MINUTES
Aegon N.V. ANNUAL GENERAL MEETING OF SHAREHOLDERS 2014
MAY 21, 2014
The Hague, Aegonplein 50

MINUTES of the Annual General Meeting of Shareholders (AGM) of Aegon N.V. ('Aegon' or 'the Company'), having its registered office in The Hague, held on Wednesday, May 21, 2014, at 10:00 a.m., at the Aegon head office, Aegonplein 50, The Hague, the Netherlands.

Agenda: page

1. Opening

The *Chairman* opens the meeting and welcomes the shareholders and other participants. The meeting will be held in English. Simultaneous translation from English to Dutch and from Dutch to English is available. Voting on the relevant agenda items will take place electronically. Voting devices and voting smart cards have been distributed prior to the meeting.

The *Chairman* states that all Supervisory Board members are present: Irv Bailey, Shemaya Levy, Kees Storm, Ben van der Veer, Dick Verbeek, Leo van Wijk and Dona Young, as well as himself, Rob Routs. The Executive Board members are also present: Alex Wynaendts and Darryl Button. In addition to the members of the Executive Board, who are also members of the Management Board, the other MB members are present in the audience: Adrian Grace, Tom Grondin, Marco Keim, Gabor Kepecs and Mark Mullin.

The minutes of this AGM will be kept in English by the Company Secretary, Mr. Beltman. The draft minutes will be available for comment on the corporate website for three months from August 21, 2014. The final minutes, signed by the Chairman and the Secretary, will be available from November 21, 2014. An unofficial Dutch translation will be made available as well.

The *Chairman* establishes that this AGM has been convened in accordance with Dutch law and Aegon's Articles of Association. The convening of this AGM has taken place by an announcement on Aegon's corporate website on April 9, 2014, and by announcements in two national newspapers in the Netherlands on April 9, 2014. The agenda, together with the explanation and the annexes, has been sent to holders of shares registered in the shareholders' register held by the Company. Holders of New York Registry shares have been notified of the AGM and the agenda items by separate writing. When convening the meeting, the agenda items were listed that will be dealt with at this meeting. Notice was given that the agenda with explanatory notes, the Annual Report 2013, including the Annual Accounts, as well as the supplementary data required by law – which include the data regarding the nominations for appointment of two members to the Supervisory Board – were available free of charge at Aegon's head office in The Hague, on Aegon's corporate website and at ABN AMRO Bank in Amsterdam and via ABN AMRO's e-voting website. The AGM documents have been available for inspection from the day on which this meeting was convened and will remain available after the meeting.

The issued share capital at the Record Date of April 23, 2014 consists of 2,710,464,303 shares. The number of voting shares at the Record Date is 2,670,627,770. The issued shares are divided as follows: 2,131,458,863 common shares with a par value of twelve eurocents, of which 39,836,533 shares are non-voting treasury shares, and 579,005,440 are common shares B, with a par value of twelve eurocents.

Later during the meeting, the *Company Secretary* announces that 90 holders of common shares and common shares B are present at the meeting. They represent, together with shareholders who have voted through e-voting or via proxy voting, a total of 1,391,919,464 votes. This number represents 69.81% of the currently issued and outstanding share capital and 66.09% of the 2,106,097,466 voting shares, as at the registration date of this meeting. As in previous years, shareholders have been actively encouraged to vote at the AGM.

The draft minutes of the AGM of May 15, 2013 have been available for comments at Aegon's office in The Hague and were also published for comments on Aegon's corporate website on August 15, 2013. The final minutes, signed by the Chairman and the Secretary, were available as of November 15, 2013.

Mr. *Lak*, chairman of the Stichting Vermogensbeheer BPVH, the trust fund for the harbour workers in the Netherlands, refers to the minutes of the 2013 AGM. In that meeting the CEO promised to find a solution for the dispute on Optas. Mr. Lak is happy to report that thanks to vigorous efforts on both sides and the personal commitment of Mr. Wynaendts, a solution has been found. He thanks Aegon for that. The *Chairman* states that Aegon is also happy with the settlement as announced on April 14, 2014.

2. Presentation on the course of business in 2013

The *Chairman* introduces Alex Wynaendts, Aegon's CEO, who will give a presentation on the course of business and significant events in 2013. The slides of the presentation of Mr. Wynaendts are considered part of these minutes and are published on aegon.com.

Mr. *Wynaendts* welcomes everyone to this Aegon shareholders' meeting. He will discuss the strategy of Aegon and the steps that are being taken to make Aegon a truly customer-centric organization, which is essential to secure Aegon's future. 2013 has been a year during which Aegon delivered a strong financial performance, while at the same time good progress was made with the strategic transformation, getting closer to the customers. Aegon has achieved strong results across all of its markets and businesses. In 2013, Aegon maintained the positive momentum of the previous year. Underlying earnings increased by 5% to EUR 1.9 billion. Strong cash flows from the operating units enabled Aegon to increase the dividend for 2013 and contributed to a strengthened excess capital position of EUR 2.2 billion at the holding at the end of 2013. Efficient capital management and earnings have also preserved the group solvency ratio at a strong level of 212%, which has been recognized by Standard & Poor's AA– financial strength rating with a stable outlook. A prudent financial approach continues to be fundamental to Aegon's financial strategy, which is essential for keeping long-term promises to customers.

Aegon's purpose is to help people take responsibility for their financial future. This means helping individuals and their families achieve important life goals, such as purchasing a house, funding the education for the children and being able to retire in comfort and with dignity.

Aegon's commitment to help people take responsibility for their financial future makes a real difference to the lives of individuals and their families Aegon serves. But it also requires the company to behave responsibly in everything it does. Aegon's relevance to society is clearly evidenced by the fact that in 2013 the businesses paid out around EUR 20 billion in benefits and claims to customers across the world. Aegon contributed over EUR 6 million to a variety of charities and worthwhile causes, much of it within the three target areas of health, welfare, and financial literacy. Aegon manages investments of EUR 3 billion in areas that deliver clear social and environmental benefits, such as low-cost housing, renewable energy, sustainable timber, and care homes for the elderly.

More and more people in each of Aegon's markets need insurance products. There has been an increase in life expectancy in most parts of Europe, Asia and the Americas, while average birth rates have declined. In 2050 around one third of the population in Aegon's key regions will be over sixty years old, an increase of 30%-40% compared with 2012. As a result, pension systems are increasingly under pressure, governments have to scale back social benefits and reduce tax incentives for retirement savings. At the same time, employers are scrapping fixed-benefit retirement plans and are shifting to plans where employees are more responsible themselves for their retirement savings. Aegon believes that many people do not yet fully realize what effect these changes will have on them. Aegon can help these people understand what they need to do to secure the future they desire. One of the examples is the third edition of Aegon's annual Global Retirement Readiness Report, which contains many practical recommendations for individuals, companies and policy makers to better prepare for retirement. It is one of the company's contributions to raising awareness and helping develop solutions for this major social issue.

Aegon's achievements in 2013 underpin the good progress that was made executing on the strategic objectives, which drive the organization to become a leader in all chosen markets. By 'leader' Aegon means being the most recommended insurer by customers, by business partners and being the employer of choice. Scale is important, but not a goal in itself. The overriding objective is to build trust with customers and position Aegon's business for long-term growth in a dynamic and changing market environment. All actions Aegon is taking are aimed at delivering that objective. These actions are organized by four strategic objectives: 1) Optimizing Aegon's portfolio, which implies making choices about the types of businesses Aegon wants to conduct and the types of business Aegon does not want to pursue, 2) Loyal customers, which is about creating a truly customer-centric company, 3) Operational excellence, which implies a more efficient, better connected and a more responsive organization, and 4) Empowering employees, in order to ensure that employees are engaged with the strategy and empowered to bring it to life through their daily work. Management feels strongly that in 2013 solid progress was made in executing on each of these strategic priorities.

Regarding optimizing the portfolio, Mr. *Wynaendts* mentions the portfolio in Spain. As a result of the financial crisis in Spain, Aegon has divested its partnerships with Banca Cívica, Unnim, CAM and recently Caja de Badajoz. In this process, Aegon generated proceeds of over EUR 1 billion. At the same time, Aegon has secured an exclusive long-term partnership with Banco Santander. This enables Aegon to distribute life insurance and general insurance products through Banco Santander's extensive nation-wide network, which has access to more than 12 million individual customers across the country. Despite the current challenges in Spain, the need for protection and savings products will also increase in the coming years. With the agreement with Banco Santander, Aegon is positioned to make the most of these opportunities in this large country in Europe. Further steps have been taken to improve the composition and balance of the portfolio of businesses and brands in other markets. Aegon sold businesses in the UK and the Czech Republic, expanded its distribution network in the US and the UK, as well as in the Netherlands. Aegon leveraged its mortgage expertise to launch the Dutch Mortgage Fund, a new long-duration investment fund, which has attracted EUR 700 million in funds already. These are just a few examples of the many initiatives Aegon took on in 2013.

Aegon also continued to strive for operational excellence. In 2013 Aegon executed significant cost-reduction programs across the company, continued its extensive business transformation in the UK and implemented further cost reductions at Aegon NL. Efficiency in the Americas was improved with the creation of the shared service center. This new group within the US provides services to the whole of the US organization and will result in significant cost savings going forward and further improvements in efficiency. The savings realized in each of these key markets allowed the company to invest in growth and to make strategic investments in technology to better engage with customers.

Customer loyalty is strongly driven by adding digital channels and innovative distribution models. Aegon is committed to using the benefits of digital technology to provide greater ease of interaction with their business, to simplify product explanations and to give customers practical online tools to enable them to better understand their financial needs and have greater clarity about the products and services available. In the US for example, Transamerica Direct was launched, an innovative life insurance website for customers who want to research and buy insurance online. Transamerica Direct provides customers with a single point of access to all products and services, along with the tools to help them research and buy a policy, making it easier for them to make the right purchase decisions.

Technology not only provides the means to get closer to customers, it also gives the tools to create a truly distinctive and relevant experience. Responding to the tendency of customers to research and purchase insurance products online, Aegon has introduced two significant online initiatives in the Netherlands. The first is online bank Knab, which provides an intuitive and transparent approach to banking, attracting a growing number of new customers. Aegon NL also recently launched 'Mijn Aegon', an online portal that allows customers to easily access their Aegon products in a single overview. More than 350,000 customers have already signed up. In the UK, Aegon recently introduced Retiready, the final phase of its award-winning online platform Aegon Retirement Choices. Retiready is a direct-to-consumer online service to help people without a financial advisor to better prepare for retirement.

The customer drive to online is also particularly impactful in Aegon's new markets, where it lowers the barriers to entry. It is all the more important because in these countries demographics are rapidly trending towards young, internet-savvy populations. There are examples of successful developments in Spain, Brazil, Turkey and India. In India, Aegon has become market leader in providing online insurance.

It is essential that every employee within Aegon understands what he or she can do to contribute to a truly distinctive customer experience. In today's world of changes, this means driving a culture of innovation that encourages new ways of thinking about the business and interaction with customers. Aegon must have a culture that is open to ideas and new approaches. Such a customer-centric organization requires engaged, motivated employees. This is why all employees have access to regular training and tools to service customers and to achieve professional ambitions. Aegon regularly surveys employees to ensure continuous improvement. Two of the most important indicators are employee engagement – the degree to which an employee is committed to the company – and employee enablement, which is the extent to which employees feel able to carry out their work efficiently. The latest survey shows that Aegon has been improving both engagement and enablement. Aegon's scores are higher than those of its peers in financial services and close to or at the level of high-performing organizations.

Mr. *Wynaendts* then discusses sustainability, which is also key to the execution of the strategy. It is important to be clear and transparent about Aegon's values for responsible investing and Aegon's contributions to society. This is not only because companies are increasingly expected to do the right thing, but because in today's global market customers, companies, employees and other stakeholders are increasingly choosing companies and brands with which they identify or share values. Aegon's ambition is to be the most trusted and respected provider of life insurance and pension products in the world. Aegon is continuously improving its business to achieve this ambition. Aegon's commitment is to provide products that are clear, effective and easy to understand. Aegon regularly reviews products sold in prior years, making modifications where necessary to increase their value to the customer. The pricing and product development policy commits Aegon to evaluating all of the benefits any new product or service will have for customers, intermediaries and shareholders.

In 2013, Aegon was ranked 'Silver Class' in the Dow Jones Sustainability Index, just behind the sector leader, a performance that confirms the strong progress. This DJSI is the key sustainability indicator for investors and companies. Companies are assessed and selected for it based on their long-term economic, social and environmental plans. Aegon has also established key policies in this area, such as employee volunteer programs, a sustainable procurement policy and a health and safety statement, all of which demonstrate Aegon's commitment to responsible behavior.

The *Chairman* summarizes that the Board is pleased with the financial results of 2013 and the progress towards becoming a leader in all chosen markets. Looking ahead, the Board is confident that, with the strong financial position and the execution of the strategy, Aegon is well positioned to take advantage of the many opportunities in the markets for creating value for both customers and shareholders.

The *Chairman* gives the opportunity to ask questions.

Mr. *Keyner* states that he speaks on behalf of VEB, the Dutch investors association, and that he holds proxies for about 900,000 shares. He congratulates the management and shareholders on the agreement reached between Aegon and Stichting BPVH on removing restrictions on the capital of the harbor workers' former pension fund Optas. It shows that customer focus is a priority at Aegon and that a strict legal approach is not always preferable.

Regarding the business model of insurance companies, Mr. *Keyner* remarks that it is difficult these days to make good margins and to grow the business given the low interest rates. This means that the focus on cost reduction is becoming even more important than usual. He refers to the cost reduction in moving from 13 divisions to 3 in the US. He asked whether any type of more drastic measures are upcoming, for instance by reducing headquarters costs strongly. He wonders if Aegon has done any benchmarking of the cost structure, not only compared with competition working similarly to Aegon in the past but also with the new kind of competition. Mr. Keyner concludes that he is looking for thoughts on how Aegon can make progress on further decreasing costs in a radical way. In this context, he asks to what degree legacy issues are limiting opportunities to decrease costs in the short term in a more radical way than has been done so far. Furthermore, Mr. Keyner refers to the statement in the Annual Report that with regard to pensions, Aegon has succeeded in correlating the risks of people living long with the risks of people dying early. He wonders why this had not become standard practice years ago, as this is inherent to the insurance business.

Mr. *Wynaendts* remarks that cost efficiency is all about doing more with less. Referring to the example of reducing the US from 13 to 3 divisions, he states that the US Management Team announced earlier this week that these three divisions will be reduced to two divisions, a further step in improving efficiency. Aegon NL had a multi-year plan of reducing expenses by EUR 100 million, which was achieved in the meantime. The UK has undergone very significant restructuring, effectively halving the number of employees. For Aegon, it is important to look not only at cost reductions, but also at how things can be done better with less. The challenge is to invest in the future, making sure that the technology creates a better connection with customers. Aegon believes that it needs to be as good as new entrants. Those companies that can be set up with new technology do not have the burden of the past. Cost levels have to correspond to increased transparency and more regulatory oversight. Products will become simpler, and as such transparency will lead to lower costs.

Regarding growth and legacy, Mr. *Wynaendts* states that legacy also offers opportunities. Aegon has a big pool of customers that can be better served. Aegon is looking at ways of improving the frequency and quality of client contacts. Sales efforts are organized in such a way that, with new technology, the large pool of customers can be better reached. That is an advantage over new entrants because new entrants will have to attract new customers.

Mr. *Keyner (VEB)* states that he is happy that Aegon sees the new entrants as the main competitors, not the traditional insurance companies. He asks how big the gap still is as far as costs are concerned.

Mr. *Wynaendts* explains that new entrants are still small, so the cost gap is not so relevant at this point in time. It is more important to monitor what is coming to the market. Aegon is very close to new developments and invests in them. At the same time, Aegon is making good progress on cost reduction and is well aware of the fact that this needs to continue. Efficiency needs to improve, which is achievable. Aegon has the advantage of having this large pool of customers. Initiatives such as Retiready, Mijn Aegon and Transamerica Direct are all primarily focused on existing customers, so that they recommend Aegon to their friends and families based on satisfaction and loyalty. That will bring new customers.

Mr. *Wynaendts* agrees that there is always some form of natural hedging between mortality in the US, where Aegon sells life insurance, and the pension business in the Netherlands, where the risk is the opposite. However, life insurance is offered to different groups of the population. Exposure to life insurance risk cannot be perfectly hedged with the longevity risk exposure in the Netherlands. Therefore, the transaction to reduce the risk associated with longer life expectancy in the Netherlands, covering EUR 1.4 billion in longevity reserves, is a very innovative transaction, as it brings specific books of businesses together into a single transaction, which allowed the company to take effective advantage of the diversification benefit. It was a complex transaction involving many issues, such as regulation, legal entities and matching the right population groups. This kind of transaction clearly makes Aegon a pioneer in this market in the Netherlands.

Regarding the question on the possibility of reducing headquarters costs, Mr. *Wynaendts* states that the Corporate Center cost level of around EUR 150 million was reduced to EUR 125 million in 2013, part of which is absorbed by the country units. At the same time, the Corporate Center has an increasing number of FTEs for risk management and compliance. So, costs are taken down while at the same time activities are expanding. The focus is on an optimal division of tasks between the Corporate Center and the country units, avoiding duplication.

Ms. *Van Gool (VBDO)* congratulates Aegon on the results and refers to the plans for the years ahead, with sustainability highlighted as one of the priorities. VBDO recognizes Aegon's better ranking in the Dow Jones Sustainability Index, while Aegon is falling behind a little bit on the Transparency Benchmark, also compared with competitors. Regarding responsible investment, VBDO sees that Aegon is paying more attention to its asset management activities and the kind of companies Aegon invests in. VBDO encourages continuing that, as many competitors are doing the same and the impact can be great.

When it comes to the environmental and social impact of investments, Aegon applies certain Environmental, Social and Governance (ESG) factors. The question is if this is also done down the supply chain and whether Aegon applies widely recognized principles, such as the IFC performance standards, which are linked to the Equator Principles. Ms. *Van Gool* refers to Aegon's nearly EUR 3 billion in investments in areas such as affordable housing and renewable energy, so-called impact investments. The question is what Aegon's ambition is in this field, also relating to Aegon's total investments of about EUR 475 billion worldwide. It is an area of strong growth that VBDO would like to see expand, so that investment portfolios become more sustainable, also in terms of applying standards to the whole portfolio.

Referring to the 'Eerlijke Bankwijzer', a Dutch fair-banking guideline, Ms. *Van Gool* asks for Aegon's policy with regard to investments in fossil fuel versus renewable energy. The question is whether Aegon has analysed those risks and what the percentage is of investments in fossil fuel versus renewable energy, what carbon price Aegon takes into account when making investments, and what the targets are for 2020. Ms. Van Gool would like to hear about what opportunities Aegon sees, also because investments in renewables can be interesting in terms of Return on Investments and would lead to a better ranking in the Dow Jones Sustainability Index.

Mr. *Wynaendts* states that Aegon monitors the supply chain at the companies Aegon invests in. This is part of the broader approach to responsible investment. Aegon uses MSCI ESG research, which helps to identify the risks, also in the supply chain. Aegon engages with its business partners and seeks improvements where needed. ESG training has been made mandatory for all portfolio managers and analysts at Aegon, and ESG officers are appointed in all asset management units. The IFC Performance Standards and the Equator Principles are taken into account.

Regarding the EUR 3 billion in impact investments out of a total of EUR 475 billion, Mr. *Wynaendts* explains that a major part the EUR 475 billion is invested on behalf of its customers. Aegon does not believe in a specific target, but is looking at many different ways to increase its exposure to impact investments. Aegon has an impact investment working group in the Netherlands. Mr. Wynaendts stresses that it is also important to share the challenges. First of all, investments have to meet return and risk requirements. Many of the possibilities in impact investments are small and lack liquidity. Solvency II – which will come into force on January 1, 2016 – will not make it easier to invest in long-term assets. This issue has been raised with regulators, the Ministry of Finance and the Ministry of Economic Affairs. The VBDO can also play a role here. Regarding the 'Eerlijke Bankwijzer' and the 'carbon bubble', one should keep in mind that Aegon is only an investor. Many of the traditional insurance companies are now beginning to look at diversification into investments into renewable energy. Aegon believes that the risks related to fossil fuels need to be addressed by the energy companies themselves and not so much by investors. Ms. *Van Gool (VBDO)* remarks that investors could give a signal and should not underestimate the impact they can have.

Regarding the percentage in the portfolio of investments in renewables versus fossil fuel and Aegon's targets there, Mr. *Wynaendts* states that such a percentage is not available. Aegon is investing in renewable technologies and in so-called 'green bonds'. Aegon has committed itself to significant investments in infrastructure in the Netherlands. Regarding the price of carbon, Aegon takes the current price into account. Aegon will see if an assessment can be made of investments in renewable energy versus more traditional energy.

Ms. *Van Gool (VBDO)* finally encourages the company to look at impact investments that can make the portfolio stronger, more diversified and more sustainable. The *Chairman* remarks that there is no consistent energy policy across Europe or in individual countries, which makes it difficult to make decisions.

Mr. *Van Diepen* asks to put the no. 1 ranking in India in online insurances in the context of the size of the online insurance market. He further refers to page 47 of the 2013 Integrated Review, where an operating free cash flow of EUR 1.3 billion is reported, while the cash flow statement on page 68 shows net cash flows from operating activities of negative EUR 1.7 billion. This requires some explanation. Regarding the overview of earnings, he mentions the fair value items of negative EUR 1.3 billion. In the cash flow statement on page 69, proceeds and repayments of subordinated loans and borrowings are reported at EUR 2 billion and negative EUR 3.5 billion, respectively, which also needs some explanation.

Regarding India, Mr. *Wynaendts* states that Aegon is market leader with around 25% market share in online insurances. It is a small but quickly growing market with offerings through the internet only. This is more effective and more cost-efficient than traditional offerings. India was mentioned as an example to show that Aegon uses new concepts in new markets, leveraging the skills in its core markets. India is a market where Aegon believes that internet and online sales of life insurance will grow strongly. The general approach is to grow profitably and that also applies to India.

Regarding the cash flow numbers, Mr. *Button* explains that the EUR 1.3 billion on page 47 represents the regulatory and statutory earnings and changes in risk-based capital at Aegon's local operating units. So, that number represents the dividend capacity of the local operating units: the operating free cash flow. Page 68/69 shows the traditional IFRS cash flow statement. The amount of negative EUR 1.7 billion is only a part of the two-page table. The table reconciles income before tax down to actual net cash change. The issuances and repayments refer to the refinancing activities on among others perpetual loans.

Regarding the large earnings gap on page 47, Mr. *Button* explains that the big difference between the underlying earnings before tax and net income has two reasons. The first one is the fair value performance of the hedge programs in 2013. These are hedges that Aegon has in place to protect the capital position against the decline in capital markets, in particular interest rates and equity markets. Several of the hedge programs do not get hedge accounting treatment, so in a year like 2013 – when the equity market performance was strong – the hedges lose money, for which there is no accounting offset in the liabilities. So, a loss has to be taken for that. The hedge losses will come back gradually in the future, when Aegon will show higher earnings on the higher asset balances in the business. The second reason for the big difference between the underlying earnings before tax and net income are some major assumption changes in the third quarter, particularly regarding interest rates and equity for the US business. This led to a negative change of EUR 405 million in the third quarter.

Mr. *Van Diepen* asks whether interest rate risks and currency risks are also hedged.

Mr. *Button* confirms that interest rate hedge programs and equity hedge programs are in place across the organization. The bulk of the hedge programs are equity-related as they relate to equity risks in the US variable annuities and the pension guarantees in the Netherlands. Aegon has also large interest rate hedge programs, particularly in the Netherlands, also related to the pension business in the Netherlands and the US business. Regarding currency risk, Aegon does not hedge the local earnings base. However, Aegon hedges all assets and liabilities to the same functional currency within each local jurisdiction. So for instance, in the US all business revenues, expenses and claims are hedged to US dollars. However, Aegon does not hedge the translation of the earnings of the US business to euros at the holding level.

Ms. *Koopman* asks for some information on the negative result from fair value items on page 47.

Mr. *Wynaendts* refers to the explanation given by Mr. Button. The key issue is that interest and equity risks are hedged in order to protect Aegon's capital position. The accounting rules are such that if the market goes up, an accounting loss on the hedge will be made, whereas all the plusses emerge in the course of time.

Mr. *Heinemann* refers to the EUR 3 billion in government support in 2008, which has been fully repaid in the meantime. His question is what the interest rate was, which penalties were paid, whether Aegon offered any collateral and if the European Commission imposed any divestments. His second question is the impact of the low interest rates on the business. He also asks if increased life expectancy is included in the life insurance business.

Mr. *Wynaendts* explains that the Dutch government support of EUR 3 billion was fully repaid in 2011, with that repayment totalling EUR 4.1 billion. The implied cost amounted to nearly 18% per year. Aegon did not provide any additional guarantees. Some limitations were imposed on Aegon's Dutch business, which was not allowed to compete with low prices in mortgages and deposits. Regarding the low interest rates, Mr. *Wynaendts* states that this has affected the whole sector. In the Netherlands, Aegon has fully hedged the interest rate risk on all guarantees in life insurance and pension products. As such, Aegon is protected from falling interest rates. Higher life expectancy is indeed taken into account in pricing products. It is a very important part of insurance know-how to make the right extrapolation over a long period of time. Aegon sells products that have a term of sometimes 50 years. It is essential to get a very good estimate of how long people will live for life insurance on the one side and for pensions on the other side.

Mr. *Van der Krans (MN)* states that he holds proxies to speak on behalf of APG, ABP, Menzis and other institutional investors in the Netherlands. He refers to the fact that the Netherlands Authority for the Financial Markets and other relevant market parties have expressed their disappointment regarding the small role that banks and insurance companies play in the public debate on the future of the financial sector. His question is what role Aegon wants to play over the next few years and what the distinctive position is that Aegon wants to have in this context.

Mr. *Wynaendts* states that Aegon feels it has a responsibility towards customers. Aegon started already in 2005 with improvements of its 'unit-linked products', such as Koersplan, which included past reparations and client compensation amounted to EUR 770 million. Optas is another example where a solution was found. It is important that 'old' players in the market continue to create a better environment, where consumers have more trust in the insurance sector. Regarding the debate on the future of the financial sector, Aegon is present in this debate in the Netherlands in its contacts with the regulators, in the EU (regarding the implementation of Solvency II) and in the US because Aegon has a large presence there. Aegon is participating in these environments more than in the public debate.

Mr. *Spanjer* asked why it took so long to come to an agreement on Optas. He further asks where Knab stands as an internet bank in the Netherlands and whether it will open a physical branches.

Mr. *Wynaendts* responds that Optas was a complex issue that took time to come to an agreement with several parties involved. Knab is a great initiative in the Netherlands, being a modern Internet bank. There is no intention to open physical branches.

Mr. *Vreeken (WeConnectYou)* compliments the presentation by Mr. Wynaendts. He remarks that confidence and trust in banks and insurance companies and audit firms is suboptimal in the Netherlands and that it is up to the sector itself to take action. The focus on cost efficiency is good, but companies have also a task to create jobs.

Mr. *Wynaendts* states that Aegon strongly contributes to the Dutch economy. Aegon NL investments amount to EUR 60 billion, half of which is invested in the Dutch economy. Aegon also contributes by providing mortgages and lending funds. Regarding costs, efficiency creates room to invest in the future. Aegon has a clear commitment to invest in future growth. Aegon has 27,000 employees worldwide and works in an environment where reputation is a tough issue.

Mr. *Van Schalkwijk* remarks that net income was reduced by 50% while operating expenses increased by 5%, and at the same time the target for the growth in underlying earnings is in the range of 7%-10%. He asks for some explanation of these figures.

Mr. *Wynaendts* explains that underlying earnings increased by 5%, while net income was affected by negative fair value items as explained before. The focus is on the underlying earnings. Aegon has taken a number of steps to get closer to the growth target in 2015.

Mr. *Tse* refers to the launch of the online bank Knab. The first point of criticism was that the monthly costs were rather high, which led to a new fee plan. His question is how many paying customers Knab has and what the target is. Knab Business was added, while earlier initiatives by other banks failed. His question is how Aegon can make sure that Knab will be successful in this business segment.

Mr. *Wynaendts* states that Aegon does not disclose number of clients and targets of Knab. Customers of Knab are very satisfied. Knab generated EUR 107 million new deposits. This is a good step in the right direction. But it is primarily about the concept: to do business with customers differently and communicate online. Knab has different fees that tie in with different service levels. It is an example of how Aegon wants to change its business to become more customer-centric.

As there are no further questions, the *Chairman* moves to the next agenda item.

3.1 Annual Report 2013

The *Chairman* introduces Darryl Button, Aegon's CFO, who will give a presentation on the full-year 2013 results and the highlights of the 2014 Q1 results as published on May 15. The presentation slides of Mr. Button are considered part of these minutes and are published on aegon.com.

Mr. *Button* states that he will provide greater detail about Aegon’s financial performance and financial strategy supporting the strategic transformation. Aegon had a good year in 2013. Underlying earnings before tax increased by 5% to EUR 1.9 billion. When excluding one-time items – such as restructuring costs and currency effects – the expense level was relatively stable. Actual expenses increased, driven by costs relating to higher sales and employee performance-related expenses in the Americas, restructuring costs in both the US and the UK, and investments in technology to support future growth.

Compared with 2012, Aegon’s sales increased by 6% to EUR 7.2 billion for the year. The total sales figure is the sum of new life insurance sales, new premiums for accident, health and general insurance, and 10% of gross deposits. Variable annuities, US pensions and mutual funds and Aegon Asset Management drove growth, with overall gross deposits, 12% higher to more than EUR 44 billion. New life sales were slightly lower at EUR 1.9 billion, due to product withdrawals and redesign, as well as adverse currency movements. The share of fee-based earnings continued to grow and exposure to capital-intensive products decreased. Growth and strict adherence to the market-consistent pricing policy have resulted in a strong increase in the value of new business to EUR 986 million, despite the low interest rate environment. Strong new business profitability is an important driver of future returns.

Mr. *Button* discusses the earnings in more detail. In recent years, profitability has improved by reducing costs, being disciplined with product pricing and directing more of the capital to areas that offer good returns and growth. The benefits of this approach flow to underlying earnings, which increased by 5%. The main reason for the decline in net income to EUR 849 million is the result of the equity hedge programs in the US, where there is an accounting mismatch between the valuation of the hedges and the related liabilities, in addition to the impact of the reduction in the long-term equity assumptions and interest-rate assumptions that were made in the third quarter. The hedges are in place to protect Aegon’s capital position, but when equity markets perform extremely well, as they did last year, the accounting losses can be considerable. Mr. Button emphasizes that, in terms of economics, this was the right thing to do and that ultimately Aegon will benefit from higher equity markets as this will generate higher revenues going forward on higher asset balances.

Aegon has a strong capital position. Excluding market impacts and one-time items, operational free cash flows amounted to EUR 1.3 billion in 2013, which is at the bottom end of the 2015 target range. Return on Equity was level at 7.4%, while holding excess capital was elevated prior to additional deleveraging. Aegon ended the year with EUR 2.2 billion in excess capital at the holding. The Group IGD solvency ratio of 212% was driven by strong capital generation. The ratio reflects the continued strong regulatory capital positions of the business units.

A strong balance sheet is a key factor for commercial success and so it is important that units are well capitalized. A key initiative in 2013 was the new capital management framework. The objective is to ensure the company’s continued financial strength. In line with the strategic priorities, the financial policy ensures long-term stability and business growth.

The capital management framework comprises three capital levels – the floor, the target and the buffer level. Aegon aims for a position between target and buffer level. By the end of 2013, the capital positions of the main units were at the desired level. The two largest units, the US and the Netherlands, remain strongly capitalized and paid significant dividends to the holding in 2013. The UK is now in its target capital range after receiving a capital contribution from the holding of GBP 300 million.

The strong capital position in the Americas, the Netherlands and New Markets enable these units to pay the cash generated as a dividend to the holding. The cash flows in the Americas are expected to remain relatively stable over the near term as the effects of growth of the fee-generating businesses is offset by the run-off of capital-intensive spread businesses. In 2013, the Americas paid a dividend which was roughly in line with its normalized operating free cash flow. The Netherlands paid twice the normal dividend last year, which is a reflection of the strong capital position and beneficial capital market impacts. The UK did not pay a dividend in 2013, as the cash flows were still impacted by additional investment needs in the transformation of the UK business, commission payments and securitization repayments. Non-recurrence of these items should lead to cash flows of GBP 150 million to GBP 200 million in 2015 and, as a result, a dividend to the holding beginning in 2016. In New Markets, investments in new ventures of the last few years are starting to translate into dividends back to the holding company.

At the holding, 2013 started with EUR 2 billion in excess capital. Close to EUR 600 million was excluded, as this amount would be used in 2013 to redeem a maturing bond. During 2013 the business units upstreamed a total of EUR 1.5 billion in dividends to the holding. Divestments generated a further EUR 600 million. The cash received from the units was used to invest in other units, to facilitate the conversion of preferred shares in common shares, to pay for funding and operating expenses and of course to pay a dividend to the shareholders. On balance, the year ended with EUR 2.2 billion in excess capital.

Mr. *Button* states that Aegon is on a path to reduce outstanding debt in order to improve the gross leverage ratio and to lower funding costs, which will improve the fixed charge cover ratio. Outstanding debt has been reduced considerably over the last couple of years through a series of management actions consistent with the financial framework targets and business strategy. Gross leverage has already been reduced by approximately EUR 2 billion, working towards a leverage ratio of 26% to 30% by the end of 2014. This caused funding costs drop considerably since 2011. The fixed charge cover ratio is expected to be within the range of 6 to 8 times by the end of 2014, a considerable improvement over the level of 3.4 times in 2011. The management actions in 2014 to deliver these improvements include the redemption of USD 550 million in perpetual loans in March 2014 and USD 1,050 million in capital securities in June 2014. Aegon also issued EUR 700 million worth of 4% Solvency II Tier-2 securities in April 2014 and plans to retire EUR 500 million worth of senior bonds in December 2014.

The cash allocated to common dividends has increased substantially over the past few years. The aim is to grow the dividend in a sustainable way, taking into account the capital position and cash flows. For 2013, an interim dividend of EUR 0.11 a share was paid and the proposal is now to pay a final dividend of EUR 0.11 a share, too. This represents a 5% increase compared with 2012. Aegon will continue to offer its shareholders the choice between a dividend in cash or in shares, with the stated intention to neutralize any dilution from dividends paid in shares.

Then Mr. *Button* discusses the highlights of the first quarter of 2014. Strong results maintain the positive momentum of 2013. Underlying earnings increased by 7%, driven by further growth of the business, higher equity markets and lower financing costs. 37% of underlying earnings came from fee-based business, a reflection of the success of the strategic shift over the past few years. Sales were particularly strong in the first quarter, rising 20% to over EUR 2 billion. The market-consistent value of new business also remains solid. Return on Equity increased this quarter to 8.4%, driven by strong earnings, the absence of preferred dividends and lower leverage costs. Finally, cash flows were solid at EUR 305 million and the Group IGD solvency ratio remains strong at 212%.

Finally, Mr. *Button* discusses the financial targets for 2015. These targets help ensure that the businesses are managed for profitability over the longer term. Aegon is well on track to double its fee-based earnings to between 30% and 35% of underlying earnings and to increase operational free cash flow from EUR 1.3 billion to EUR 1.6 billion by 2015. Underlying earnings are expected to grow by at least 7% from the 2012 base by 2015. To reach a Return on Equity of 10%-12%, additional management actions are required. Therefore, businesses are critically reviewed. At the same time, Aegon continues to invest in growth opportunities in all of their markets and focus on profitably growing the business. These steps give management every confidence in the business and the prospects for this year.

The *Chairman* thanks Mr. Button for his presentation and states that questions can be posed after the presentation on the Remuneration Report and the statement by the external auditor.

3.2 Remuneration Report 2013

The *Chairman* introduces Leo van Wijk, chairman of the Supervisory Board Compensation Committee, who will give a presentation on the Remuneration Report. Mr. Van Wijk's presentation slides are considered part of these minutes and are published on aegon.com.

Mr. *Van Wijk* states that remuneration has become a separate item on the agenda, but the remuneration policy at Aegon has not changed. He discusses the headlines of Aegon's remuneration policy and the 2013 compensation for the executives. All of the details can be found in the 2013 Annual Report (pages 101-107).

Aegon's Global Remuneration Framework applies to all staff throughout the Group, in particular to 'Identified Staff' (the material risk takers). This concerns some 180 positions (163 people) throughout the company all over the world. The framework is based on a number of guidelines, regarding for instance competitive levels, a pay mix, a performance indicator mix, the length of performance and deferral periods, pay-out zones, and ex-ante and ex-post assessments, including claw-back arrangements where necessary. The framework comprises specific policies for the Executive Board, Identified Staff and Control functions, which includes employees whose professional activities may materially influence Aegon's business performance and risk profile.

The EB Remuneration policy consists of fixed remuneration and variable remuneration. Fixed compensation for Mr. Wynaendts for 2013 was EUR 1,049,156 million, and for Mr. Button EUR 474,789 (USD 1,000,000 on a full-year basis). The variable compensation is a maximum of 100% of fixed compensation, a threshold of 50% and an at-target level of 80%. Included in the total remuneration are other benefits, such as pension contributions, social security premiums, a company car and taxes borne by Aegon, such as the crisis tax in the Netherlands and, in the case of Mr. Button, the costs related to his expatriation to the Netherlands.

Overall EB remuneration level remains relatively low compared with the market: both Executive Board members continue to be positioned around the 25th percentile in the benchmarks for total compensation. This is mainly due to the limited amounts of variable compensation, which in the market will normally be around 2 times the fixed compensation or even up to 2.5 times fixed salary, whereas at Aegon it is limited to 1 time fixed salary.

A number of detailed rules apply to variable compensation, one of which concerns the one-year performance period. This is considered to be relatively short and certainly some investors think so. However, the Supervisory Board considers this to be the right length, given the changes that have been applied to variable compensation regulations in the financial sector, particularly in the Netherlands: allocated variable compensation remains conditional for several years after allocation. Ex-post assessments are conducted annually to determine the actual pay-out and/or vesting after one or several years of deferral. Even after vesting, the shares are subject to another holding period of three years. Beyond that point, any payment made continues to be subject to claw-back regulations, should there be an event or other cause meriting such an action.

Fixed compensation for the Executive Board members in 2013 remained equal to 2012. Mr. Nooitgedagt was succeeded by Mr. Button. The amounts as mentioned in the Annual Report reflect their respective tenures in office. Variable compensation in 2013, so paid in 2013, included some deferred variable compensation, i.e. shares and cash regarding previous performance years. The compensation over the year 2013, so related to the performance period, was based on the outcome of the Group performance measures and individual performance measures.

Regarding the conditional variable compensation for 2013, Mr. Wynaendts reached a score of 98.33% out of a 100% maximum and Mr. Button 98.5%, which scores also reflect that Aegon had a very good year in 2013. In 2014, 40% of this is directly payable. The shares to be made available in 2014 – the upfront part – are subject to the three-year retention (holding) period, with the exception of the shares that may be sold to meet income tax obligations, before they are at the disposal of the EB members. The remaining part – 60% over the performance of year 2013 – is conditional and to be paid out in three equal parts and is subject to ex-post assessments. That may result in downward adjustments when necessary. In each of the years 2015, 2016 and 2017, 20% of the conditional variable compensation related to 2013 may be made available. Any pay-out will be split 50/50 in cash and shares. After vesting, a holding period is applicable to the shares for a further three years, before they become available.

Mr. *Van Wijk* further explains that the variable compensation is based on a mix of financial and non-financial performance indicators, in which the group targets weigh in at 75%. The elements are underlying earnings after tax and Return on Equity (both IFRS-based, non-risk-adjusted elements), market-consistent value of new business capital (MCVNB, which is risk-adjusted), and the Return on Economic Required Capital (RoERC, also risk-adjusted). For Sustainability as the non-financial performance indicator, Aegon uses the relative position on the Dow Jones Sustainability Index and employee engagement scores, as measured through the annual Employee Survey. The remainder of 25% are personal targets that are selected every year as being relevant to the individuals in that particular year. These can be large projects, strategy execution, critical change initiatives and/or HR and sustainability-related subjects, such as talent development, succession planning, and employee engagement and enablement.

Aegon aims for long-term consistency and dependability by keeping this set of measures stable over a number of years rather than changing them every year. The metrics for these measures are of course updated annually and reflect the actual situation and target set for that particular year. The same Group performance measures are used for part of the target-setting purposes for Identified Staff and other senior managers throughout the organization. As mentioned, 2013 was a successful year for the group: the outcome of the group targets was the maximum (100%) and on the personal performance targets individuals' scores varied from 80% up to 100%. All in all, a high score for a year of good performance.

Looking forward, Mr. *Van Wijk* reflects on how developments in remuneration impact Aegon. Executive Remuneration in the financial sector, and in particular variable compensation, is subject to a lot of discussion, not only in the Netherlands but also elsewhere in Europe. These discussions involve all of Aegon's stakeholders, i.e. clients, investors, opinion-makers, employees, the general public, et cetera. Aegon has to remain competitive in all of the labor markets in which it operates. The EU region has introduced a limitation of variable pay for banks to 100% of the annual fixed salary, with the possibility to extend this to 200%, if supported by shareholders. The company has to organize a shareholders' meeting to get such approval. Contrary to the EU, the Dutch government proposes the maximum to be only 20% of fixed salary for the financial sector as a whole in the Netherlands, and 100% for Europe without the possibility to seek shareholder permission to increase this to 200%. Aegon awaits the outcome of this debate before any proposals for changes are considered.

The legislative proposals are part of a broader development whereby remuneration, and more in particular that of executives, is subject to continued changes. The common thread is to increase the number of employees to whom particularly stringent rules apply and to extend the number of items that are covered by the regulations. They are increasingly covering all aspects of remuneration, thus not just fixed or variable pay but almost any form of payment to employees.

Remuneration is also impacted by various government measures. In the Netherlands for instance, a special crisis tax of 16% is levied on any remuneration above EUR 150,000, to be paid by the employer. While this was introduced as a one-year item only, it has been extended into a second year.
Finally, indirect compensation, such as pensions, are subject to a process of change as well. Tax incentives for pension accrual in the Netherlands were already reduced at the start of this year, and this trend will continue on a larger scale from 2015 onwards. This will have a serious impact on the pension arrangements for all employees in the Netherlands.

All in all, it must be recognized that Aegon's remuneration policies are impacted by all of these developments, not just in the Netherlands, but in all of the countries where the company operates. This may also affect the Executive Board. The challenge is to continue to deal with this in a balanced way, seeking to address the various positions Aegon's many stakeholders have in this, whilst trying to maintain Aegon's competitive edge in the labor markets in which it competes.

The *Chairman* thanks Mr. Van Wijk for his presentation and states that questions can be posed after the statement by the external auditor under item 3.3.

3.3 Annual Accounts 2013: Proposal to adopt the Annual Accounts 2013

Invited by the *Chairman*, Mr. *Lelieveld (EY)* provides some background on the work EY performed and the unqualified auditor's opinion that was issued on the 2013 financial statements. This auditor's opinion also includes a confirmation that the Board Report is consistent with the financial statements and with Dutch law. In this context, Mr. Lelieveld refers to upcoming legislation to extend the auditor's opinion. It is expected that this new legislation will be globally implemented in 2015. Given that these new regulations are not yet final and the fact that Aegon is listed in the US, EY and Aegon agreed not to test this new auditor's opinion for Aegon here in the Netherlands. There are two important elements in the new auditor's opinion: the materiality applied and the key audit matters.

The materiality threshold EY used for the 2013 audit of the annual financial statements was EUR 85 million. It is EY's policy to report all significant audit differences. At year-end no significant audit differences remain uncorrected. EY also sets the scope of their audit work based on this materiality threshold. Aegon Netherlands, Aegon Americas and Aegon UK were designated as full audit scope locations. EY visited those locations as part of their audit.

EY identified three key audit matters: 1) the valuation of the investments, 2) the valuation of the insurance liabilities, and 3) the risk management disclosures, including the sensitivities. The assumptions used in these valuations are of key importance. Examples are the interest rate assumptions, equity-return assumptions, mortality, morbidity, and lapsation. EY uses valuation specialists and actuaries for the audit work in these fields. EY benchmarks the assumptions used by management, also related to industry practices. EY concluded that the assumptions used by management are reasonable.

Mr. *Lelieveld* states that this part of the audit was of key importance. The findings were discussed in detail with local management, the Executive Board and the Audit Committee. The audit planning, risk assessment and the findings and recommendations were also discussed with the Audit Committee. It is also important to mention that the tone at the top is good. Meetings with management, including Internal Audit and Risk Management, took place on a monthly basis. Six times a year there are meetings with the Audit Committee, including private sessions. Mr. *Lelieveld* also mentions the open and transparent communication with management. Management always proactively reach out to EY to discuss any upcoming issues.

The *Chairman* thanks Mr. Lelieveld for his comments and thanks Mr. Lelieveld and his team for carrying out their tasks with very high levels of integrity and dedication. This was the last set of annual accounts to be reviewed by EY. As of 2014 PwC will be the new auditor in the context of new legislation.

The *Chairman* opens the floor to questions on items 3.1, 3.2 and 3.3.

Mr. *Van Diepen* makes the remark that Aegon is in fact a dollar fund, as most of the earnings come from the US. The annual report also shows that Aegon is relatively small in Asia but that there is a great deal of potential there in terms of earnings. He furthermore refers to page 68 of the Annual Report where the main subsidiaries of Aegon CEE are mentioned, but it is not clear in which countries they are active.

Mr. *Wynaendts* confirms that the US is indeed Aegon's main market, the largest market in the world. It is a market where Aegon is growing very fast. At the same time, it is Aegon's ambition to expand in Asia, but there is a strict discipline in terms of growing profitably. Regarding the main subsidiaries in Aegon CEE, he explains that these are located in Hungary, Poland and Turkey.

Mr. *Burrie* remarks that the Dutch short report has an English title (Aegon's Review 2013), which also applies to the Transform Tomorrow addition to the logo. He would prefer to see a Dutch translation. He refers to page 47 of the Review where total underlying earnings of EUR 1.9 billion are mentioned, but also EUR 1.3 billion losses on fair value items, related to hedges, which is the main reason for the relatively low net income of EUR 0.9 billion. He refers to the housing corporations in the Netherlands, which made big losses on their derivatives, and wonders why there is no reason for concern about Aegon's losses on the hedging activities. Furthermore, he asks for the definition of 'run-off operations'.

Mr. *Wynaendts* responds that translation of English terms is not always easy, but suggestions are most welcome. Regarding the fair value items, he states that hedges are made to protect the capital position. Hedge policies enable Aegon to make sure that fluctuations in the capital markets do not have an adverse or negative impact on the capital position. Hedges are used to neutralize risks in declining stock markets. Accounting principles require reporting these hedges on a marked-to-market basis. If stock prices increase it would be good for the business, because it would mean more fees in the future. However, the downward adjustment of the value of the hedges should be considered as a loss, so that has to be shown under fair value items. There is a disconnect between a one-off loss and any earnings to be received in the future as a consequence of increasing capital markets. That is why one should not be concerned about the fair value items. The increase in stock prices on the US market was 28%. Aegon hedges the equity market risks in the American market because that is where the risk is. The term 'run-off operations' refers to activities that are no longer considered core.

Mr. *Burrie* questions whether the hedging losses will affect the dividend policy. Mr. *Wynaendts* explains that dividends are based on cash flows, not on underlying earnings or net income. In fact, dividends are protected this way because the capital position is protected through the hedges.

Mr. *Burrie* finally remarks that the explanation of the remuneration did not convince him. He would call on shareholders to vote against variable pay and incentives.

Mr. *Keyner (VEB)* refers to page 18 of the Annual Report where the first table shows that new life sales have dropped in 2013 in three out of the four regions. He questioned whether investors should be worried about this. Secondly, he remarks that last year's presentations devoted a lot of attention to the 'balanced earnings model'. His question is how much progress has been made in making sure that one third of income is coming from fee-based business, one-third from insurance premiums and one third from spread on investments.

Mr. *Wynaendts* states that new life sales indeed have declined in the US, the Netherlands and New Markets. In the US that is the result of lower interest rates. Aegon has repriced its products because of the lower interest rates, which implies that the US has sold fewer products. It is important to look at new life sales and gross deposits because it is also a matter of definition. In the US a pension contract qualifies as a new deposit, while in the UK and in the Netherlands it qualifies as new life sales. In the Netherlands, new life sales have been slightly lower because Aegon have had a couple of large contracts in the previous year and the market for pension contracts in the Netherlands is currently not very attractive. But Aegon has maintained its market share of around 25% in that sector. Regarding New Markets, one has to keep in mind that Aegon has divested its joint ventures in Spain. As a result sales are lower.

Mr. *Keyner (VEB)* asks whether his conclusion is right that the major jump ahead depends on interest rates moving up to a more reasonable level. Mr. *Wynaendts* agrees that it would certainly help life insurance sales, but that deposits are equally important because they take the form of pensions, variable annuities or asset management contracts.

Regarding the balance sheet, Mr. *Button* explains that, from a mix of earnings perspective, there is a geographical look that follows the concentration of the business: the US first, the Netherlands second and then the UK and the rest of the world after that. In addition to the geographical look, there is a break-down to source of earnings: fee business, underwriting business and spread business. One of the targets is the 35% fee target. The first quarter showed 37%. The underwriting business continues to grow as well. So, it is the spread component that continues to right-size itself downwards.

Mr. *Keyner (VEB)* comes back to the external auditor, who talked about the good tone at the top. The question to the auditor is how this translates into the numbers that are presented, since a major part of the way the numbers are presented at Aegon depends on assumptions, on the models behind those numbers, and how conservative the approach is. Aegon seems to be very conservative, also given the hedging strategies.

Mr. *Lelieveld* repeats that the assumptions used are the most important part for the financial statements and for the audit. That is the reason why EY has specialists in their team and why benchmarks are made based on industry practices. Whether assumptions used are aggressive or pessimistic is competitive information. IFRS does not include those criteria. It is reasonable or not. The impact of a change in assumptions on the financials is an important indication.

Mr. *Keyner (VEB)* asks whether IFRS would allow Aegon to use much more conservative assumptions and if such more conservative assumptions would lead to significantly different numbers. Mr. *Lelieveld* states there is always a range when you talk about future developments. He repeats his statement that the assumptions used by Aegon are reasonable.

Mr. *Keyner (VEB)* then seeks the confirmation from the external auditor that Aegon has followed up adequately on the comments EY has made in the last few years in the management letters, including the one regarding 2013. Mr. *Lelieveld* explains that EY has finalized their 2013 work in March and will transition their work to PwC. EY's last recommendation letter, which also includes observations about financial reporting and assumptions, was issued in December.

Mr. *Heinemann* asks the external auditor whether there has been a written report about accounting procedures and internal control and, if so, whether this report has been discussed with management. Furthermore, he asks whether the recommendations from previous years have been followed up.

Mr. *Lelieveld* confirms that there are written recommendations on the internal control, also from the Internal Auditor. He ensures that the Executive Board and the Audit Committee are very keen on adequate follow- up on those topics. This is high on the agenda and is embedded in the company's control process. He also confirms that the recommendations from previous years have also been followed up.

Regarding remuneration, Mr. *Heinemann* asks whether there is a significant difference between the remuneration of US nationals and European nationals. Regarding long-term variable pay, he refers to the fact that these were paid in shares only in the past and nowadays it is a mixture of cash and shares. He asks whether that is related to the stock price development in the past years.

Mr. *Van Wijk* confirms that there is quite a different environment in the various countries that Aegon is operating in, and the perception of what is reasonable remuneration and what the limits are. It is clear that in the US, in general, variable compensation makes up a bigger piece of the total compensation than in Europe, certainly after the limitation of variable compensation to 200%. In the past, the Supervisory Board and its Compensation Committee were focused on setting the remuneration for the Executive Board. The scope of the Compensation Committee under the new regulations has been broadened to include supervising the remuneration of key executives throughout the company and remuneration policy in general. For that reason Aegon developed its Global Remuneration Framework. The Compensation Committee is well aware of the remuneration paid in other parts of the organization, including the United States. In the US, certain people are being paid more than their relative peers elsewhere within Aegon for the same type of function because the remuneration context is quite different. The Compensation Committee has not seen any excessive amounts of money being paid throughout the organization.

Regarding variable compensation, Mr. *Van Wijk* confirms the development from shares towards a mixture of shares and cash. In consultation with the Supervisory Board, the Executive Board decided in 2012 to forego the cash payment regarding Aegon's performance during 2011. The EB members only received a share component, which demonstrated the fact that the incentive for management was to increase the company's value. So, over the longer term, it is a pay-out that is good for them but it also reflects what is good for the shareholder. Secondly, the regulations in Europe specified that companies are no longer allowed to determine themselves how variable compensation is being paid. The regulator has ordered companies to apply a scheme in which only 50% can be paid in cash and 50% in shares. So, this is not Aegon's own decision. It is a decision by the regulators that Aegon has to comply with. These are the two reasons for the significant change in the variable pay-out in 2012 and 2013.

Ms. *Van Gool (VBDO)* refers to the Annual Report on pages 103 and 104, where it suggests that 15% of variable pay relates to group sustainability, noting that this also includes employee engagement. The VBDO would not necessarily group that with sustainability, although it is very much appreciated that Aegon has an indicator on sustainability in its variable remuneration. Regarding the Dow Jones Sustainability Index, her understanding is that Aegon is looking for a more Aegon-specific indicator. She will discuss this within VBDO and if there are better suggestions she will let Aegon know.

Furthermore, Ms. *Van Gool (VBDO)* refers to the recent publication by the VBDO about the principles of good tax governance. The EU Capital Requirements Directive requires banks to report how much tax they pay on a country-by-country basis. The question is when Aegon will report on this basis. She also asks whether Aegon intends to require responsible tax policy from its suppliers and investees. Finally, she asks whether Aegon intends to take note of the new publication 'Good tax principles' and the extent to which Aegon will incorporate it into its tax policy.

Regarding the sustainability component of variable pay, the *Chairman* states that employee engagement is crucial to achieving sustainability targets. These two reinforce each other. Ms. *Van Gool (VBDO)* agrees that they are linked and she assumes that employees' engagement in sustainability actually motivates them to stay. It is a little bit of a nuance, but just for communication purposes she would still note that.

Mr. *Wynaendts* states that tax policy is considered an important topic. Aegon has a clear tax strategy. The key principles are that the tax position needs to be reliable and predictable, that the implementation is ethical, obviously within the scope of law and regulation. Aegon follows the principle of tax-follows-the-business. First, a business is established and then the tax position is reviewed, not the other way around. Aegon is not setting up businesses, structures or activities solely for tax reasons. Aegon believes that these cornerstones of Aegon's tax strategy are still valid today. But Mr. Wynaendts also agrees that it is the right time to do a review of Aegon's tax strategy later this year.

Regarding a further question by Ms. *Van Gool*, Mr. *Wynaendts* states that reporting on a country-by-country basis is available in the Annual Report: the US, the Netherlands, the UK and New Markets. New Markets are a number of smaller businesses with limited tax implications, which Aegon groups into a single 'country'.

The *Chairman* establishes that there are no further comments or questions on the Annual Report, Remuneration Report and Annual Accounts.

Following an electronic vote showing 1,386,186,491 (99.93%) votes in favor, 1,024,851 (0.07%) against and 4,702,860 abstentions; the *Chairman* establishes that the General Meeting of Shareholders has adopted the Annual Accounts for 2013.

4. Proposal to approve the final dividend 2013

The *Chairman* states that Aegon's dividend policy aims to pay out a sustainable dividend to allow equity investors to share in the Company's performance, which dividend can grow over time if the Company's performance so allows. In normal circumstances, Aegon would expect to declare an interim dividend when announcing the second quarter results and to propose a final dividend at the Annual General Meeting of Shareholders for approval. As Mr. Button mentioned, Aegon proposes a final dividend for 2013 of EUR 0.11 per common share. Taking into account the interim dividend of EUR 0.11 per common share paid in September 2013, the total dividend for 2013 would amount to EUR 0.22 per common share. The final dividend will be paid fully in cash or stock, at the option of the shareholder. The value of the stock dividend will be approximately equal to the cash dividend.

The *Chairman* establishes that there are no comments or questions on the dividend proposal.

Following an electronic vote showing 1,384,701,115 (99.81%) votes in favor, 2,623,015 (0.19%) against and 4,591,071 abstentions, the *Chairman* establishes that the General Meeting of Shareholders has approved the final dividend for 2013.

5. Proposal to release the members of the Executive Board from liability for their duties

The *Chairman* puts forward the proposal that members of Aegon's Executive Board be released from liability for their duties, in so far as the exercise of these duties is reflected in the 2013 Annual Report or has otherwise been disclosed to shareholders prior to the adoption of the 2013 Annual Accounts.

The *Chairman* establishes that there are no comments or questions on this proposal.

Following an electronic vote showing 1,343,487,293 (96.87%) votes in favor, 43,398,530 (3.13%) against and 5,029,359 abstentions, the *Chairman* establishes that the General Meeting of Shareholders has released the members of the Company's Executive Board from liability for their duties, in so far as the exercise of these duties is reflected in the 2013 Annual Report or has otherwise been disclosed to shareholders prior to the adoption of the 2013 Annual Accounts.

6. Proposal to release the members of the Supervisory Board from liability for their duties

The *Chairman* puts forward the proposal that members of Aegon's Supervisory Board be released from liability for their duties, in so far as the exercise of these duties is reflected in the 2013 Annual Report or has otherwise been disclosed to shareholders prior to the adoption of the 2013 Annual Accounts.

The *Chairman* establishes that there are no comments or questions on this proposal.

Following an electronic vote showing 1,343,475,075 (96.87%) votes in favor, 43,409,708 (3.13%) against and 5,030,299 abstentions; the *Chairman* establishes that the General Meeting of Shareholders has released the members of the Company's Supervisory Board from liability for their duties, in so far as the exercise of these duties is reflected in the 2013 Annual Report or has otherwise been disclosed to shareholders prior to the adoption of the 2013 Annual Accounts.

7. Proposal to appoint Mr. Robert W. Dineen to the Supervisory Board

The *Chairman* puts forward a proposal to appoint Mr. Robert Dineen as a member of Aegon's Supervisory Board for a term of four years from May 21, 2014. His résumé has been attached to the agenda of the meeting. Mr. Dineen holds no shares in the Company. He is unfortunately not able to attend this meeting because of family reasons.

Mr. *Spanjer* asks whether the knowledge of Mr. Dineen refers to North or South America. The *Chairman* answers that Mr. Dineen has built his career in the North American market.

The *Chairman* establishes that there are no further comments on the proposal.

Following an electronic vote showing 1,380,789,402 (99.60%) votes in favor, 5,557,411 (0.40%) against and 5,567,567 abstentions, the *Chairman* establishes that the General Meeting of Shareholders has appointed Mr. Dineen as a Supervisory Board member for a four-year term, beginning May 21, 2014.

8. Proposal to appoint Ms. Corien M. Wortmann-Kool to the Supervisory Board

The *Chairman* puts forward a proposal to appoint Ms. Corien Wortmann-Kool as a member of Aegon's Supervisory Board for a term of four years from May 21, 2014. Her résumé has been attached to the agenda of the meeting. Ms. Wortmann-Kool holds no shares in the Company.

Mr. *Van der Krans (MN)* refers to the fact that Ms. Wortmann was a member of the Committee on Economic and Monetary affairs in the European Parliament. He states that it might cause some tension that she will become a Supervisory Board member of a company that is part of a sector that she helped to regulate. He mentions the fact that US senators are subject to a one-year cooling-off period, whereas European Parliament members have no such a restriction. He asks how to strike the balance here. The *Chairman* answers that common sense will help averting any conflict in interest with her former role as a member of the European Parliament. As Chairman of the Board he will monitor this, but he has no doubt that this will not be an issue.

Mr. *Keyner (VEB)* remarks that he is happy that a woman is being appointed to the board, but he believes that a background in businesses or finance would be a better foundation than political science for a board membership at Aegon. Introducing financial legislation as a member of the European Parliament is different from supervising a particularly complex earnings model, in which most people with just basic economics will be lost. So the question is whether her background will provide her with the necessary knowledge for critical supervision. The *Chairman* answers that Ms. Wortmann has been tested by the Dutch Central Bank. Fit-and-proper testing has been introduced for that very purpose. Other than that, he believes her financial background is absolutely sufficient for her to function on the Board.

Mr. *Vreeken* remarks that, given Aegon's experience in 2008, it is useful that somebody from European politics will serve on Aegon's board. The *Chairman* explains that the Board looks for diversity in different ways. It is not a matter of gender only, it is also a matter of perspective and people's backgrounds, and not just when it comes to financial experts. The Board needs input from the customer side, from societal side. The composition of the Board should reflect the composition of society. Every decision on new members fits the profile of the Board.

Mr. *Keyner (VEB)* responds that investors are asking questions about nominees because of bad experiences in the past. A lot of directors appeared to not understand the company they were supposed to supervise. As much as he appreciates the Chairman's comment that a well-balanced board is needed, he believes that one needs to understand the business one tries to supervise. The *Chairman* agrees and states that the Board will make sure that those pieces that are missing are going to be filled in.

The Chairman establishes that there are no further comments on the proposal.

Following an electronic vote showing 1,384,057,185 (99.84%) votes in favor, 2,269,398 (0.16%) against and 5,587,320 abstentions, the *Chairman* establishes that the General Meeting of Shareholders has appointed Ms. Wortmann-Kool as a member of the Supervisory Board for a four-year term, beginning May 21, 2014.

9. Proposal to authorize the Executive Board to issue common shares

The *Chairman* establishes that the full text of the proposed resolution to authorize the Executive Board to issue common shares has been included in the explanatory notes to the agenda. In accordance with Dutch law, shareholders are asked to give the Executive Board authority to issue common shares or grant rights to subscribe for common shares for a period of eighteen months starting May 21, 2014, subject to prior approval by the Supervisory Board. The purpose of this proposal is to enable the Executive Board to react quickly, without having to wait for prior approval from shareholders, to circumstances that may require an issue of common shares. Under the terms of the resolution, this authorization will be limited to 10% of Aegon's issued capital, plus an additional 10% in the event of an acquisition. This '10 plus 10' formula is common among companies in the Netherlands. Upon adoption, this authorization will replace the authorization granted in May 2013.

The *Chairman* establishes that there are no comments on this proposal.

Following an electronic vote showing 1,230,300,363 (88.69%) votes in favor, 156,813,415 (11.31%) against and 4,791,329 abstentions, the *Chairman* establishes that the General Meeting of Shareholders hereby resolves to authorize the Executive Board, for a period of eighteen (18) months starting May 21, 2014, as the company body which, subject to the prior approval of the Supervisory Board, shall be authorized to decide on the issuance of common shares in Aegon N.V. and the granting of rights to acquire common shares in Aegon N.V. This authority shall be limited annually to 10% of the capital, plus 10% of the capital if the issuance or the granting of rights occurs on the occasion of the acquisition of an enterprise or a corporation. The term "capital" means the total par value of common shares in issue at the time this authorization is used for the first time in any calendar year. This authorization may only be withdrawn by the General Meeting of Shareholders on a proposal of the Executive Board, previously approved by the Supervisory Board.

10. Proposal to authorize the Executive Board to restrict or exclude pre-emptive rights upon issuing common shares

The *Chairman* establishes that the full text of the proposed resolution to authorize the Executive Board to restrict or exclude pre-emptive rights upon issuing common shares has been included in the explanatory notes to the agenda. In accordance with Dutch law, shareholders are asked to give the Executive Board authority, for a period of eighteen months starting May 21, 2014, to restrict or exclude shareholders' pre-emptive rights when issuing common shares or granting rights to subscribe for common shares, subject to Supervisory Board approval. This authority, together with that for agenda item 9, will give the Executive Board the opportunity to react quickly, without having to wait for prior approval from shareholders, to circumstances that may require an issue of common shares with or without restricted pre-emptive rights. This authorization is also limited to 10% of Aegon's issued capital, plus a further 10% in the event of an acquisition. Upon adoption, this authorization will replace the authorization granted in May 2013.

The *Chairman* establishes that there are no comments on this proposal.

Following an electronic vote showing 1,184,974,146 (85.43%) votes in favor, 202,041,042 (14.57%) against and 4,889,920 abstentions, the *Chairman* establishes that the General Meeting of Shareholders hereby resolves to authorize the Executive Board, for a period of eighteen (18) months starting May 21, 2014, as the company body which, subject to the prior approval of the Supervisory Board, shall be authorized to restrict or exclude pre-emptive rights of existing shareholders upon the issuance of common shares or the granting of rights to subscribe for common shares in Aegon N.V., provided that this shall be limited annually to 10% of the capital, plus 10% of the capital if the issuance occurs on the occasion of the acquisition of an enterprise or a corporation. The term "capital" means the total par value of the common shares in issue at the time this authorization is used for the first time in any calendar year. This authorization may only be withdrawn by the General Meeting of Shareholders on a proposal of the Executive Board, previously approved by the Supervisory Board.

11. Proposal to authorize the Executive Board to issue common shares under incentive plans

The *Chairman* proposes that the General Meeting of Shareholders resolves to authorize the Executive Board for a period of eighteen months starting May 21, 2014 to issue common shares and/or to grant rights to subscribe for common shares to employees and/or management on the basis of the Aegon Group Global Remuneration Framework and the Executive Board Remuneration Policy. Variable compensation for senior management and the Executive Board members is usually paid out in cash and shares over multiple years and is subject to specific conditions being fulfilled. This authorization shall be limited annually to 1% of the total nominal amount of the common shares issued at the time that this authorization is used for the first time in any calendar year. The authorization may be withdrawn only by the General Meeting of Shareholders on a proposal of the Executive Board that has been previously approved by the Supervisory Board. Upon adoption, this authorization will replace the one granted in May 2013.

Mr. *Spanjer* asks why this authorization is needed as the shares can be bought on the stock market.
Mr. *Button* states that the authorization provides flexibility to act quickly when needed. Any shares issued will be bought back on the market to prevent dilution of the earnings per share.

Mr. *Heinemann* states that these agenda items are more or less standard items, which come up every year during the general meeting of shareholders. It would be clearer and more detailed if the decisions

on this points taken last year were superseded and voided. The *Chairman* answers that this is included in the explanation to the agenda items.
The *Chairman* establishes that there are no further comments or questions on this proposal.

Following an electronic vote showing 1,364,353,069 (98.36%) votes in favor, 22,773,567 (1.64%) against and 4,777,922 abstentions, the *Chairman* establishes that the General Meeting of Shareholders hereby resolves to authorize the Executive Board, for a period of eighteen (18) months starting May 21, 2014, to issue common shares and/or to grant rights to subscribe for common shares to employees and/or management of Aegon N.V. and/or companies with which Aegon N.V. forms a group, based on a group-wide incentive plan or the Remuneration Policy for the Executive Board. This authorization shall be limited annually to 1% of the total nominal amount of the common shares in issue at the time that this authorization is used for the first time in any calendar year. This authorization may only be withdrawn by the General Meeting of Shareholders on a proposal of the Executive Board, previously approved by the Supervisory Board.

12. Proposal to authorize the Executive Board to acquire shares in the company

The *Chairman* establishes that the full text of the proposed authorization to the Executive Board to acquire shares in the Company has been included in the explanatory notes to the agenda. This authorization for a period of eighteen months starting May 21, 2014 to acquire shares in Aegon N.V. is similar to the ones granted in previous years. Although according to Dutch law a repurchase of shares is allowed to a maximum of 50% of Aegon's total issued capital, it is proposed to limit this authorization to 10%. This authorization will allow the Executive Board to be flexible and to react quickly to circumstances necessitating a repurchase of Aegon N.V. shares and can be used for any and all purposes. Upon adoption, this Resolution will replace the authorization granted in May 2013.

The *Chairman* establishes that there are no comments on this proposal.

Following an electronic vote showing 1,381,825,310 (99.72%) votes in favor, 3,875,262 (0.28%) against and 6,203,311 abstentions, the *Chairman* establishes that the General Meeting of Shareholders resolves to authorize the Executive Board for a period of eighteen (18) months starting May 21, 2014, to acquire, for a consideration, shares in Aegon N.V.'s own capital. The number of shares that may be so acquired shall not exceed 10% of Aegon N.V.'s total issued capital. Common shares and common shares B may only be acquired at a price not higher than 10% above the actual market value of the shares immediately prior to the acquisition.

13. Any other business

Mr. *Van Diepen* asks whether Aegon prefers to pay dividends in cash or in stock and – in the case of stock dividends – if shares will be repurchased on the market to prevent dilution of earnings per share. Mr. *Button* states that Aegon is indifferent to the choice of cash versus stock dividends. Shares issued to pay dividends will be repurchased to offset the dilution. This is Aegon's intention going forward, with effect from last year.

Mr. *Tse* refers to the Netherlands Investment Institute (Nederlandse Investeringsinstelling, NII), which intends to invest a larger portion of the investments of pension and insurance companies into the Dutch economy, in particular in infrastructure and sustainable energy. His question is whether Aegon is amongst the insurance companies that participate in the fund and what Aegon's commitment is. The *Chairman* answers that Aegon is indeed among the participants in the fund and that Aegon will invest equally as the other participants.

14. Close of the meeting

The *Chairman* congratulates Ms. Wortmann-Kool and Mr. Dineen on their appointment as members of the Supervisory Board. He also expresses the gratitude of the Supervisory Board to Ms. Peijs and Mr. Burgmans, who stepped down from the Board on September 1, 2013 and April 1, 2014, respectively.

The *Chairman* expresses his special thanks to Kees Storm, who joined the Supervisory Board in 2002 after retiring as Aegon's CEO in that year. The Board greatly benefited from his knowledge and experience, first at AGO since 1978 and from 1983 as a member of the Executive Board of Aegon and since 1992 as its CEO. In that time, Kees Storm led Aegon's world-wide expansion in the US, Central and Eastern Europe and Asia. After his retirement in 2002, he successfully adjusted into the new role of Supervisory Board member for 12 years. The Board is very grateful for his 36 years of commitment to Aegon.

Mr. *Storm* thanks the Chairman for his kind words and confirms that it was definitely a long and interesting ride: 36 years of serving the company as well as the shareholders. After joining AGO in 1978, Aegon was created on 30 November 1983. Mr. Storm says that he looks back with pride at Aegon's international expansion, in particular in the United States. He is happy to see that Aegon rebounded strongly after the financial crisis and is in the good hands of Alex Wynaendts and his management team and under the supervision of his esteemed Supervisory Board colleagues. He thanks the shareholders for their support during all those years.

As no other business is raised, the *Chairman* thanks everybody present for attending and participating in the meeting, noting that members of the Supervisory Board and Management Board as well as Investor Relations officers will be available for questions. The meeting is closed at 13:00 pm.

The Hague, drawn up on August 21, 2014 and adopted and signed on November 21, 2014.

/s/ R.J. Routs	/s/ W.U. Beltman
____________________	____________________
R.J. Routs, Chairman	W.U. Beltman, Secretary