798	1,676,147
Result financial year	676,231	(760,349)
<b>Balance as at December 31</b>	<b>1,592,029</b>	<b>915,798</b>

**Long-term liabilities**

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

	<b>2013</b>	<b>2012</b>
<b>Credit facility consortium of banks</b>	<b>522,000</b>	<b>1,003,000</b>

The Vereniging has arranged a credit facility with a consortium of banks led by the Royal Bank of Scotland and ING. This credit facility consists of a "Facility A" (initially EUR 550 million) and a "Facility B" (with a maximum of EUR 100 million). Both facilities mature on June 17, 2016. The interest rate agreed for these facilities is based on EURIBOR rates, with an interest surcharge linked to Aegon N.V.'s solvency (i.e. credit rating). At year end 2013, the Facility A was paid down to EUR 521 million and EUR 1 million was drawn on Facility B.

To obtain the credit facility, Vereniging Aegon paid an upfront fee that will be recognized pro rata in the statement of income and expenditure over the three-year term. This fee has been separately accounted for under current assets and has not been deducted from the debt.

All assets and revenues have been pledged as collateral for the credit facility. The free cash flow, apart from overhead and the yearly share premium on the paid-up share capital of LAVA B.V., must be used to repay the credit facility.

**Current liabilities****Other liabilities**

(amounts x EUR 1,000):

	<b>2013</b>	<b>2012</b>
Deposits Leyden Academy on Vitality and Ageing B.V.	600	600
Accrued interest	631	21,189
Fees consortium of banks	195	316
Other liabilities	293	256
<b>Total</b>	<b>1,719</b>	<b>22,361</b>

**Contingent assets and liabilities**

The fee payable to Aegon N.V. in respect of the Support Services Agreement is set at EUR 240,000 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.

**Post-balance sheet events**

No events occurred after the balance sheet date that would affect the actual situation as at that date.

## 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. In the case of a stock dividend, the proceeds from these shares are taken to the statement of income and expenditure on the date of distribution.

#### **Dividend on common shares B Aegon N.V.**

Dividends on common shares B are dividends received in the financial year.

#### **Dividend on preferred shares**

The dividend on preferred shares consists of the European Central Bank refinancing rate on the first trading day of the year on the Euronext Amsterdam stock exchange, plus 1.75 percentage points. For 2013, this percentage was 2.5% (2012: 2.75%). The dividend is attributed to the reporting year to which the dividend relates.

#### **Change in value Aegon N.V. common shares**

The change in value common shares relates to the increase of the market value of Aegon N.V. common shares during the financial year.

#### **Change in value common shares B Aegon N.V.**

The change in value common shares B relates to the increase of the derivative market value (1/40 of a common share) of Aegon N.V. common shares B during the financial year.

### Expenses

#### **Impairment of preferred shares**

The impairment of preferred shares relates to the revaluation of the Aegon N.V. preferred shares in the previous financial year as a result of devaluation based on the net cash value of the discounted expected cash flows in future (the expected future preferred dividends).



**Financial expenses**

The financial expenses were as follows (amounts x EUR 1,000):

	<b>2013</b>	<b>2012</b>
Interest paid	20,282	45,800
Commissions paid to financial institutions	861	1,864
Upfront credit facility fee	2,976	5,412
	<b>24,119</b>	<b>53,076</b>

To obtain the renewed credit facility, a one-time upfront fee had to be paid to the consortium of banks. This fee will be recognized pro rata in the statement of income and expenditure over the term of the facility.

**Expenses**

The expenses were as follows (amounts x EUR 1,000):

	<b>2013</b>	<b>2012</b>
Costs of executive committee and members	260	244
Costs of visit to Aegon branch office abroad	-	108
Costs of Aegon N.V. support services	240	237
Costs of secretary's office	45	40
Accounting costs	61	51
Auditor's costs	29	29
PSAP and refinancing costs	285	-
Other costs	2	11
	<b>922</b>	<b>720</b>

The costs of executive committee and members include EUR 153,000 (2012: EUR 139,000) incurred by the Vereniging in the financial year for the remuneration of the members of the Executive Committee, pursuant to Section 2: 383(1), Book 2 of the Dutch Civil Code.

Visits to Aegon branch offices take place once every two years. In 2012, the Aegon branch office in Istanbul, Turkey, was visited.

The PSAP and refinancing costs include the costs of implementing the Preferred Shares Amendment Plan and the costs associated with the renewal of the credit facility. The support costs of the consortium of banks amounted to EUR 210,000, and the support costs of the executive committee amounted to EUR 75,000.

For further information on Aegon N.V., please refer to the Aegon N.V. financial statements for 2013, and the company's website at [www.aegon.com](http://www.aegon.com).

The Hague, April 11, 2014

**The Executive Committee**

W.M. van den Goorbergh, *chairman*

H.J.E. Bruins Slot, *vice-chairman*

D.D. Button

H.P.M. Knapen

M.E. van Lier Lels

H.P. Spruijt

A.R. Wynaendts

## OTHER INFORMATION

### **Statutory rules concerning appropriation of the result of income and expenditure**

The statutory rules of Vereniging Aegon do not stipulate the appropriation of the result.

### **Appropriation of the result of income and expenditure for the financial year 2012**

The annual report 2012 was approved in the General Meeting of Members held on April 18, 2013. The General Meeting of Members approved the appropriation of the result in accordance with the proposal being made by the Executive Committee.

### **Proposed appropriation of the result of income and expenditure for the financial year 2013**

The Executive Committee proposes to the General Meeting of Members to transfer the full result for the 2013 financial year to the capital of the Vereniging. The financial statements reflect this proposal.

## INDEPENDENT AUDITOR'S REPORT

### **Report on the financial statements**

We have audited the accompanying financial statements 2013 of Vereniging Aegon, The Hague, which comprise the balance sheet as at December 31, 2013 the statement of income and expenditure for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Executive Committee's responsibility*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion with respect to the financial statements*

In our opinion, the financial statements give a true and fair view of the financial position of Vereniging Aegon as at December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Executive Committee, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the Executive Committee, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

The Hague, April 11, 2014

**Ernst & Young Accountants LLP**

Signed by G.W. Hilverda





