

Annual Report 2018

Vereniging Aegon

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This is a translation of the Dutch text of the 2018 Annual Report of Vereniging Aegon.
In the event of a difference in interpretation, the Dutch text prevails.

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Executive Committee and Members

Executive Committee

W.M. van den Goorbergh, *chairman*
M.E. van Lier Lels, *vice-chairwoman*
C.J. Kalden
M.J. Rider
V.P.G. de Serière
J.W.Th. van der Steen
A.R. Wynaendts

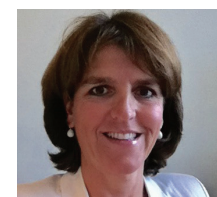
Secretary

S. van Nieuwkuyk

Members

B.F. Dessing
H.A. Doek
W.M. van den Goorbergh
C.M. Hooymans
C.J. Kalden
M.E. van Lier Lels
H.J. Machielsen
P.L. Meurs
R.J. Meuter
N.A. Mourits
M.J. Rider
E.M. Sent
V.P.G. de Serière
Th. van der Steen
M.J. Tijssen
H.A. van der Til
A.R. Wynaendts

Executive Committee as at December 31, 2018



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 currently holds several executive and supervisory positions.



M.E. van Lier Lels (1959)

has been a member of Vereniging Aegon since 2009. She joined the Executive Committee in 2012 and was appointed as its vice-chairwoman in 2018. She was director of Operations for the Schiphol Group until 2005. Since then, Ms Van Lier Lels holds various supervisory and executive positions as a member of the Supervisory Boards of RELX PLC, NS (Dutch Railways), Dura Vermeer and as chairwoman of the Supervisory Board of Innovation Quarter.



C.J. Kalden (1948)

has been a member of Vereniging Aegon since 2012. He joined the Executive Committee in 2017. Until May 2013, he was the director of Staatsbosbeheer. His previous positions include that of secretary-general of the former Ministry of Agriculture, Nature and Food Quality (LNV). He holds several executive and supervisory positions, including as 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.



M.J. Rider (1963)

became a member of Vereniging Aegon and its Executive Committee in 2017. Mr Rider is a member of the Executive Board and Chief Financial Officer of Aegon N.V.



V.P.G. de Serière (1949)

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



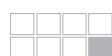
J.W.Th. van der Steen (1954)

has been a member of Vereniging Aegon since 2017 and joined the Executive Committee in 2018. Mr Van der Steen is a Supervisory Board member and advisor. He is chairman of the Supervisory Board of BinckBank N.V. and of Princess Sportsgear & Travel B.V., vice-chairman of Amsterdam RAI B.V., Executive Board member of Stadhold Insurances Luxemburg S.A., and advisor of Aon Group Nederland B.V. He is also a Board member of the RCO donors' foundation (Royal Concertgebouw Orchestra) of Amsterdam. Until 2014, Mr Van der Steen served in various international functions within Aon Corporation and until 2006 as chairman of the Board of Aon Group Nederland B.V. Previously, he worked at ING Bank.



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.



S. van Nieuwkuyk (1964)

was secretary to the Executive Committee since 2017 and stepped down effective January 1, 2019. Ms J.S. van der Woude was appointed secretary to the Executive Committee on February 1, 2019.

Other members as at December 31, 2018



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 Boards of SPF Beheer B.V., ACTA Holding B.V., Leyden Academy on Vitality and Ageing B.V., and the NOS (Dutch Broadcast Foundation), and as chairman of Stichting Nederlandse Hart Registratie.



H.A. Doek (1947)

has been a member of Vereniging Aegon since 2008. He was a partner at Loyens & Loeff and, until June 2011, a member of the Senate of the Dutch Parliament. Mr Doek holds several executive and supervisory positions. He is chairman of the Board of Stichting Kasteel Middachten seated in De Steeg. He also is treasurer of Europa Nostra at The Hague/Brussels.



C.M. Hoymans (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 and managing director of Applied Plant Research B.V. and of the Rijks-Kwaliteitsinstituut voor Land- en Tuinbouwproducten (State Quality Institute for Agricultural and Horticultural Products), all based in Wageningen. Until July 1, 2018 she was a member of the Supervisory Board of Rabobank Vallei en Rijn. She is currently a member of the Supervisory Boards of KeyGene B.V., the Diabetesfonds, Erasmus MC Rotterdam, and HAN University of Applied Sciences.



H.J. Machielsen (1960)

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



P.L. Meurs (1953)

became a member of Vereniging Aegon in 2012. She is professor of Healthcare Governance at Erasmus University and was a member of the Senate of the Dutch Parliament until February 1, 2013. Subsequently, she first became a member and thereafter an associate member of the Dutch Safety Board. Since January 1, 2015, she has been chairwoman of the Council for Health and Society. Ms Meurs also holds several other executive and supervisory positions, in particular in the field of healthcare. Until June 2015, she was chairwoman of the Board of ZonMw (the Dutch Organization for Health Research and Development). She is a member of the Supervisory Board of AMC (the Amsterdam University Medical Center). Since August 26, 2016, she has also been a member of the Supervisory Council of the University of Amsterdam (UvA), since January 1, 2017 a member of the Supervisory Board of ArtEZ, College of Fine Arts, and since January 1, 2018 a member of the Supervisory Board of the Parnassiagroep.



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. He also is chairman of the Board of Stichting Continuïteit of Vistaprint.



N.A. Mourits (1947)

became a member of Vereniging Aegon in 2012. From 2000 to 2011, Mr Mourits was the managing director of NVA, a Dutch association of insurance intermediaries and financial service providers. In previous years, Mr Mourits was managing director of the Department of Municipal Taxes in Amsterdam and of the former Sluis-, Brug- en Havengelddienst, thereafter Binnenwaterbeheer Amsterdam. He is a member of the Geschillencommissies (Arbitration Boards) for the Legal Profession, the Notarial Profession, and the BOVAG.



E.M. Sent (1967)

became a member of Vereniging Aegon in 2010. She has been professor of Economic Theory and Economic Policy at Radboud University Nijmegen since 2004 and 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 a 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 the editor of the Journal of Institutional Economics.



M.J. Tijssen (1957)

became a member of Vereniging Aegon in 2018. Until 2007, Ms Tijssen worked at ABN AMRO Bank in several positions. In 2009, she entered the Fintech-world as the founder of Five Degrees, an IT provider of core banking systems. In 2014, she became vice-chairwoman of the Supervisory Board of Univé Coöperatie and chairwoman of the Supervisory Board of Univé Schade N.V.



H.A. van der Til (1956)

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

Objectives

Primary objective

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

Secondary objective

The Vereniging considers it important that, in addition to its primary objective, it also shapes its social responsibility in the spirit of its roots as caretaker of mutual solidarity. For that purpose, it facilitates a centre for the research and promotion of vitality and healthy ageing. Since 2008, 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 ('the Vereniging') 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. (the name of this company was subsequently 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 became entitled 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'.

Developments in shareholding and voting rights of Vereniging Aegon in Aegon N.V.

As of the merger in 1983 until the first half of the nineties of the previous century, the Vereniging's shareholding amounted to 40% of the issued common shares in Aegon N.V. and all preferred shares. As a result, the Vereniging held approximately 54% of the total voting rights in Aegon N.V.

In the period from 1996 to 2001, Aegon N.V. made some major acquisitions that were financed in part with its own shares. In the spirit of its objectives, the Vereniging successfully supported Aegon N.V. with these acquisitions by selling a portion of its common shares to Aegon N.V. It compensated the resulting dilution primarily by exercising its option rights to acquire new preferred shares. In addition, the Vereniging borrowed funds from a consortium of banks to replenish its reduced position in common shares in Aegon N.V.

The Vereniging concluded a Recapitalization Agreement with Aegon N.V. in 2002. This agreement led to a substantial reduction of its bank debt and a decrease in the number of common shares held. 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. To prevent dilution of its voting rights in Aegon N.V., the 1983 Merger Agreement was adjusted: the existing call option rights were amended into call option rights to acquire preferred shares B. As a result of this recapitalization and restructuring, the Vereniging's shareholding in common shares in Aegon N.V. decreased to approximately 12%, and its full voting rights decreased to approximately 33%. In 2003, the Vereniging and Aegon N.V. concluded a voting rights agreement stipulating that, under normal circumstances, the Vereniging would waive part of its voting rights on the preferred shares; however, in the event of a 'special cause', the Vereniging remained entitled to exercise the full voting rights.

In 2013, the capital of Aegon N.V. was restructured. Aegon N.V.'s aim was to simplify its capital structure and maintain a high-quality capital base under the new European Union solvency requirements (Solvency II). In this context, all preferred shares were converted partly into cash, partly into common shares and partly into common shares B. This restructuring enabled the Vereniging to considerably reduce its bank debt. The difference between common shares and common shares B lies in the financial rights attached to the common shares B, which rights amount to 1/40 of a common share. All other rights attached to the common shares B are identical to those of the common shares. As common shares and common shares B have the same nominal value, both have equal voting rights: one vote per share.

In 2013, the Voting Rights Agreement and the 1983 Merger Agreement were also amended. The amended Voting Rights Agreement stipulates that under normal circumstances, i.e. the absence of a 'special cause', the voting rights are limited to one vote for each forty common shares B. In the event of a 'special cause', the Vereniging will be entitled to exercise its full voting rights, i.e. one vote per common share B. In that case, the full voting rights of the Vereniging will be equal to 32.64% of the voting rights attached to the outstanding shares in Aegon N.V.'s capital.

The amendment of the 1983 Merger Agreement applied to the call option: the Vereniging received the call option right to acquire common shares B in order to maintain its full voting rights at 32.64%. It will be entitled to exercise this option whenever the full voting rights of the Vereniging in the event of a 'special cause' decrease to less than 32.64%, regardless of the reason for this decrease.

Between 2013 and the end of 2017, the Vereniging exercised its option rights several times, mainly when Aegon N.V. issued shares in light of its stock option plans as part of the remuneration of its senior management.

In 2016, the Vereniging participated in the Aegon N.V. share buy-back program, resulting in no change in its relative holding of common shares in Aegon N.V. As a result of this transaction, the Vereniging's shareholding was reduced. Following the Aegon N.V. share buy-back program, the Vereniging sold common shares B to Aegon N.V. in order to maintain its 32.64% full voting rights in Aegon N.V.

Recent developments in the Vereniging's shareholding

On balance in 2018, the Vereniging acquired 1.5 million common shares B in Aegon N.V.

Developments in Aegon N.V. shareholding

Number of shares	Common	Common B
Per December 31, 2014	292,687,444	581,325,720
Per December 31, 2015	292,687,444	585,022,160
Per December 31, 2016	279,236,609	567,697,200
Per December 31, 2017	279,236,609	569,676,480
Per December 31, 2018	279,236,609	571,165,680

Leyden Academy on Vitality and Ageing

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 the Vereniging is the sole shareholder. In 2008, the Vereniging 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 payments 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 Leyden University Medical Centre, Leyden University, the Jo Visser fonds, ZonMW, and several government agencies. For further information on Leyden Academy on Vitality and Ageing please visit the website at www.leydenacademy.nl.

Website Vereniging Aegon

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

Report of the Executive Committee

Developments in 2018

Shareholding and voting rights as at December 31, 2018

During the reporting year, the holding of common shares in Aegon N.V. did not change. The Vereniging held a total of approximately 279 million Aegon N.V. common shares as at December 31, 2018.

In order to prevent the dilution of its voting rights, the Vereniging acquired approximately 1.5 million common shares B, allowing it to maintain full voting rights at the general meeting of Aegon N.V. at the agreed 32.64%.

The Vereniging's voting rights exercisable under normal circumstances on common and common shares B amount to approximately 14.33% as at December 31, 2018, based on the number of outstanding voting shares (excluding common shares held in treasury by Aegon N.V.). The number was 14.35% as at December 31, 2017.

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, 32.64%, as at December 31, 2018 (32.64% as at December 31, 2017).

Exercising voting and dividend rights

As in previous years, the Vereniging met its objectives in 2018 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 Aegon N.V. held on May 18, 2018.

Aegon N.V. distributed a final dividend for the year 2017 of EUR 0.14 per common share, and EUR 0.0035 per common share B. An interim dividend for 2018 of EUR 0.14 per common share and EUR 0.0035 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, comprises multiple parts (A, B, C) and had an initial term of three years. On March 26, 2018 the option to extend the term was utilized. Part A, amounting to EUR 121,000,000, and Part C amounting to EUR 20,000,000, were extended to April 7, 2020 and Part B, amounting to EUR 100,000,000, was extended to July 1, 2021. As at December 31, 2018, the total debt under the credit facility amounted to EUR 145,000,000 at par value (excluding the prepaid upfront fee of EUR 535,000).

Members and Executive Committee

As at December 31, 2018, the General Meeting of Members of the Vereniging comprised 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, and neither current nor former members of the Supervisory or Executive Board of Aegon N.V. The other members, members B, are members of the Executive Board of Aegon N.V.

During the year under review, members A, Ms Hooymans, Ms Sent, Mr Van den Goorbergh, Mr Dessing and Mr Van der Til, stepped down as scheduled and were reappointed as members A of the Vereniging. Mr Bruins Slot and Mr Knapen, both members A, stepped down and were not eligible for reappointment. Ms Tijssen was admitted by the General Meeting of Members as a new member A.

As at December 31, 2018, the Executive Committee of Vereniging Aegon had seven members, five of whom are members A, including the chairman and the vice-chairman, who are not and never have been affiliated with the Aegon Group. The other members, members B, are members of the Executive Board of Aegon N.V.

After Mr Van den Goorbergh stepped down as scheduled and was reappointed as a member A, he was reappointed by the General Meeting of Members as a member A and chairman of the Executive Committee.

In 2018, Mr Bruins Slot and Mr Knapen, stepped down as members A of the Executive Committee and were not eligible for reappointment. Subsequently, the General Meeting of Members appointed Mr Van der Steen as a member A of the Executive Committee.

After Mr Bruins Slot had stepped down, Ms Van Lier Lels was appointed vice-chairwoman of the Executive Committee.

The secretary of the Executive Board, Ms Van Nieuwkuyk, stepped down for health reasons. It is with deep regret that the Vereniging took note of the passing of Ms Van Nieuwkuyk on February 21, 2019. The Executive Committee would like to express its thanks for her commitment, experience and interest in all involved in the Vereniging.

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 determines all fee amounts. In 2018, the chairman of the Executive Committee received a fee of EUR 28,500, and the vice-chairwoman received a fee of EUR 23,000. The fee for the other members of the Executive Committee was EUR 20,000 each. In 2018, 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 2018, the Vereniging again provided Leyden Academy on Vitality and Ageing B.V. an amount of EUR 1,200,000. This was effectuated by means of share premium payments on the existing paid-up share capital.

As at December 31, 2018, the Board of Directors of Leyden Academy on Vitality and Ageing B.V. consisted of Mr J.P.J. Slaets (chairman) and Ms M.A.E. van der Waal.

The Supervisory Board consisted of Mr W.M. van den Goorbergh (chairman), Ms M. de Visser, Mr B.F. Dessing, Mr J.W.B. Westerburgen and Mr M.J. Janssen.

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

2018 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 1,197,251,000 as at December 31, 2018, 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, 2017, the value was EUR 1,559,838,000.

The change in market value in the financial year is recognized in the statement of income and expenditure. Consequently, in 2018 a decrease in value of EUR 345,136,000 was recognized in the statement of income and expenditure in respect of the common shares and a decrease in value of EUR 17,669,000 in respect of the common shares B.

The result for 2018 was a loss of EUR 287,908,000 (2016: profit EUR 93,843,000). The lower result can be attributed in particular to a fall in the market value of Aegon N.V. shares of EUR 363 million (2017: a rise in market value of EUR 26 million) and increased dividend revenues of EUR 82 million (2017: EUR 76 million). Reduced financing costs (a decrease of EUR 1.5 million) also mitigated the negative result.

As at December 31, 2018, solvability (equity/balance sheet total) is equal to 87.8% (2017: 85.7%). The Vereniging therefore expects to meet its obligations in the long term.

The Executive Committee recommends that the General Meeting of Members adopt the 2018 financial statements and grant the Executive Committee discharge for its management in 2018.

Risk paragraph

The main objective of the Vereniging is to exercise the voting rights attached to the shares it holds in Aegon N.V. Consequently, the only relevant risk is its failing to achieve this objective, either in whole or in part. Such risk could only arise if the Vereniging fails to comply with its obligations towards 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. In the shorter term, the financing of the Vereniging allows sufficient flexibility to accommodate such a situation.

In addition, the Vereniging's expenses could increase sharply if general interest rates were to rise rapidly and radically. Interest rate fluctuations are closely monitored by the Executive Committee and if necessary the interest risk will be hedged. The Vereniging did not execute any hedge transactions in 2018.

The Vereniging's financing costs have dropped substantially in the past few years to EUR 5.16 million in 2018. The coverage ratio for the financing costs is almost 16 times, based on the (dividend) revenues of the Vereniging.

More generally, the Vereniging's policy is aimed at further reducing its financing arrangements.

Preview of 2019

In 2019, the Vereniging's financing costs will decrease further as a result of the repayments in 2018. Assuming that Aegon N.V. maintains a stable dividend policy, the Vereniging again expects to repay a substantial part of its financing arrangements in 2019.

General information with regard to the entity and the related company

The Vereniging employed no staff in 2018 (2017: none). The Vereniging is the sole shareholder in one participating interest.

The Hague, March 28, 2019

On behalf of the Executive Committee,

W.M. van den Goorbergh, chairman

Balance sheet at December 31

(after appropriation of the result)

(amounts x EUR 1,000)

	2018	2017
Fixed assets		
<i>Financial fixed assets</i>		
Participation Aegon N.V., listed stock	1,139,006	1,484,142
Participation Aegon N.V., unlisted stock	58,245	75,696
Participating interest in Leyden Academy on Vitality and Ageing B.V.	1,321	1,451
	1,198,572	1,561,289
Current assets		
Other receivables	301	1,725
Liquid assets	55	362
	1,198,928	1,563,376
Capital and reserves	1,052,328	1,340,236
Long-term liabilities		
Credit facility consortium of lenders	144,465	220,971
Current liabilities		
Other liabilities, accruals and deferred income	2,135	2,169
	1,198,928	1,563,376

Statement of income and expenditure

(amounts x EUR 1,000)

	2018	2017
Income		
Dividend on Aegon N.V. common shares	78,186	72,602
Dividend on Aegon N.V. common shares B	3,998	3,745
Change in value Aegon N.V. common shares	-	24,293
Change in value Aegon N.V. common shares B	-	1,549
Total income	82,184	102,189
Expenses		
Change in value Aegon N.V. common shares	345,136	-
Change in value Aegon N.V. common shares B	17,669	-
Financing costs	5,162	6,610
Expenses	795	679
Total expenses	368,762	7,289
Result participating interest	(1,330)	(1,057)
Result	(287,908)	93,843

Cash flow statement

(amounts x EUR 1,000)

	2018	2017
Cash flow from operating and investing activities		
Dividend received on Aegon N.V. common shares	78,186	72,602
Dividend received on Aegon N.V. common shares B	3,998	3,745
Withheld dividend tax Aegon N.V. common shares B	(300)	-
Sales proceeds Aegon N.V. common shares B	1,725	-
	83,609	76,347
Payment on Aegon N.V. common shares B	(218)	(1,674)
Paid-up share premium Leyden Academy on Vitality and Ageing B.V.	(1,200)	(1,200)
Financing costs paid	(4,769)	(5,892)
Expenses paid	(729)	(650)
	76,693	66,931
Cash flow from financing activities		
Repayment of credit facilities	(77,000)	(67,000)
	(307)	(69)
Movement in liquid assets		

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

Notes to the financial statements

Registered office

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

Introduction

The Vereniging has financial fixed assets of approximately EUR 1.2 billion (with common shares and common shares B being carried at the closing price on the Euronext Amsterdam stock exchange on December 31, 2018: EUR 4.079 or 1/40 thereof). At the same time, the Vereniging has outstanding debts of EUR 145 million, for which EUR 165 million in credit facilities are available, EUR 65 million until April 7, 2020 and EUR 100 million until July 1, 2021.

As at December 31, 2018, the Vereniging held approximately 279 million Aegon N.V. common shares and approximately 571 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 costs. 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)

	2018		2017	
	Number	Value	Number	Value
Balance as at January 1	279,236,609	1,484,142	279,236,609	1,459,849
Revaluation financial year	-	(345,136)	-	24,293
Balance as at December 31	279,236,609	1,139,006	279,236,609	1,484,142

The market value of the common shares as at December 31, 2018, was EUR 1,139,006,000 (EUR 4.079 per share). At December 31, 2017, the fair value was EUR 1,484,142,000 (EUR 5.315 per share). The costs of the common shares as at December 31, 2018, was EUR 2,795,101,000 (EUR 10.010 per share).

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

Participation Aegon N.V. unlisted stock

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

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

	2018		2017	
	Number	Value	Number	Value
Balance as at January 1	569,676,480	75,696	567,697,200	74,198
Purchases	1,489,200	218	15,021,872	1,674
Sales	-	-	(13,042,592)	(1,704)
Revaluation financial year	-	(17,669)	-	1,528
Balance as at December 31	571,165,680	58,245	569,676,480	75,696

In 2018, approximately 1.5 million Aegon N.V. common shares B were acquired in order to prevent the dilution of voting rights.

The financial rights attached to the Aegon N.V. common shares B amount to 1/40 of an Aegon N.V. common share. On that basis, 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, 2018, was EUR 58,245,000 (EUR 0.10198 per share). At December 31, 2017, the derivative market value was EUR 75,696,000 (EUR 0.13288 per share). The purchase price of the common shares B at the end of 2018 was EUR 69,569,000 (EUR 0.12180 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', the Vereniging 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 a 'special cause' (full voting rights), the Vereniging can exercise its option to acquire additional common shares B.

The ability to exercise 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, the Netherlands, is recognized in accordance with the net equity method (amounts x EUR 1,000).

	2018	2017
Balance as at January 1	1,451	1,308
Paid-up share premium	1,200	1,200
Result participating interest	2,651 (1,330)	2,508 (1,057)
Balance as at December 31	1,321	1,451

Leyden Academy on Vitality and Ageing B.V. commenced its activities in 2008, which tie in with the Vereniging's secondary objective, facilitating research and addressing issues around ageing and vitality. Due to its relatively minor financial importance, the participating interest has not been consolidated in the financial statements.

Current assets

	2018	2017
Other receivables	301	1,725

The dividend tax, withheld from the interim dividend paid on Aegon N.V. common shares B on September 21, 2018, was refunded on January 21, 2019.

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

	2018	2017
Liquid assets	55	362

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

Capital and reserves

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

	2018	2017
Balance as at January 1	1,340,236	1,246,393
Result financial year	(287,908)	93,843
Balance as at December 31	1,052,328	1,340,236

Appropriation of the result of income and expenditure for the 2017 financial year

The 2017 annual report was approved at the General Meeting of Members held on April 23, 2018. 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 2018 financial year

The Executive Committee proposes that the General Meeting of Members deducts the full result for the 2018 financial year from 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)

	2018	2017
Credit facility consortium of lenders	144,465	220,971

The credit facility was refinanced in 2016, with the former credit facility being 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 'Facility A' (initially EUR 300 million), 'Facility B' (EUR 100 million) and 'Facility C' (a maximum of EUR 45 million). In 2018, the Vereniging exercised the option to extend the term of the credit facility. Facility A, amounting to EUR 121,000,000, and Facility C, amounting a maximum of EUR 20,000,000, were extended to April 7, 2020 and Facility B, amounting EUR 100,000,000 was extended to July 1, 2021.

After a first draw of EUR 225 million under Facility A, at year-end 2018, Facility A was paid down to EUR 45 million and nothing was drawn on Facility C. During the term no redemption will take place on Facility B of nominal EUR 100 million as long as Facilities A and C are not settled in full. The interest rate agreed for these facilities is based on EURIBOR rates, with an interest surcharge linked to Aegon N.V.'s senior debt ratings. In 2018 and 2017, the margin was 2% (Facility A and C) and 2.15% (Facility B).

To obtain the new credit facility in 2016 the Vereniging paid an upfront fee. It also paid an upfront fee to extend the term of the credit facility in 2018. The fees will be recognized pro rata in the statement of income and expenditure over the respective terms. The partial prepayment of EUR 535,000 (2017: EUR 1,029,000) 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 amortized cost price. Transaction costs, directly attributed to the acquisition of the liabilities, must be accounted for at initial recognition. Accordingly, the upfront fee has been deducted from the valuation of the credit facility.

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

Current liabilities

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

	2018	2017
Deposits Leyden Academy on Vitality and Ageing B.V.	600	600
Accrued interest Facility A and C	33	115
Accrued interest Facility B	1,331	1,332
Fees consortium of lenders	15	33
Payable costs working visit London	95	-
Other liabilities	61	89
Total	2,135	2,169

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 the Vereniging are free to decide unilaterally to restrict, suspend or terminate the support services. Aegon N.V. must observe a notice period of at least 60 days in order to ensure the continuity of the support services.

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

Notes to the statement of income and expenditure

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

Income

Dividend on Aegon N.V. common shares

Dividends on common shares are dividends received in the financial year. The cash dividends amount to EUR 0.28 per share (2017: EUR 0.26).

Dividend on Aegon N.V. common shares B

Dividends on common shares B are dividends received in the financial year. The cash dividends amount to EUR 0.0070 per share (2017: EUR 0.0065).

Change in value Aegon N.V. common shares

The change in the value of common shares relates to the change in the market value of Aegon N.V. common shares during the financial year. The decrease in value for 2018 was EUR 1.236 per share (2017: an increase of EUR 0.087 per share), which led to a loss of EUR 345,136,000 (2016: a profit of EUR 24,293,000).

Change in value Aegon N.V. common shares B

The change in value of common shares B relates to the change in 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 2018 was EUR 0.030900 per share B (2017: an increase of EUR 0.002175 per share B), which led to a loss of EUR 17,669,000 (2017: a profit of EUR 1,528,000).

In order to prevent its full voting rights at the general meeting of Aegon N.V. from exceeding the agreed 32.64% common shares B were sold in 2017. As a result, compared to the valuation as at December 31, 2016, a profit of EUR 21,000 was realized.

Expenses

	2018	2017
Financing costs		
The financial expenses were as follows (amounts x EUR 1,000)		
Interest paid	4,102	5,535
Commissions paid to financial institutions	204	335
Amortization upfront fee credit facility	856	740
	5,162	6,610

In 2018, an average of EUR 195 million (2017: EUR 265 million) of the credit facility was used and the average interest rate was 2.11% (2017: 2.09%).

Due to the limited use of Facility C, an average of EUR 0.8 million of the available EUR 20 million (until March 26, 2018: EUR 45 million), a near-maximum commission was paid for 2018 as well as 2017.

In order to obtain the credit facility and its term extension, a one-time upfront fee was payable to the consortium of lenders. The fees will be recognized pro rata in the statement of income and expenditure during the terms of the facilities. In 2018, the amortization relates to the upfront fee of the 2016 facility and its term extension in 2018. In 2017, the amortization relates only to the upfront fee for the 2016 facility.

	2018	2017
Expenses		
The expenses were as follows (amounts x EUR 1,000)		
Costs of executive committee and members	254	265
Costs of visit to Aegon branch office abroad	117	-
Costs of Aegon N.V. support services	266	266
Costs of secretary's office	44	51
Accounting costs	39	40
Auditor's costs	41	41
Legal advisory costs	-	6
Costs of extending the credit facility	25	-
Other costs	9	10
	795	679

The costs of the executive committee and members include EUR 158,000 (2017: EUR 164,000) 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 2018, a visit was paid to the Aegon branch office in London, United Kingdom (there was no visit in 2017).

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

For extending the term of the credit facility, ING Bank charged a coordination fee and legal advisory fees.

For further information on Aegon N.V., please refer to the Aegon N.V. financial statements for 2018 and the company's website at www.aegon.com.

Post-balance sheet events

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

The Hague, March 28, 2019

The Executive Committee

W.M. van den Goorbergh, chairman
M.E. van Lier Lels, vice-chairwoman
C.J. Kalden
M.J. Rider
V.P.G. de Serière
J.W.Th. van der Steen
A.R. Wynaendts

Other information

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

The Articles of Association of the Vereniging contain no provisions for the appropriation of the result.

Independent Auditor's Report

To: the Executive Committee of Vereniging Aegon

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 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 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2018
- The statement of income and expenditure for 2018
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

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

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

Report on other information included in the annual report

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

- The report of the Executive Committee
- Other information

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

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

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

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

Description of responsibilities for the financial statements

Responsibilities of the Executive Committee for the financial statements

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

Our audit included e.g.,:

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

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

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

The Hague, 28 March 2019

Ernst & Young Accountants LLP

signed by G.W. Hilverda

