



2016 ANNUAL REPORT



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Vereniging Aegon

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EXECUTIVE COMMITTEE AND MEMBERS

		Year of resignation	
		Scheduled	Final
Executive Committee	Members		
W.M. van den Goorbergh, chairman	H.J.E. Bruins Slot	2018	-
H.J.E. Bruins Slot, vice-chairman	B.F. Dessing	2018	2023
H.P.M. Knapen	H.A. Doek	-	2020
M.E. van Lier Lels	W.M. van den Goorbergh	2018	-
V.P.G. de Serière	C.M. Hooymans	2018	2022
H.P. Spruijt	C.J. Kalden	2020	2024
A.R. Wynaendts	H.P.M. Knapen	-	2018
	M.E. van Lier Lels	2017	2021
Secretary	P.L. Meurs	2020	2024
T.H.M. Schijf	R.J. Meuter	2020	2024
	N.A. Mourits	2020	2024
	T.L. Nagel	2020	2028
	E.M. Sent	2018	2022
	V.P.G. de Serière	2019	2027
	H.P. Spruijt	-	2017
	H.A. van der Til	2018	2022
	A.R. Wynaendts	-	-

Executive Committee as at December 31, 2016

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 and the Wilde Ganzen Foundation and a member of the Board of De12Landschappen.



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 associated with 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 has held 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. Until August 1, 2016, she was a member of the Council for Environment and Infrastructure.



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 to 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 and a member of the Vereniging OOM/Aegon. He also is a member of the Boards of two cultural foundations.



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., Jumbo Diset B.V. (games) and of Koninklijke BDU Holding B.V., and a member of the Board of Stichting Luchtmans (a protective arrangement 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, 2016



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 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 N.V., Topfonds Gelderland B.V., chairman of the Board of Stichting Kasteel Middachten and, until August 31, 2016, a member of the Board of Stichting Introdans. He also is Treasurer of Europa Nostra at Amsterdam/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), and director of research of Plant Research International, 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.



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 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.



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 extraordinary 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).



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 N.V. and Advanced Metallurgical Group N.V. He also is 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 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.



T.L. Nagel (1960) became a member of Vereniging Aegon in 2016. Ms Nagel has had a long career in the financial sector. After completing her law studies at Utrecht University, she began her career in 1985 at Amro Bank. In 1986, she transitioned to Van Lanschot Bankiers, where she held various positions, most recently as Executive Director of Private Banking Netherlands.

Since August 1, 2009, Ms Nagel has been chairman of the Board of Directors of Theodoor Gilissen Bankiers. In addition, Ms. Nagel holds various other positions. She is a member of the Supervisory Board of Stichting Dutch Maritime Museum, a member of the Supervisory Board of Feather Foundation, a board member of the University Foundation of the University of Utrecht, and an Advisory Member of Frans Hals Museum.



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 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.



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, the Royal Netherlands Navy Command in Den Helder. He is chairman of the Board of the Stichting De Reenske Compagnie, which administers 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 healthy and vigorous 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 operations 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 was for Aegon N.V. 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 beneficial 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.

- 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 programme 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 programme, 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 programme, 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.

- Development shareholding Aegon N.V.

Number of shares	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

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.verenigingaegon.nl.

REPORT OF THE EXECUTIVE COMMITTEE

Developments in 2016

Shareholding and voting rights as at December 31, 2016

By participating in the second tranche of the Aegon N.V. share buy-back programme in 2016, the shareholding of Vereniging Aegon was reduced by 13.5 million common shares of Aegon N.V. as a result of which the Vereniging held a total of approximately 279 million Aegon N.V. common shares as at December 31, 2016.

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

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. exceeding the agreed 32.64%.

On December 31, 2016, the Vereniging's voting rights in normal circumstances on common and common shares B amounted to approximately 14.4%, based on the number of outstanding and voting shares (excluding common shares held in treasury by Aegon N.V.). This figure was approximately 14.5% as at December 31, 2015. 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, approximately 32.6% as at December 31, 2016 (this figure was also approximately 32.6% as at December 31, 2015).

Exercising voting and dividend rights

As in previous years, the Vereniging met its objectives in 2016 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 20, 2016.

Aegon N.V. distributed a final dividend for the year 2015 of EUR 0.13 per common share, and EUR 0.00325 per common share B. An interim dividend for 2016 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, 2016, the bank debt amounted to EUR 289,000,000.

Members and Executive Committee

As at December 31, 2016, the General Meeting of Members of the Vereniging consisted of seventeen 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 member, a member B, is a member of the Executive Board of Aegon N.V.

During the year under review, members A, Ms Meurs, Mr Doek, Mr Kalden, Mr Knapen, Mr Meuter, and Mr Mourits, stepped down as scheduled and were re-elected as members A of the Vereniging. Moreover member A, Ms Krikke, stepped down permanently. In the year under review, member B, Mr Button, permanently stepped down given his resignation as a member of the Executive Board of Aegon N.V. Ms Nagel was admitted by the General Meeting of Members as a new member A.

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

The other member, a member B, is also a member of the Executive Board of Aegon N.V.

In 2016, Mr Knapen stepped down as scheduled as a member A of the Executive Committee. Subsequently, the General Meeting of Members re-appointed him as a member A of the Executive Committee. In 2016, Mr Button permanently stepped down as a member B of the Executive Committee.

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 2016, 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 2016, 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 2016, 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, 2016, 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 and Mr J.W.B. Westerburgen.

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

2016 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 1,534,047,000 as at December 31, 2016, 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, 2015, this value was EUR 1,607,247,000.

The change in market value in the financial year is recognized in the statement of income and expenditure. Consequently, in 2016 a decrease of value of EUR 12,907,000 was recognized in the statement of income and expenditure in respect of the common shares and a decrease of value of EUR 325,000 in respect of the common shares B.

The result for 2016 was a profit of EUR 50,971,000 (2015: a loss of EUR 259,712,000). The result for 2015 was significantly affected by the change in the market value of Aegon N.V. shares, a loss of EUR 316 million. Due to a much lower loss in 2016, a loss of EUR 13 million, a positive financial result was realized.

As at December 31, 2016 the solvability (equity/balance sheet total) is equal to 81.2% (2015: 74.3%). Thus it seems guaranteed that the Vereniging can meet her obligations on the long term.

The Executive Committee recommends that the General Meeting of Members adopt the 2016 financial statements and grant the Executive Committee a discharge for its management in 2016.

Risk paragraph

The main objective of Vereniging Aegon is to exercise the voting rights attached to the Aegon N.V. securities 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 2016 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 2017

In 2017, the loan servicing costs will decrease further as a result of repayments in 2016 and lower interest rates. Presuming that Aegon N.V. implements a sound dividend policy, the Vereniging expects to repay approximately EUR 68 million of its financing in 2017.

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 2016 at Vereniging Aegon (2015: none);
- Vereniging Aegon has one participating interest.

The Hague, March 30, 2017

On behalf of the Executive Committee

W.M. van den Goorbergh, chairman

BALANCE SHEET AT DECEMBER 31

(after appropriation of the result)

	2016	2015
Fixed assets		
<i>Financial fixed assets</i>		
Participation Aegon N.V., listed stock	1,459,849	1,530,756
Participation Aegon N.V., unlisted stock	74,198	76,491
Participating interest in Leyden Academy on Vitality and Ageing B.V.	1,308	1,067
	1,535,355	1,608,314
Current assets		
Liquid assets	431	376
Total assets	1,535,786	1,608,690
Capital and reserves	1,246,393	1,195,422
Long-term liabilities		
Credit facility consortium of lenders	287,231	411,726
Current liabilities		
Other liabilities, accruals and deferred income	2,162	1,542
Total liabilities	1,535,786	1,608,690

STATEMENT OF INCOME AND EXPENDITURE

Income	2016	2015
Dividend on Aegon N.V. common shares	72,602	70,245
Dividend on Aegon N.V. common shares B	3,746	3,510
Total income	76,348	73,755
Expenses		
Change in value Aegon N.V. common shares	12,907	301,175
Change in value Aegon N.V. common shares B	325	15,130
Financial expenses	10,467	15,279
Expenses	719	647
Total expenses	24,418	332,231
Result participating interest	(959)	(1,236)
Result	50,971	(259,712)

CASH FLOW STATEMENT

Cash flow from operating and investing activities	2016	2015
Dividend received on Aegon N.V. common shares	72,602	70,245
Dividend received on Aegon N.V. common shares B	3,746	3,510
Sales proceeds Aegon N.V. common shares	58,000	-
Sales proceeds Aegon N.V. common shares B	1,968	-
	136,316	73,755
Payment on Aegon N.V. common shares B	-	(658)
Paid-up share premium Leyden Academy on Vitality and Ageing B.V.	(1,200)	(1,200)
Financial expenses paid	(10,194)	(12,469)
Expenses paid	(867)	(844)
	124,055	58,584
Cash flow from financing activities		
Repayment of credit facilities	(124,000)	(59,000)
Movement in liquid assets	55	(416)

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 21.

NOTES TO THE FINANCIAL STATEMENTS

Residential address

Vereniging Aegon (Trade Register number 40531114) registered office is seated on Aegonplein 50 at The Hague.

Introduction

The Vereniging has financial fixed assets of approximately EUR 1.5 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, 2016: EUR 5.228 or 1/40 thereof). At the same time, the Vereniging has outstanding debts of EUR 289 million, for which credit facilities have been arranged until April 7, 2019 (with a double option to extend the term to a maximum of five years).

As at December 31, 2016, Vereniging Aegon owned approximately 279 million Aegon N.V. common shares and approximately 568 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.

Altered presentation of the prepaid upfront fee

In the past the prepaid upfront fee was accounted for as "Prepayments and accrued income" as part of the assets on the balance sheet. As of 2016 the prepaid upfront fee is offset against the credit facility consortium of lenders, that has to be accounted for at amortized cost. Therefore the comparative figures have been adapted. The change in presentation does not affect the state of income and expenditure or the capital and reserves.

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):

	2016		2015	
	Number	Value	Number	Value
Balance as at January 1	292,687,444	1,530,756	292,687,444	1,831,931
Sales	(13,450,835)	(58,000)	-	-
Revaluation financial year	-	(12,907)	-	(301,175)
Balance as at December 31	279,236,609	1,459,849	292,687,444	1,530,756

In 2016 Vereniging Aegon participated in the Aegon buy-back programme and, at the average rate during the period May 13 until May 16, 2016, sold 13,450,835 common shares at EUR 58,000,000. The proceeds were used to partially redeem the credit facility.

The market value of the common shares as at December 31, 2016, was EUR 1,459,849,000 (EUR 5.228 per share). At December 31, 2015, the fair value was EUR 1,530,756,000 (EUR 5.230 per share). The cost of the common shares as at December 31, 2016, 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 and from exercising the option rights.

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

	2016		2015	
	Number	Value	Number	Value
Balance as at January 1	585,022,160	76,491	581,325,720	90,963
Sales/purchases	(17,324,960)	(1,968)	3,696,440	658
Revaluation financial year	-	(325)	-	(15,130)
Balance as at December 31	567,697,200	74,198	585,022,160	76,491

In order to prevent, following the sale of common shares, the full voting rights at the general meeting of shareholders of Aegon N.V. exceeding the agreed 32.64%, based on the average rate during the period May 30 until June 3, 2016 of Aegon N.V. common shares, Vereniging Aegon sold 17,324,960 common shares B at EUR 1,968,000. The proceeds were used to partially redeem the credit facility.

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, 2016, was EUR 74,198,000 (EUR 0.13070 per share). At December 31, 2015, the derivative market value was EUR 76,491,000 (EUR 0.13075 per share). The purchase price of the common shares B at the end of 2016 was EUR 69,265,000 (EUR 0.12201 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):

	2016	2015
Balance as at January 1	1,067	1,103
Paid-up share premium	1,200	1,200
	2,267	2,303
Result participating interest	(959)	(1,236)
Balance as at December 31	1,308	1,067

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.

	2016	2015
Liquid assets	431	376

Under the credit agreement, free cash flow, less overhead 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):

	2016	2015
Balance as at January 1	1,195,422	1,455,134
Result financial year	50,971	(259,712)
Balance as at December 31	1,246,393	1,195,422

Appropriation of the result of income and expenditure for the 2015 financial year

The 2015 annual report was approved in the General Meeting of Members held on April 28, 2016. 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 2016 financial year

The Executive Committee proposes that the General Meeting of Members adds the result for the 2016 financial year 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).

	2016	2015
Credit facility consortium of lenders	287,231	411,726

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 2016, the Facility A was paid down to EUR 188 million and EUR 1 million was drawn on Facility C. During the term no redemption will take place on Facility B, nominal EUR 100 million.

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 2016 the margin was 2% (Facility A and C) and 2.15% (Facility B).

As was case with the former credit facility, in order to obtain the new 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. The partial prepayment of EUR 1,769,000 (2015: EUR 1,274,000) 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 recognized 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. 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)

	2016	2015
Deposits Leyden Academy on Vitality and Ageing B.V.	600	600
Accrued interest Facility A and C (formerly A and B)	136	459
Accrued interest Facility B	1,332	-
Fees consortium of lenders	34	441
Other liabilities	60	42
Total	2,162	1,542

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 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 (2015: EUR 0.24).

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 (2015: EUR 0.006).

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 decrease in value for 2016 was EUR 0.002 per share (2015: decrease of EUR 1.029 per share), what led to a loss of EUR 559,000. The participation in the Aegon N.V. share buy-back programme led to the realization of an additional loss of EUR 12,348,000 compared to the valuation as at December 31, 2015.

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 decrease in value for 2016 was EUR 0.00005 per share B (2015: decrease of EUR 0.025725 per share B), what led to a loss of EUR 28,000. In order to prevent that its full voting rights at the general meeting of shareholders of Aegon N.V. would exceed the agreed 32.64%, common shares B were sold. As a result, compared to the valuation as at December 31, 2015, a loss of EUR 297,000 was realized.

Expenses

Financial expenses

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

	2016	2015
Interest paid	8,137	11,474
Commissions paid to financial institutions	605	1,020
Upfront fee credit facility	1,725	2,785
	10,467	15,279

In 2016, an average of EUR 355 million (2015: EUR 449 million) of the credit facility was used and the average interest rate was 2.29% (2015: 2.50%).

Due to the limited use of facility C (formerly Facility B), an average of EUR 5.5 million of the available EUR 45 million (until May 23, 2016: EUR 100 million), a near-maximum commission was paid for 2016 as well as 2015.

In order to obtain the current credit facility, as was the case with the former facility, a one-time upfront fee was to be 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.

Expenses

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

	2016	2015
Costs of executive committee and members	264	259
Costs of visit to Aegon branch office abroad	77	-
Costs of Aegon N.V. support services	266	266
Costs of secretary's office	42	39
Accounting costs	40	40
Auditor's costs	34	31
Legal advisory costs	11	7
Refinancing costs	144	-
Other costs	6	5
	884	647
Various benefits	(165)	-
	719	647

The costs of the executive committee and members include EUR 171,500 (2015: EUR 165,000) incurred by the Vereniging in the financial year for the remuneration of the members of the Executive Committee, pursuant to Section 2:383(1) of the Dutch Civil Code.

Visits to Aegon branch offices take place once every two years. In 2016, the Aegon branch office in Madrid, Spain, was visited.

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

The refinancing costs comprise the coordination fee and the documentation costs paid on behalf of the credit facility.

Various benefits arose from the release of accrued costs from previous years as of 2011.

For further information on Aegon N.V., please refer to the Aegon N.V. financial statements for 2016 and the company's website at www.aegon.com.

The Hague, March 30, 2017

The Executive Committee

W.M. van den Goorbergh, chairman

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

H.P.M. Knapen

M.E. van Lier Lels

V.P.G. de Serière

H.P. Spruijt

A.R. Wynaendts

OTHER INFORMATION

Post-balance sheet events

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

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 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 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 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2016
- The statement of income and expenditure for 2016
- 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 pursuant to Part 9 of Book 2 of the Dutch Civil Code

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.

Report on other legal and regulatory requirements

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 it 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, 30 March 2017

Ernst & Young Accountants LLP

Signed by G.W. Hilverda

