Aegon Conditional Pass-Through Covered Bond Company B.V.

Annual Report 2016

Amsterdam, the Netherlands

Aegon Conditional Pass-Through Covered Bond Company B.V.
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The Netherlands
Chamber of Commerce 63714779

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1. Director's report

Aegon Conditional Pass-Through Covered Bond Company B.V.
Annual Report 2016

1.1 Activities and results

General
Aegon Conditional Pass-Through Covered Bond Company B.V. ("the Company") was incorporated on July 8, 2015.

The Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds issued by AEGON Bank N.V. ("AEGON" or "the Issuer") which is located at AEGONplein 50, 2591 Den Haag. As consideration for the Company to meet its obligation under the issued guarantee, AEGON will transfer eligible assets to the Company. AEGON transferred eligible mortgage loans to the Company through a silent assignment (stille cessie). Meaning that until the occurrence of an Assignment Notification Event, the Asset Cover test has been breached or a Notice to pay / CBC Acceleration Notice have been served ("the Events"), AEGON is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occurs or notice(s) have been issued the Company will be entitled to receive all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee; payment of interest and principal on the Covered Bonds.

AEGON may issue, under the Covered Bond Programme, various series of Covered Bonds with a total notional amount of EUR 5,000,000,000. On December 1, 2015 AEGON issued under this programme a first series of Covered Bonds ("the Bonds") in a total value of EUR 750.0 million. All Bonds of this first series were still outstanding as per December 31, 2016. On May 25, 2016 AEGON issued a second series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this second series were still outstanding as per December 31, 2016.

As per December 31, 2016 the net outstanding nominal amount of the transferred mortgage loans was EUR 1,728.1 million.

The Bonds were at issuance rated by both Standard & Poors and Fitch. Both rated the Bonds issued as AAA. The rating of the Bonds of both issued series have not been amended since the issuance.

Since the issuance of the first serie of Bonds neither an Assignment Notification Event, nor a beach of the Asset Cover Test has occurred nor has a Notice to pay or a CBC Acceleration Notice been served.

The Trust Deed entered into by the Company, AEGON and Stichting Security Trustee AEGON Conditional Pass-Through Covered Bond Company states that all cost and expenses of the Company and all cash flows from swaps of the Company will be received and paid on behalf of the Company by AEGON for its own account. As a result all amounts remaining in the Company will flow back periodically to the AEGON. Cash transactions at the Company are limited to bank interest received and bank interest charged through to AEGON and the Company will not have the right to any of the proceeds.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and statement of income of the Company and the director's report includes a fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces. In accordance with the accounting policies described in the notes to the financial statements. These until one or more of the Events have occurred.

RISK MANAGEMENT
In the event that the Company will take over the servicing of the Covered Bonds, the Company will run interest rate and credit risk on the Covered Bonds and the mortgage portfolio. In order to limit these potential risks the Company mitigated these risks via various instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. As said, various measurements have been taken to mitigate the risks for the Company. The main risks are various financial risks which will be dealt with separately.

Financial risk management
The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Covered Bonds issued by AEGON. As a consequence, the Company will then, amongst others, run interest rate risks on both the Covered Bonds and the mortgage portfolio.

The risk appetite of the Company is low and matches the risk-profile of the Company. As said, various measurements have been taken to mitigate the risks for the Company. The main risks are various financial risks which will be dealt with separately.

Credit and concentration risk
The Company has no exposure to credit risk, which is the risk that the Borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage portfolio are transferred to the Company. Until that moment all risks and rewards associated with the assets are retained by AEGON and the transferred Mortgage Loans are not recognised at the balance sheet of the Company. However given the minimum required over collateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk
In order to limit the potential interest rate risks the Company may, if deemed necessary, enter into swap agreement in order to mitigate the interest rate risk. In relation the series issued and the portfolio transferred to the company no swap agreement has been entered into by the company. This given the fact that the fixed interest rate on the Bonds, of 0.25%, is less than the average interest rate of all transferred receivables and the obligation of AEGON to offer for a succeeding interest period, of the transferred Mortgage Loans an Minimum Mortgage Interest Rate of 1.0%.

Furthermore, the notional amount outstanding of all transferred eligible mortgage receivables should at least be 105% of the Notional Amount Outstanding of all Bonds. At the balance sheet date the Notional Amount Outstanding of the transferred eligible mortgage receivables was 138.2%.

Liquidity risk
In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by AEGON on a separate bank account held with Bank Nederlandse Gemeenten.

Limited Recourse
Although Interest rate risk, credit risk and liquidity risk are recognized the exposure to the Company is limited. The Covered Bonds are issued at limited recourse. If a CBC Event of Default occurs and the Security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders. If, following enforcement of the Security, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, the Secured Creditors will no longer have a claim against the CBC after enforcement of the Security. The Secured Creditors may still have an unsecured claim against the Issuer for the shortfall.

1.2 Future developments

In 2016, the Dutch economy continued the positive underlying trends of recent years. The Gross Domestic Product ("GDP") increased by 2.1% in 2016, surging in the second half of that year despite the uncertainties caused by international events such as Brexit and the presidential elections in the USA. The trend was mostly fuelled by consumer confidence and investments in the housing market and is expected to continue with an increase of GDP of 2.3% expected in 2017 before levelling off thereafter. These expectations reflect those of the EU as a whole but these too are much dependent on developments in the rest of world.

Growing confidence is also a noticeable trend in the business and commerce sectors and investment levels are also expected to rise. The conservative attitude of banks, especially towards smaller and medium-sized businesses is seen as a potential brake on these developments.

Unemployment levels reduced from 6.9% to 6.0% during 2016 and this trend is also expected to continue in 2017 with an estimate of 5.5% at the end of the year. The trend to a more flexible workforce of recent years has continued and is contributing to the positive outlook

Inflation is expected to rise moderately from the 0.1% in 2016 to 1.4% in 2017. Much will depend on developments in areas like energy prices and the growing effects of e-commerce.

The Dutch residential housing market continued the strong growth of recent years in 2016 and the early part of 2017. Transactions are running at around 15% higher than a year before and prices are around 9% up on the previous year. Most parameters are back at, or even above, pre-crisis levels. There are distinct regional variations in the trends with the larger cities performing much better than some rural areas. Risk levels for homeowners and lenders alike have decrease since last year. New home owners have been subjected to stricter lending conditions and existing home owners have seen debt ratios decrease as a result of rising prices as well as debt repayments.

A continued shortage of housing, coupled by historically low mortgage interest rates are expected to fuel a continuation of trends. Generally these are expected to level off somewhat in 2017 with transaction levels likely to return to increases of single digits. Regional differences are expected to continue to widen, however.

In the light of the risk factors facing the Company, as described above, the economic developments over the past year or so and future outlook are generally considered positive for the Company. Management believes that the Company's risks are adequately mitigated by the various credit enhancements offered by the Issuer, as described in the Financial statements and the Prospectus. Moreover, the Company's obligations to Noteholders are of limited recourse (see above). As a consequence, no noticeable changes in the current position of the Company are expected for the next 12 months.

Amsterdam, June 15, 2017

Managing Director,
Intertrust Management B.V.

2. FINANCIAL STATEMENTS

2.1 Balance sheet as at December 31, 2016

(Before result appropriation)

		December 31, 2016		December 31, 2015	
ASSETS		€	€	€	€
Current assets					
Other Receivables	[1]	41,383		54,075	
			41,383		54,075
Cash and cash equivalents	[2]		4,984,102		2,999,999
			5,025,485		3,054,074
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	[3]				
Share capital		1		1	
Other reserves		963		-	
Result current period		2,000		963	
			2,964		964
Long Term Liabilities	[4]				
Long-term Liabilities		5,000,000		3,000,000	
			5,000,000		3,000,000
Current liabilities	[5]				
Tax liabilities		741		241	
Accrued expenses and other liabilities		21,780		52,869	
			22,521		53,110
			5,025,485		3,054,074

2.2 Statement of income for the year 2016

		January 01, 2016 to December 31, 2016		July 08, 2015 to December 31, 2015	
		€	€	€	€
Income	[6]	2,223,770		168,795	
			2,223,770		168,795
General and administrative expenses	[7]	2,221,270		167,591	
			2,221,270		167,591
Income before taxation			2,500		1,204
Corporate Income Tax	[8]		500		241
Net result for the financial year			2,000		963

2.3 Statement of cash flows for the year 2016

The Statement of cash flows has been prepared according to the indirect method.

		January 01, 2016 to December 31, 2016		July 08, 2015 to December 31, 2015	
		€	€	€	€
Net result for the financial year			2,000		963
Adjustments to Statement of income:					
Corporate Income Tax	[6]	500		241	
			500		241
Movements in working capital					
Net change in accounts receivable	[1]	12,692		-54,075	
Net change in current liabilities	[6]	-31,089		52,869	
Total movements in working capital			-18,397		-1,206
Cash flow from financing activities					
Share capital		-		1	
Net change in long-term liabilities		2,000,000		3,000,000	
Cash flow from financing activities			2,000,000		3,000,001
Movements in cash			1,984,103		2,999,999
Notes to the cash resources					
Opening balance			2,999,999		-
Movements in cash			1,984,103		2,999,999
Closing balance			4,984,102		2,999,999

2.4 General notes to the financial statements

GENERAL INFORMATION

Aegon Conditional Pass-Through Covered Bond Company B.V. ("the Company") is a private company with limited liability incorporated under the laws of the Netherlands on July 8, 2015. The statutory seat of the Company is in Amsterdam, the Netherlands. The sole managing director of the Company is Intertrust Management B.V.

The Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds issued by AEGON Bank N.V. ("AEGON" or "the Issuer") which is located at AEGONplein 50, 2591 Den Haag. As consideration for the Company to meet its obligation under the issued guarantee, AEGON will transfer eligible assets to the Company. AEGON transferred eligible mortgage loans to the Company through a silent assignment (stille cessie). Meaning that until the occurrence of an Assignment Notification Event, the Asset Cover test has been breached or a Notice to pay / CBC Acceleration Notice have been served ("the Events"), AEGON is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occurs or notice(s) have been issued the Company will be entitled to receive all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee; payment of interest and principal on the Covered Bonds.

TRANSACTION STRUCTURE, MANAGEMENT AND RELATED PARTIES

AEGON may issue, under the Covered Bond Programme, various series of Covered Bonds with a total notional amount of EUR 5,000,000,000. On December 1, 2015 AEGON issued under this programme a first series of Covered Bonds ("the Bonds") in a total value of EUR 750.0 million. All Bonds of this first series were still outstanding as per December 31, 2016. On May 25, 2016 AEGON issued a second series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this second series were still outstanding as per December 31, 2016.

As per December 31, 2016 the net outstanding nominal amount of the transferred mortgage loans was EUR 1,728.1 million.

The Stichting Holding AEGON Conditional Pass-Through Covered Bond Company ('the Foundation') holds all shares of the Company. Stichting Holding AEGON Conditional Pass-Through Covered Bond Company is a foundation incorporated under the laws of the Netherlands on July 1, 2015. The registered office of the Foundation is in Amsterdam, the Netherlands. The objectives of the Foundation are to incorporate, acquire and to hold shares in the share capital of the Company and to exercise all rights attached to such shares and to dispose and encumber such shares. The sole director of the Foundation is Intertrust Management B.V.

The Stichting Security Trustee AEGON Conditional Pass-Through Covered Bond Company was incorporated under under the laws of the Netherlands on July 1, 2015. The registered office of the Foundation is in Amsterdam, the Netherlands. The main objective of the Foundation is to act as security trustee for the benefit of the creditors of the Company, including the holders of the Covered Bonds issued by AEGON and guaranteed by the Company. The sole director of the Foundation is SGG Securitisations Services B.V.

RISK MANAGEMENT
Reference is made to the Director's Report for a full description of the risks facing the Company and their mitigation.

PRINCIPAL ACCOUNTING POLICIES
The principal accounting policies adopted in the preparation of these Financial statements are set out below:

Basis of presentation
The Financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The Financial statements are prepared under the historical cost convention and presented in the joint currency of the European Monetary Union, the euro ("EUR" or "€"). All amounts are in EUR, unless stated otherwise.

Unless specifically stated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred. The Balance sheet, Statement of income and Statement of cash flows include references to the notes.

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant notes.

Significant accounting judgments and estimates
In the process of applying the Company's accounting policies, the Company's management has exercised judgment and estimates in determining the amounts recognised in the Financial statements. The most significant uses of judgment and estimates are as follows.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial statements are prepared on the going concern basis.

Impairment losses on Mortgage Loans
The Company reviews the underlying Mortgage Loans individually to determine whether provision should be made due to incurred loss events for which there is objective evidence, but of which effects are not yet evident. The assessment takes into account the data from the loan portfolio (such as credit quality, levels of arrears, loan to collateral ratios, historical loss patterns, etc.).

Ultimately, the Company's obligations towards the Issuer and holders of the Covered Bonds in issue have limited recourse to the payments received on the Mortgage Loans and other income of the Company. If the incurred credit losses on the Mortgage Loans impair the Company's ability to either of those parties in full then the liabilities will be deemed to have been discharged in full once the available funds are paid out. This limited recourse arrangement acts as a hedge against the credit risk arising on Mortgage Loans.

Financial instruments
These Financial statements contain the following financial instruments: cash and cash equivalents, and the Balance with the Seller.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs.

After initial recognition, financial instruments are valued at amortised cost. For any specific applicable accounting policy see the specific descriptions of the financial instruments in this section.

Current assets, other than cash and cash equivalents
Current assets, other than cash and cash equivalents are carried at amortised cost, less a provision for impairment, if deemed necessary.

Cash and cash equivalents
Cash and cash equivalents are valued at nominal value and, insofar as not stated otherwise, are at the free disposal of the Company. Cash and cash equivalents relate to immediately due and payable withdrawal claims against credit institutions and cash resources.

Balance with the Seller
The Balance with the Seller is initially recognised at fair value and subsequently carried at amortised cost. Mortgage Loans and all other related balances are deducted from the Balance with the Seller in recognition of the retention of economic ownership by the Issuer.

Other liabilities
Other liabilities are carried at amortised cost. On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Offsetting
Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Revenue recognition
Income and expenses are recognised in the Statement of Income on an accruals basis. Losses are accounted for in the year in which they are identified.

The Company does not recognise cash flows in which it has no beneficial interest, principally those flowing to the Issuer being the principal bearer of the risks and rewards associated with the Mortgage Loans.

FAIR VALUE FINANCIAL INSTRUMENTS

Due to the short-term nature of the cash and cash equivalents, the Balance with the Seller and other liabilities included in these Financial statements, the estimated fair value for these financial instruments approximates the book value, as disclosed in the aforementioned accounting policies.

CORPORATE INCOME TAX

The Company is liable to Dutch corporate income tax under a tax ruling. This stipulates that the Company should report annual income on the basis of a 10% mark-up on the Director's fee, with a minimum of EUR 2,500.

CONTINGENT LIABILITIES AND COMMITMENTS

STATEMENT OF CASH FLOWS
The Statement of cash flows has been prepared using the indirect method. The cash items disclosed in the Statement of cash flows are comprised of cash and cash equivalents. Income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the Statement of cash flows.

2.5 Notes to the Balance sheet

		December 31, 2016	December 31, 2015
		€	€
CURRENT ASSETS			
Current Account with Aegon	**[1]**		
		41,383	54,075
		41,383	54,075

All receivables fall due within one year.

Cash and cash equivalents	**[2]**	December 31, 2016	December 31, 2015
		€	€
CBC Account		-2	-1
Reserve Account		4,984,104	3,000,000
		4,984,102	2,999,999

CBC Account

The CBC Account relates to a floating rate current account with N.V. Bank Nederlandse Gemeenten ("BNG") in the Hague, the Netherlands.

The rate of interest on the Issuer Transaction Account is determined by the Euro Overnight Index Average ("Eonia") minus a spread amounting to 25 basis points.

Reserve Account

The Reserve Account relates to a reserve deposit with N.V. Bank Nederlandse Gemeenten ("BNG") in the Hague, the Netherlands. The Reserve Account Required Amount as per December 31, 2016 amounts to EUR 1,500,034.00. These funds are designated as reserve fund for the bond holders. These funds are not at the free disposal of the Company. The remaining balance of EUR 3,484,070 is free at the disposal of the Company.

SHAREHOLDER'S EQUITY [3]

Share capital

The authorised capital which are issued and paid-in amounts to € 1, consisting of 1 ordinary share of € 1.

The net result for the year amounts to EUR 2,000.

Other reserves

	31-12-2016	31-12-2015
	€	€
Opening balance	963	-
Net result for the financial year	2,000	963
Closing balance	2,963	963

Proposed appropriation
The net result for the year under review is EUR 2,000. Management proposes to add the net result to the Other reserves.

LONG-TERM LIABILITIES [4]

	31-12-2016	31-12-2015
	€	€
Debts to suppliers and trade credits		
Opening balance	3,000,000	-
Additions to Reserve Account	2,000,000	3,000,000
Closing Balance	5,000,000	3,000,000

Long term liabilities relate to the obligatory cash deposit made by Aegon. This cash amount is deposited in a separated account; the reserve account. The company will need to refund the deposited amount, to Aegon, when there is no obligation anymore to maintain a reserve fund. This will be the case once the issued notes have been repaid in full. The maturity date of the first series is December 1st, 2020. The maturity date of the second series is May 25th, 2023.

The required amount that needs to be deposit is based on the scheduled interest due on the issued Covered Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Covered Bond. Aegon is entitled to receive all interest receipts in relation to de posited cash amount in the reserve account. The liability equals the amounts that have been deposited by Aegon on the reserve account.

The Company has granted a first ranking right of pledge over the transferred mortgage loans and beneficiary rights to the Trustee. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties, including the covered bond holders, can lead to exercising the right of pledge by the Trustee.

CURRENT LIABILITIES [5]
The individual balances that make up the overall Balance with the Seller are as follows:

Taxes

	31-12-2016	31-12-2015
	€	€
Corporate income tax		
Corporate income tax current year	**500**	**241**
Corporate income tax prior years	241	-
	741	241

Accrued expenses and other liabilities

	31-12-2016	31-12-2015
	€	€
Other costs	-	**3,838**
Audit fee	**21,780**	**32,500**
Advisor fee	-	-12,500
Management fee	-	29,031
	21,780	52,869

Accrued expenses and other liabilities are due within a year. As part of the Trust Deed all income and expenses are settled with AEGON All current liabilities have a maturity of less than one year.

2.6 Notes to the Statement of income

Income [6]

	January 01, 2016 to December 31, 2016	July 8, 2015 to, December 31, 2015
	€	€
Charged to AEGON	2,223,770	168,795
Other Income	2,223,770	168,795

As part of the Trust Deed all expenses are charged and settled with AEGON. The other income is the recharge of the expenses towards AEGON.

General and administrative expenses [7]

	January 01, 2016 to December 31, 2016	July 8, 2015 to, December 31, 2015
	€	€
Pool servicing fee	2,137,586	114,721
Administration fee	6,703	3,569
Management fee	34,044	29,031
Audit fees	26,781	20,000
Negative Interest Bank Accounts	15,896	-
Other Expenses	260	270
	2,221,270	167,591

The costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Taxes [8]

	January 01, 2016 to December 31, 2016	July 8, 2015 to, December 31, 2015
	€	€
Corporate income tax	500	241

The Company and the Dutch Tax Authorities agreed by way of a ruling until the Final Maturity Date of the Notes that the taxable amount is calculated as the higher of a) 10% of the annual remuneration paid to the Managing Director of the Company and b) EUR 2,500. The applicable tax rate for the period under review is 20% of the taxable amount.

Employees
During the period under review the Company did not employ any personnel (previous period: nil).

Remuneration of the Director and Board of Supervisory Directors
The Board of Directors consists of one corporate director; the remuneration of the Director is included in the management fee as disclosed under General and administrative expenses, above and amounts to EUR 34,044. The Company does not have a Board of Supervisory Directors.

Result
The result is the difference between the Income and the General and Administrative Expenses during the year. The results on transactions are recognised in the year in which they are realised.

Post-balance sheet events
No other events took place that could have a major effect on the financial position of the Company.

Amsterdam, June 15, 2017

Managing Director
Intertrust Management B.V.

3. Other information

3.1 Statutory provisions

In accordance with Article 19 of the Articles of Association, the result for the year is at the disposal of the General Meeting of Shareholders.

The general meeting is subsequently authorized to resolve to distribute or to reserve what then remains of the profits or a part thereof. The general meeting is also authorized to resolve to make interim distributions, which includes distributions from the reserves.
The Company may make distributions to the shareholders only to the extent that from the most recently adopted balance sheet it appears that the Company's shareholders' equity exceeds the reserves that must be maintained by law.

The Company may only follow a resolution of the general meeting to distribute after the management board has given its approval to do this. The management board withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

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Independent auditor's report

To: the general meeting of AEGON Conditional Pass-Through Covered Bond Company B.V.

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of AEGON Conditional Pass-Through Covered Bond Company B.V. as at 31 December 2016, and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2016 of AEGON Conditional Pass-Through Covered Bond Company B.V., Amsterdam ('the company').

The financial statements comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The 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 section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of AEGON Conditional Pass-Through Covered Bond Company B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

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

Ref.: e0404203

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Report on the 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 directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information that is 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 in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our 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 such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of management

Management 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; and for
- such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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.

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Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 15 June 2017
PricewaterhouseCoopers Accountants N.V.

Original has been signed by D.J.P. van Veen RA

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Appendix to our auditor's report on the financial statements 2016 of AEGON Conditional Pass-Through Covered Bond Company B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things, of the following:

- 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 intentional 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 management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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