Annual Shareholder/Investor Meeting

Company Participants

- Alexander Rijn Wynaendts, Chairman of the Management Board, Chairman of the Executive Board & CEO
- Anne-Marie Roth-Verweij, Secretary
- Corien M. Wortmann-Kool, Vice
- Robert J. Routs, Chairman of the Supervisory Board
- Unidentified Speaker, Analyst

Other Participants

- Marc Borkink, Private Shareholder
- Ruud Dekkers, Independent Auditor
- Unidentified Participant, Analyst
- Vicky van Heck, Shareholder

Presentation

Robert J. Routs {BIO 1524249 <GO>}

I'd like to start the meeting. Please. Ladies and gentlemen, welcome on behalf of the Aegon's Executive Board and Supervisory Board at the Annual General Meeting. In order to hear a simultaneous translation in English, please choose the Channel 11. I think you've seen that on the boards behind us. As was the case in previous AGMs, I will chair this meeting in English. Headphones for -- headphones for the simultaneous translation have been offered when you entered the meeting room and are still available on the table outside. As you already have seen when entering the room, for English, please choose Channel 11; and for Dutch, Channel 10. Of course, you can ask questions in Dutch if you so prefer. There will be also simultaneously translation into English.

The following members of the Supervisory Board are present and are seated behind the podium: Robert Dineen, Shemaya Levy, Ben van der Veer, Dirk Verbeek, Corien Wortmann-Kool, Dona Young and myself. Ben Noteboom, unfortunately, could not be present due to family circumstances.

The proposed 2 new members of the Supervisory Board, Bill Connelly and Mark Ellman, are upfront, in the front row. Alex Wynaendts, member of the Executive Board is also present and is seated next to me on the podium. Matt Rider, the proposed new member of the Executive Board is on the front row. Next to him are the members of the management board present today: Adrian Grace, Allegra van HÃ¶vell-Patrizi, Carla Mahieu, GÃ¡bor Kepecs, Marco Keim, Mark Bloom, Onno van Klinken and Sarah Russell.

In conformity with the Dutch Corporate Governance Code, the auditors who performed the audit of 2016 annual accounts Rudd Dekkers, (inaudible) and Danielle [ph] (inaudible) are present in this meeting as well.

The minutes will be kept in English by the company's secretary, Anne-Marie Roth. An unofficial translation in Dutch will be prepared as well.

Let me make some general announcements. Smoking is not allowed throughout the meeting and in the building. Audio, video recordings are not allowed during -- in the building. You have chosen to use either the voting app or the regular electronic voting device to exercise your voting rights during the meeting.

If you've chosen to use the voting app, you have received login details and you have logged into the app in order to exercise your voting rights. If you have chosen to use the electronic voting device, you've received the device and a chip card for exercising your voting rights. Please return both the headphones and the voting device after the meeting.

If you'd like to speak, go to one of the nearest microphones, wait until you've been given the opportunity to speak and speak clearly, first your name, for the minutes. On your seats, you've found a card with the agenda for this meeting and some rules and procedures during this meeting. In case of an emergency, we'll need to evacuate this room, I kindly ask you to leave your belongings behind. Our people in the yellow jackets will lead you to the nearest exit. Thank you for your cooperation.

And in Dutch, (foreign language)

Then I establish the following. The convening of this AGM has taken place by an announcements on Aegon's corporate website on April 7. The agenda together with the explanation of the annex has been sent to holders of shares registered in the shareholders' registers held by the company. Holders of New York registered shares have been notified of the AGM and the agenda items.

When convening the meeting, we listed the subjects that will be dealt with at this meeting. We also gave notice that the agenda with explanatory notes, annexes and enclosures to the annual report 2016, including the annual accounts as well as a supplementary bylaw were available free of charge as of April 7 and are available on Aegon's corporate website, at Aegon's head office in The Hague. And at the ABN AMRO Bank in Amsterdam and at the 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. This meeting has been (inaudible) in Aegon's Articles of Association.

The issued shares in the capital of this company at the record date of April 21 [ph], 2017, consists of 2,659,517,002 shares. The issued shares are divided as follows: 2,074,548,142 [ph] common shares with a par value of EUR 0.12, of which 47,473,325 shares are nonvoting common treasury shares; and 585,220,160 common B shares -- common shares B with a par value of EUR 0.12, of which 17 million shares B with a par value of EUR 0.12, of which 17,324,960 shares are nonvoting common treasury shares B.

Discounting nonvoting treasury shares and taking into the accounting the waived voting shares of common shares B, the number of voting shares as of the record date is, 2,041,002,947 [ph]. The attendance list is being drawn up at this moment. I'll announce later how many shares are represented and how many votes can outcast in the meeting. We expect about 68% of the issued share capital to be represented -- present or represented in this meeting.

In previous years, we've been actively engaged in encouraging our shareholders to vote at our AGM. The draft minutes of the AGM of May 20, 2016, have been available for comments during three months at Aegon's offices in The Hague and were also published for comments on Aegon's corporate website on August 20. The final minutes were signed by the Secretary and myself and are available as of November -- were available as of November 20, 2016, at our offices here in The Hague and on our website.

Draft minutes of this meeting will be available for comments on the website for three months as of August 19, 2017. The final minutes will then be signed by the Secretary and myself and will be available as of November 19, 2017. A translation in Dutch will be made available.

There's 2 other announcements I'd like to make. First of all, the presentations will be in English. But of course, you can ask your questions in Dutch. The translation in Dutch is available through your headphones. After the close of the meeting, there's a light lunch. And you'll have the opportunity to meet us in the hall outside of the meeting room.

We now proceed to point 2 of the agenda, the 2016 global review and reports of the boards in 2016. Alex Wynaendts, Aegon's CEO, will now give a presentation on the course of the business in 2016. He will also address in his presentation the reports of the board for 2016, including the financial results and the First Quarter results of 2017. He will therefore cover item -- Agenda Item 2 and 3.1 in his presentation. We kindly ask you to address questions for both agenda items after the presentation. So what we're trying to do is cluster a number of issues and number of points of the agenda, first of all, give you the presentations and information and then have votings on them separately at the end of that.

So Alex?

Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Thank you, Rob. And given that we have lots of Dutch shareholders with us this morning, I would like to make a few brief remarks in Dutch before I begin my presentation. (foreign language)

I would like to welcome you all here at this meeting room. It's always a pleasure to see so many familiar faces. And quite particularly, I would like to welcome Mr. and Mrs. Heinemann [ph] (inaudible) opportunity to compliment you with this wonderful article and picture in the financial -- the Dutch Financial Times. I'm sure that you all saw that article. And furthermore, I would like to take the opportunity to discuss what we accomplished this past year with respect to the realization of our strategy. But also the steps that we took for the business as a whole to really become a customer-oriented company. And now we're well positioned to offer people security in these very uncertain times. I will continue, however, in English, as you know. Most of our shareholders don't speak Dutch. And they're listening into the webcast. So I shall continue in English now.

2016 was a year defined by a series of events that had profound impacts on the global economy. And a year in which we did much to transform our company, to improve operational and financial performance. And to get closer to our millions of customers. I will begin my presentation by outlining how our operating environment has changed, before then explaining how we are embracing change, taking advantage of opportunities to grow, to transform and to better serve our customers.

As we said goodbye to Darryl Button in December, we will later be asking for your approval to appoint Matt Rider as our new CFO. For this reason, as Rob explained just earlier, this year I will also be providing you an overview of our financial performance for 2016 and for the first months of 2017. Together, we're taking you through the progress we're making towards our 2018 targets.

We are operating in the world at an increasing pace. And this means that we need a thorough understanding of the trends that are shaping and defining our operating environment. And I would like to spend a few minutes with you sharing our view on a number of these trends, such as market volatility, political upheaval, because although some are outside our influence, our control, it doesn't mean we can't be prepared for the future. What's more, uncertainty is, of course, the essence of what we do and what we're here for. Our millions of customers need certainty in these uncertain times, more than ever. And I'm proud about how we're able to achieve this.

Looking at the global economy of the last year, low interest rates have once again been the norm and have an impact on the (inaudible) savings of many of our customers. While we cannot influence low rates, we can manage how we respond. And for the last six years, our strategy has been to shift our focus more on to fee-based business and away from our businesses that are dependent on investment returns. We have successfully executed on this strategy, growing these businesses. And last year, 42% of our underlying earnings came from fees compared with 16% only six years ago.

In addition, 2016 saw political changes such as Brexit. Also here, we need to be well-prepared for implications it has on our business. In terms of regulatory requirements observed in recent years (inaudible) continued, particularly with regard to capital requirements, tax, data privacy and market reforms. These changes affect how we price and sell our products and manage our risk. For this reason, we are engaging even more than before with governments and regulators in order to ensure that we're well advised and well prepared for any scenario.

And finally, the fourth trend that continued to impact our business in 2016 was the emergence of new technologies and digitization, which are at the very core of our strategy. We're really pleased with the change we've made over last year and I'll come back to this in more detail later in my presentation.

As I'm sure you're all well aware of, everything we do and all the key decisions we take start with (inaudible) achieve a lifetime of financial security. And that's at the heart of everything we do. And that's what our thousands of employees are all focused on, being there for our 26 million of our customers.

Our purpose is, however, far more than simply an ambition to help people. It is the basis of a compelling strategy throughout their lives and not just at a certain point in time in their life cycle. And in order to serve customers throughout their lives, being product manufacturer only is not enough anymore. We want to be more and more a trusted provider of accessible, understandable and reliable services and solutions to our customers. What we're seeing is that fewer and fewer people have access to financial advice. And at the same time, we recognize that their needs are growing as the responsibility for their financial security is increasingly shifting onto them, away from the states or employer.

This shift represents a huge opportunity for us. It is here in this advice gap that the opportunity lies for us to better connect with our customers in order to provide them with much needed relevant information, guidance and advice and to help them achieve their much needed financial security.

At Aegon, we have made a commitment to act responsibly and to ensure that we have a positive impact on all our stakeholders. From our customers and employees to wider society and the planet. Being a responsible business is an integrated part of our strategy. And we use input and feedback from our stakeholders to better understand how they view our company, their retirement challenge. And the world around. Customers and employees alike want us to care about them, their quality of life and the world we will all retire in one day. And that business is increasingly operating at the intersection between financial security and wellbeing. And for this reason, we are doing all we can to raise awareness of the relationship between financial security and wellbeing and creating innovative solutions to get our customers to take action and address societal and financial issues around longevity, aging, including increasing our investments in a clean and healthy planet, as evidenced in our 2016 Responsible Investment, which was published today and which I encourage you to have a look at, after the meeting obviously.

So with an intersection of financial security and wellbeing in mind, let me now turn to the customer life cycle and explain a little bit more detail how we're serving our customers throughout their lives and how this relates to the changes we've made at our company. Building a lifelong relationship with our customer begins at a point they start their careers, when they start a family and then through to retirement and old age. At an early stage, our customers need to be protected for this. And later in their lifecycle, they will need to focus on saving for their children's education and increasingly for their retirement. And our aim is to be constant companion along our customers' life cycle.

Have built a sizeable retirement business in our key markets with pension assets of over EUR 300 billion and 11 million (inaudible) that are saving every day for their retirement. And we know one thing for sure, they will all retire at a certain point in time and they will all need advice to be well prepared for their retirement. And what's more? The trend is clear, our customers will need to take more and more responsibility themselves for their financial futures. And we will be there to help them make the right choices that will affect the rest of their retired lives.

At the beginning of last year, we made it clear that our strategic direction of helping our customers achieve financial security along their life cycle is the right long-term strategy. We also said that we would accelerate execution of our strategy. So first, we strengthened how we build and maintain meaningful relationship with our customers, for instance, by further investing in the latest technology solutions that allow us to get closer to our customers. And second, we've also taken measures to create the balanced portfolio of businesses. And critical to this has been the divestment of noncore activities such as our commercial non-life business in the Netherlands and in the U.K., while at the same time investing in fee businesses such as BlackRock and Cofunds in the U.K. And third, we've improved our financial performance through both reducing expenses and growing our business, which I'll come back to in a moment.

In January of last year, we outlined our targets for 2018. And last December, we increased our 2018 group-wide expense savings program by EUR 150 million from EUR 200 to EUR 350 million to ensure that we were delivering on our 2018 financial targets. At the end of the First Quarter this year, we have already realized EUR 160 million expense savings. And overall, I'm pleased that we're well on track to deliver on our strategic priorities across our whole business.

So let me now run you through our main businesses one by one. All our units are assessed on a number of metrics that are important to us. And rather than focus purely on financial metrics (inaudible) do these businesses fit our strategy? What growth prospects are there? And do they contribute to the growth of the company? Do they deliver sufficient cash flows and returns, both now and in the future? We also ask ourselves if they have the scale that is needed. And in short, how will they contribute to the success of the group as a whole.

Circling back on the next slide, we've done much to optimize our business and improve returns. In Continental Europe, we're increasingly seeking synergies across our businesses, for instance, sharing back-office support, sharing product knowledge and developing new technologies through our digital center of excellence. And in U.K., our priority has been to become the market leader in digital platforms (inaudible) new business on to our platform. And finally, in our emerging markets, especially Northern Asia, we will continue to evaluate our business in light of the need to achieve sufficient scale.

And in asset management, our aim is to increase earnings by continuing to grow our third-party business and by expanding into additional markets.

So let me start with the U.S., which is the largest financial market in the world. And with Transamerica, we have a very strong position in this market with a strong brand, which is a household name across the United States. And every day, more than 10,000 Americans retire. And this represents a huge opportunity to help people achieve a lifetime of financial security, which is our purpose. And we do so by offering the products and services they need, helping them to make the transition from the stage at which they accumulate assets during their working lives to when they retire. In recent years, we have significantly reorganized Transamerica's operation in order to ensure that our business (inaudible) to reduce complexity, to implement new technologies to improve customer interaction and to achieve a lower cost base. And this program continued throughout 2016 and included a thorough review of allocation strategy and additional operational improvements through significant expense reductions. And this has led to further steps to create a single integrated company.

Decisions like this are never easy, particularly having to say goodbye to dedicated and committed colleagues. And in total, we show a net reduction of over 1,000 positions and the closure of 3 locations. While we have a well-established position in the Dutch market, in order to stay profitable and competitive, we needed to take actions to improve our customer experience, to accelerate our digital innovation and to address changes in our operating environment.

In the Netherlands, continued low interest rates are accelerating the move towards defined contribution pensions, defined benefit solutions. This is a truly transformational shift. And by responding to this continued shift, Aegon holds a market-leading position in this area, being the largest insurance company among pension administrators.

I'm also pleased with the progress we've made in online channel distribution. And our online bank Knab, a large driver for fee business growth in the Netherlands. For Dutch business, that means expense savings target of EUR 50 million by 2018, more than half of which has already been achieved. But nonetheless, we recognize the need to further improve the capital buffers in our Dutch business. And we intend to achieve this through a number of management actions I'll further elaborate on in a few moments when I address the group capital position.

For Aegon U.K., (inaudible) a year of transformation. We've reorganized significant parts of the business, selling the vast majority of our annuity business. These divestments reduced the exposure to low interest rates and volatile markets and enabled us to continue the shift to capital-light business. Aegon U.K. is a very good example of how we are focusing on growing our business. The acquisitions of BlackRock's pension business and Cofunds paved the way for us to become a pure-play digital provider in the U.K., leveraging state-of-the-art technology. Aegon U.K. is now the leading platform business in the U.K. And we're well on track for integrating the new business and upgrading customers from our existing platforms. (inaudible) over 1.2 million customers and administer over GBP 100 billion on a state-of-the-art digital platform.

2016 was a milestone year for asset management, which has developed into a highly successful business. Indeed, the fact that it became a separate reporting segment for the first time last year underlined the importance for the group. Aegon Asset Management performed well, developing and distributing global and regional strategies, deepening its presence in geographical footprint. As part of this strategy, new sales forces were launched in Denmark and Germany focused on the Dutch Mortgage Fund and the global funds of its U.K. business. Last year, our Dutch Mortgage Fund ranked among the top 10 best-selling investment funds in Europe with assets of over EUR 10 billion. Through its partnerships, Aegon Asset Management has been able to leverage an investment capability and expertise. Particularly good example of this is in France where La Banque Postale Asset Management multi-asset retail position continues to attract strong inflows to French Poste Bank's retail network of over 11,000 branches. And we also have high expectation for Stap, our general pension fund APF in the Netherlands. This was the first such fund to receive approval from the DNB, the Dutch central bank. And the fiduciary investments for it are carried out by TKP Investments, a subsidiary of Aegon Asset Management.

And moving to our business elsewhere in the world, we can be pleased with how we are successfully executing our strategy and focusing on growth. Asia is, as well known, a region with real growth potential. And we have done much to grow our distribution network there. In China, we're really excited by digital initiatives rolled out by our subsidiary Aegon Tsinghua Tongfang, including an app that enables customers to apply for new policy by chatting via tablet.

In India, Aegon Life is continuing to target the rising affluent market. And in order to do this, we are now fully focused on ECOs [ph], which has seen very strong growth. And in Central and Eastern Europe, the regulatory landscape has changed profoundly with governments restructuring pension systems. And by addressing these changes and focusing on portfolio growth, we were able to significantly increase protection sales in the region, which improved particularly in Hungary, Turkey and Slovakia.

And finally, our business in Spain has grown considerably in recent years due to the success of our distribution partnerships, especially with Banco Santander, the country's largest bank. I'm pleased that we've extended our bancassurance with Santander at the end of the year to offer also health insurance. And in Portugal, we also agreed on the more extensive distribution plan with Banco Santander Totta.

As I mentioned earlier, being a digital innovator is at the very heart of our strategy. The trend of customer demand shifting towards digital first is continuing to shape the best and most customer-friendly digital platforms, products and services is key to success, present and future.

Our aim is simple: that customers can connect with us when and how they want. And we're investing to ensure that we can meet their digital needs. Technology is also increasingly important to provide advice and guidance, to simplify transaction services and to utilize big data and analytics in order to better connect with customers to develop a long-term relationship. While we've developed some technologies, tools and services ourselves, in many cases, the best road to success is by partnering with digital experts or by investing in technology startups through our dedicated Transamerica Ventures fund.

Images say so much more than words. So before I move to my remarks about our financial performance, we would like to show you a short video that gives you a flavor of some of our most exciting work over the last 12 months in terms of innovation and digitalization and how this is enhancing our customer experience. (Video plays)

Okay, there is a request to put the sound a bit, please. While no single video could capture all the exciting digital change at our company, regardless of how loud we do it. I hope this video really gives you a good sense of how we are innovating and striving to do all we can for our customers by becoming a truly digital company.

So moving to the second half of my presentation, I'm pleased that we also performed strongly from a financial perspective in 2016. Being able to do so, despite the uncertain and challenging environment in which we operate is a credit to our thousands of dedicated colleagues together with discipline and rigorous execution of the strategy I just outlined to you.

In terms of the key numbers, our underlying earnings before tax increased by 2% to EUR 1.9 billion in what was a challenging environment, as expense savings and a favorable equity markets were more than offset by adverse claims experience and by the impact of low interest rates for most of the year.

Net income improved strongly to EUR 586 million. Operating expenses increased by 1% compared with 2015 to EUR 3.8 billion, increased variable personnel expense compared with 2015 and the acquisition of the defined contribution business from Mercer in the U.S. more than offset savings. Operating expenses, excluding acquisitions, actually, decreased by 1% compared to 2015. And sales increased by 15% compared to the previous year, reaching a record high of EUR 12 billion, which I will address again in a moment. And revenue-generating investments increased to EUR 743 billion, due to higher third-party of balances sheet -- of balance sheet assets and favorable market movements. And finally, as you can see, we maintained a solid capital position with a Solvency II ratio of 157% for the group at the end of the year, which is upper half of our target range.

Let's now take a closer look at our underlying earnings before tax. The 2% decrease compared with 2015 was primarily a result of higher underlying earnings from the U.K.

Net income rose significantly to EUR 586 million, which was a result of a strong underlying results, offset by book loss on the sale of the annuity portfolio in the U.K., fair value losses and gains on investments. Our return on equity at the end of the year stood at 8%, an increase of 70 basis points on 2015 and is on track to reach 10% by 2018.

As the graph on the right-hand side on the screen clearly shows, 42% of our earnings is generated by fee business, a reflection of a successful execution of our strategy. And on this slide, you can see how our focus on fee business is supporting the growth of our business.

As you may be aware, our sales figure is a combination of both new life sales and gross deposits. We are very satisfied with our sales for 2016, as they grew by 15% in comparison with the previous year to EUR 12 billion. And we're seeing a continued shift from life sales to deposits, which showed a growth of 20% to EUR 100 billion. And this is a record high and was mainly the result of increased gross deposits for our retirement plans (inaudible), growth in the U.K. platform, growth at our online bank, Knab, in the Netherlands, which has now more than 125 customers -- 25,000 [ph] customers, excuse me. And growth in Aegon Asset Management, especially at our Chinese joint venture AIFMC.

The group Solvency II ratio of 157% at the end of 2016 was in the upper half of our target range of 140% to 170%. The ratio remained stable at this level during the First Quarter of 2017. The EUR 0.8 billion of capital generated throughout 2016 added 8percentage points to the ratio. This was offset by EUR 0.9 billion of capital return to our shareholders, as we executed the EUR 400 million share buyback program the beginning of last year and paid out over EUR 500 million in dividends to our shareholders.

As I mentioned earlier, we recognize the need to further improve the capital buffers in our Dutch business and intend to do so through a number of management actions, as we are committed to maintain an adequate level of capitalization for our Dutch business.

And in light of this, we down streamed EUR 100 million of capital into Aegon Leven from a Dutch holding company during the First Quarter of 2017. The management actions hold broadly into 3 categories. First, improving the risk profile through measures such as optimizing our asset-liability management and hedging. Second, we continue to review our global portfolio businesses to ensure that they all meet our financial and strategic objectives and to ensure our use of capital is optimized. And third, we will continue to support the Dutch business as a core part of our group. We are working with our regulator, DNB, to clarify a number of outstanding issues. And we will provide a comprehensive plan on precisely what actions we will be taking to improve the Dutch capital position with our Second Quarter results on August 10.

We remain committed to our promise to return EUR 2.1 billion of capital between 2016 and 2018 to you, our shareholders. And so far, we've already returned EUR 930 million, EUR 400 million of which was share buyback, which was executed, as I mentioned in the first half of last year. And in addition, provided that the final dividend is approved later this morning, we will have paid out an additional EUR 530 million dividend for the year 2016.

As you can see on this slide, our 2016 dividend marks the fifth consecutive year of growth in our dividends to our shareholders. So let me now provide you with an update on the progress we're making towards our 2018 financial targets. In terms of sales, we to continue to see strong growth throughout the group in excess of our 10% target, driven by strong increase in gross deposits.

As I mentioned earlier, we have achieved run rate expense savings of EUR 160 million, which shows that we are well on track to deliver our EUR 350 million expense savings target by the end of 2018. And I would like to reiterate here, our commitment to returning the EUR 2.1 billion to our shareholders over the period 2016 and 2018. And based on everything I have shared with you today, I remain confident that we will continue to make significant progress towards our 2018 targets.

So to conclude, in recent years, we have transformed the profile of our company and strengthened our financial position. In 2016, we successfully accelerated the execution of our strategy. Our focus was on improving customer experience and enhancing the relationship we have with them. The steps we've taken to get closer to our customers are clearly paying off, as evidenced by the significantly higher deposits our customers have entrusted to us as well as by the higher ratings they have given us. And during the year, 2016, we delivered strong results and maintained a solid capital position while at the same time, making progress towards our 2018 financial targets.

And if the last 12 months have shown us anything, it is that we are living in uncertain times. And by executing on our strategy, we will be able to continuously add value for all our stakeholders, deliver on our promises and offer our customers the financial security they need in an insecure world.

And finally, I would like to take this opportunity to thank all our 29,000 employees around the world for their hard work, commitment and dedication and also would like to thank you, our shareholders, for your continued support. Thank you.

Robert J. Routs {BIO 1524249 <GO>}

Thank you, Alex. You'll now have the opportunity to ask questions about the presentation of Mr. Wynaendts. But I want to give everybody an opportunity to ask those questions. But take this into consideration. Limit your questions to 3 at a time. You can always ask questions later. Please use one of the microphones. And when you want to have the floor, go to one of the microphones. And kindly wait until you've given the floor. Don't forget to clearly state your name for the minutes.

Questions And Answers

A - Robert J. Routs {BIO 1524249 <GO>}

Who would like to start? Microphone number one.

Q - Unidentified Participant

My name is Villamain Fredahaul [ph], I'm employed by MN, the pension asset manager for Ntrelia [ph] PMT and PME. And I have the privilege to speak on behalf of them and of Menses [ph] today. Thank you. So much for the presentation. It was very encouraging to see how well Aegon is on track. Explicitly, I would like to welcome the attention provided to the intersection of financial security and well-being that was talked about today. In that vein, we also welcome the actions on climate change, including divestment of coal-related mining assets and increasing investment in technologies in line with climate and energy transition. We would very much like to urge that Aegon commence integrating TCFD, the task force on climate-related financial disclosures style of reporting into its risk-return decision making. We would also really hope that Aegon will have an active dialogue with its industry [ph] companies on them filling in and adhering to this reporting system. And we would also encourage that within the coming years Aegon itself work towards disclosing along this framework.

A - Robert J. Routs {BIO 1524249 <GO>}

Is there a question in there somewhere? Or is it just a comment?

Q - Unidentified Participant

I would really appreciate the reflection on the -- on the things that I've urged Aegon to do.

A - Robert J. Routs {BIO 1524249 <GO>}

Okay. Mr. Wynaendts?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Thank you for your question. And also thank you for your reaction to our presentation. As you can see, we have been very clear that for us we need to ensure that we look after the interest of all of our stakeholders. It does start with our customers, our employees and shareholders. But I'll also mention that it's important that we also focus on the well-being of our customers in the planet in which we are working. And that's why we have taken quite a number of actions over the last year to effectively ensure that where it makes sense where we can do it in an effective way, we do indeed take ourselves also measured. For example, we are a carbon-neutral company. We have taken that measure retroactively over 2015 and 2016. So we've taken number of steps. You mentioned yourself the fact that we have excluded investments on coal mines where they represents more than 30% of the activity of our group. And as such, we've taken also continued steps to further improve where we can take an action. And finally, as you know, we made quite significant investments in renewable energy because we also see that these investments are making a sense from a return point of view, a risk-return point of view for our shareholders. And therefore, also for our [ph] customers [ph].

A - Robert J. Routs {BIO 1524249 <GO>}

Microphone number two. Please at the back.

Q - Vicky van Heck

I'm Vicky van Heck from the Dutch Association of Investors for Sustainable Development, also known as the VBDO in the Netherlands. I have 5 questions for you about climate change and the sustainable development goals. I will limit it to 3 for the moment. And I would like to build on the previous speaker because, definitely, we also want to compliment you for excluding mining companies that derive more than 30% of their revenue from coal-mining activities. We think it's a very important first step. Nevertheless, we also think more action is required to reach the agreements in the Paris Climate Agreements. And I have 3 questions on this. What additional actions will Aegon take this year to further minimize climate risk and fossil fuel risk in its investment portfolio? We recognize that responsible investments for example in renewables are not always easy to find. However, we think that concrete target for this will increase motivation to find such an investments. And is willing -- and is Aegon willing to set such ambitious targets and also report about them next year? Then a third question we ask on behalf of a Polish NGO. We understood that Aegon Polish managed pension funds still holds a relatively large number of shares in 2 Polish state-owned companies, BTE and EMEA [ph]. And those are still building new coal-fired power plant. And also planning to build even more of those. And they have been excluded by other investments already like the Norwegian sovereign wealth funds. And I was wondering how is Aegon planning to divest from those kind of companies in the coming year.

A - Robert J. Routs {BIO 1524249 <GO>}

Alex?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Thank you. Quite a bit. It's only 3 out of 5. So in terms of additional actions, I think we take quite a number of actions on an ongoing basis. And I really would like to encourage you to have a look at this report, which I think is the first time we're publishing it. So to me, it's a very clear signal of the importance that we attach. And the reason is that our customers, our employees, they all attach that importance. So I'd really like to encourage you. One example I can mention here is the establishment of a more permanent climate risk group within our asset management. So we have established a specific group for that. The second question you asked me is about targets. We don't think it's a good idea to set targets because you recognize yourself already that the availability of this type of investments is limited. So if you set targets, you are forcing something in an environment where availability is limited. What we want to do is to continue to encourage our people, our teams that are looking for opportunities to make sure that they have the right investments that address the needs from a social responsibility and at the same time also address the needs of achieving a decent return because we are making promises to our customers for the long term. And it can only be done as you can imagine if we're able to achieve decent returns in the market. And finally, your question on the Polish pension funds. Yes. You're absolutely right that we have these investments that are held in our 2 Polish funds. And I have to stay here, these funds operate under a complicated and challenging legal and fiduciary structure. So it's very difficult for me to give you straight away an answer. We are aware of the issue, we'll be looking into it. But I cannot give you a straight answer because of the complexity of the legal and fiduciary structure of these Polish funds, which on top of that are also in a form of transition. So hopefully by next year, this issue will have been addressed. Okay?

Q - Vicky van Heck

How do you deal with comparable companies in your portfolio? Do you analyze this actively like the Polish ones?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

I'm not sure what you mean. In terms of -- we have fiduciary responsibility in the sense that our customers decide on investments, sometimes there is index investments. And that means that we have the fiduciary responsibility. And it's therefore, the customer that decides where to invest in. Is that the answer to your question?

Q - Vicky van Heck

No. I mean, other companies that are so heavily involved in coal, building coal-fired power plants and unlike these 2 Polish ones they are just an example, I assume. So how do you deal with those other companies? Are you looking into divestment from those kind of companies?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

First of all, we're looking -- as I said, we've been very clear on those businesses that derive more than 30% on -- from coal that we have divested them. In a number of cases, it is more complicated. You are seeing companies that have produced electricity that switch from coal to gas. So there is a lot of changes taking place and on these, we engage with the companies.

A - Robert J. Routs {BIO 1524249 <GO>}

Does that satisfy you?

Q - Vicky van Heck

Yes.

A - Robert J. Routs {BIO 1524249 <GO>}

Okay. Microphone number one.

Q - Unidentified Participant

My name is Kaina [ph], the VEB. I speak English but some of the shareholder might throw tomatoes to me. But a man is more vulnerable in these cases. Some of my questions will be reasonably critical. So I think the tomatoes will be thrown by you, I'm afraid. Let me address the core issue today. I think the strategy of Aegon is the correct one. And by the way, I'm speaking on behalf of the VEB in terms of minor shareholders that have given me a proxy 870,000 shares. So the core of my address here today is that the strategy is excellent. But the implementation or execution is much too slow. And what you just presented with all these wonderful slides exceeding expectations. So that's of course, extremely important. But exceeding expectations where you haven't succeeded in that with your shareholders. And I'm afraid that despite all these wonderful presentations and the annual report that -- has this atmosphere of positivism and optimism that your performance really isn't that good. I have a couple of questions. One, you have 4 strategic objectives, customer satisfaction, NPS score, how often a customer will recommend Aegon as a good company to take out insurances or to take care of your assets while you are doing much worse than your competitors, not as bad as you did last year. But still you're lagging behind your peers. If I look at customer satisfaction of your employees, this is debatable, whether this is relevant but you say it's a strategic objective. But you see that your scores are worst. Now operational excellence, that's how you call it, you have made headway here. I must acknowledge that. But let me repeat what I said over the past 3, four years, you are much too cautious in taking drastic and big steps and part of that is reflected in the share price. You're reducing costs. But the cost were already very high and perhaps you will have to take more aggressive steps in order to achieve what you need to achieve. Or is the answer really the second -- this is my second question. Or is the answer, the solution for Aegon is not in reducing cost. But the solution by Aegon is in the balance. The balance sheet is not giving sufficient returns. And this leads me to my third point. If I compare Aegon to a number of other parties.

And I'm not going to refer to Warren Buffett, you are American. But anyway. Warren Buffet, apparently, is able to combine insurance and investment and is able to generate returns that are breathtaking and has done so for years, for many years. But let's stick closer to home the NN Group, much smaller than Aegon, nonetheless it is capable of showing higher returns and that's the gist of the matter, you are a company and you have to generate returns on the capital. I have some numbers here. NN Group in 2016 achieved 2x the profit of Aegon. Are they twice as big? No, quite the contrary. And your share of this equity is the same. Balance sheet is 1/3 of your balance sheet. EUR 400 billion on your balance, that's fine. But if there are no returns. What are you going to do with it? And if you then look at a smaller party, ASR, which is a Dutch player, who is making a bit more profit than you are. But they have a fraction of your -- of the equity of Aegon. Maybe 1/9 part of the assets that you have. So my question is what is it that you can learn from ASR and the NN Group? And what can you learn even from Warren Buffett? That's the essence. You've got to make sure that your capital generates returns. And as far as I'm concerned, Aegon has not been capable of generating returns. What can you learn from your competitors that as far as I'm concerned, are doing much, much better than Aegon and are doing structurally much better. So that's speed, can't you accelerate much more? What is it that you need to do in order to make sure that Aegon is at par with those parties that I just referred to? Then you have a fourth objective, which is a very strategic one and that is the degree to which you make money, from which sources do you make money, you don't want to be as dependent from interest rates and the spreads, et cetera and concentrating more in fees. And it was presented as a success story. But if I read your annual report correctly, there's a deterioration of this fee business. This year, you only have 40% -- 42% in your fee businesses, the strategic shift is, of course, very difficult. But your position deteriorated. How come this is presented as a success story. I'm sure you heard critical words. But the share price goes to show that many shareholders are very concerned about your actual performance.

A - Robert J. Routs {BIO 1524249 <GO>}

Constructively critical analysis. With that, Alex?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Well there was a lot of remarks and questions mixed. So I'll try to take them in an order that you asked them. Let's start with customers. You've seen that a Net Promoter Score has increased in the customers. I think it's extremely difficult to compare that because we have Net Promoter Score that we -- covers our business across the world. And you can't compare it only with businesses in 1 country. We are focusing and continue to focus on improving the relationship with the customers, ensuring that they recognize us not only as a party from which they buy product. No, as a service provider in the longer term. As you said, we put a lot of efforts in that. It requires a lot of investments, too. And we are pleased to see that it is a small improvements every year compared to the previous year. You also raised a point around Meidevakas [ph] employees. And I think it's a fair observation that will lead me into the final and third one. You said, at the time that you do a lot of restructurings, at a time that you create such uncertainty for people -- employees. And if you happen to measure that exactly in the middle of the time, we should not be surprised that the engagement scores of our employees has come down. And it has to do with the very significant restructurings which we have taken on us to execute them. And it's about the cost reductions.

As I said in my presentation, we need to take steps to continue to improve our return, our return on equity. Last year, we achieved 8%. Our target for 2018 is 10%. And we've made it very clear that we will achieve this by combination of growing our business. But in particular taking our expenses down. Management has taken very drastic steps. In the beginning for 2016, our target from expense savings was EUR 150 million. We have doubled the target, as you know, in the U.S. to EUR 300 million with a total target of EUR 350 million. If that is not aggressive management action, then I really wouldn't know what we need to do. It means that we are taking the steps that are needed in order to achieve the returns, which I would very much agree with you, shareholders are entitled to. And that will continue. And I'm pleased actually that in the first year, we've already achieved the original target that we have set ourselves for two years. And we will continue to work on that. Finally, your question on fees, I think the point I was trying to make is that we wanted to move our business from one that was very dependent on spread business five years ago to balanced position, where fees are now 3x what they were five years ago. I have not said that we need to increase it very much beyond that because we need to have the right balance of our business. Our business is about providing financial security to our customers. And it will mean that we will continue to have businesses that are spread businesses and technical. One of the reasons that you pointed the 43% declined to 42% was actually because our technical business and our spread business did pretty well last year compared to the previous year. So it's relative a game in a sense. So it's about creating the right balance of our business, reducing capital market risk and at the same time working to execute on our commitment to delivering our expenses. And I'm pleased that you recognize that we have made significance progress, because executing on that will allow us to achieve the 10% target, which we have set for 2018.

Q - Unidentified Participant

Yes, very fair point. The last point is very convincing. And the underlying question, I have about cost reduction, we may disagree. But you understand your business much better than I ever will. So probably you're right. But then the issue is, maybe cost reduction cannot solve the issue that you're having. That cost reduction helps you little bit. But doesn't address the key issue, the fact that your balance sheet doesn't generate enough return. And my question, therefore, was maybe you can learn something from some of your competitors. Maybe you say ASR is not a competitor, because they're only looking at the Dutch market, then have your Dutch operations look at ASR, because I believe in Holland you have some issues as well. Maybe you can learn something from them. And this -- a lot bigger, is a really multinational, you can learn something from them. And if you think that's not challenging enough, you may want to look at Warren Buffett. And it's not the first time I admire. Several years ago, I told you, I admire that you set up the right strategy. It was a big change from the past from Aegon. But now it is about implementing it. And I'm really afraid that the speed of implementation is far too slow, because all of your competitors are moving in a rapid pace, doing the similar things like ICT and so on and so on. So you're still lagging behind. So the real question is, is cost reduction really the key? Are you aggressive enough? You said, yes, it cannot go much faster than what it is. Then, maybe there's another issue that you need to address and maybe you can learn something from some of your competitors.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

First of all, I would like to compliment you on your English, which is pretty good enough for this meeting. So first point, what I would like to say on the cost. I think, we've covered the cost issue more than enough. We need to find the right balance between -- on our investments between taking risks and also the amount of capital that we need to hold for that -- for the risk. So when you look at our investments of our portfolio, we have significant parts of our portfolio, for example, here in Netherlands invested in government bonds. But also in mortgage. As you know, we've successfully been one of the first companies in the Netherlands to put mortgages on our balance sheets that we originated ourselves. It was a very good decision. We've had hardly any losses. And we're making incremental spread. At the same time, we have also decided some time ago that in the (inaudible) invest in equity. So that means you have a limitation of what you can achieve. So therefore, when you compare investment performance, you need to compare that in relation also to the capital allocation. And I think in terms of investment performance, our business is within the constraints that have been set, have actually performed well in terms of investment performance.

Now, of course, if we had invested in equity some time ago. And the equity margin would have done very well, I'm sure you would have been very pleased. But you also would not have been pleased if that would have gone the other way. And that's why we need to take the right decisions in terms of risk profile and what risks we prepare to take. We do take a lot of indirect risks on equities because we have -- in a fee business, we're taking a fee over the assets we manage. And if equity margin go up and down, our fees also go up and down. So we have already quite some exposure to the markets. And that's what you have seen that has supported our underlying earnings last year. And will continue to support this year.

Q - Unidentified Participant

Last comment, as far as this is concerned. I understand very well that if you take on more risks, you can have more returns and vice versa. However, it seems awkward that Aegon is having issues, especially in the Netherlands business with the Solvency II ratio. ASR doesn't have that issue, neither does NN Group. So if this question of, okay, we are more conservative, we're more careful as Aegon, at the same time you're not rewarding yourself or us as shareholders with the higher solvency ratio. So we've got issues on both sides. Returns are relatively low, at the same time you're not considered to be very safe as far as the Dutch National Bank is concerned in Solvency II.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

In terms of Solvency, I will repeat what I said earlier. We had a Solvency ratio at 157%, which is in the middle of -- actually at the upper end of the middle of our range, which is, as you know, we have stated. So for the group, we have strong Solvency position. We've also acknowledged. And I've made the point very clearly in my statement that we need to further strengthen the Solvency position of our Dutch business. I also said that we're engaging with a regulator to ensure that we do this in a way together. And that will provide the information around that at the Q2 results, which is August end. So I'm sorry that I have to say like everybody else who asks the same question, I will have to delay that until the Q2. Because that's a process, that's complicated -- very complicated. And that needs very good cooperation with our regulator and it requires a lot of work that needs time.

A - Robert J. Routs {BIO 1524249 <GO>}

And let me just make one comment on execution of -- and speed of execution. And I think that both the Management Board and Supervisory Board have realized themselves the kind of situation that Alex talked about in the U.S. and the acceleration of expense savings programs and realigning of strategy has been a result of those discussions. So it's very much on our mind.

Please, you want to go to another microphones, number one?

Q - Unidentified Participant

I'm Mr. Coy [ph], I'm a private shareholder. Thank you for describing the business as it was addressed in recent years. I have one comment. You keep talking about existing customers and retirement and what these customers need to do to have sufficient financial resources after they retire. What surprises me is that, well, you're saying this millennial group born after 1980 are not terribly concerned about their career. They no longer hope to earn as much as possible in their final stage of life. What are you doing about this group? I don't notice anything. These are new customers, they're not ongoing customers. And they need to be convinced that when they retire that they'll require sufficient financial resources. And I don't see that message in the television and commercial -- in the television and radio commercials. What are you doing to reach out to this group that would be -- make a huge potential for Aegon?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

During the presentation, we have been focusing on those that have started to accumulate assets and those that are being aware. I can reassure you that we do a lot of work, in particular, in terms of research where we have our global retirement studies, which more than happy to share with you where we do research with different ages of people. And your observation is very right, that younger generation is very difficult to really understand for them what it means to start saving. We do see that, of course, also as our responsibility and an opportunity. But you will probably see more of us engaging with that group through different channels, like digital channels. We have a number of, I mentioned, ventures that we invest in, Knab is a good example, that's a bank that has seen a lot of interest, in particular with younger people that are entirely prepared to do everything digitally. So in that part of the media, which is a very new part, you will see much more effort because I said in the beginning, our objective is to serve our customers along the life cycle. I said it starts very early. When they start a family, they want to buy a house and they need a mortgage and they take some life insurance for protection. That is where our engagement starts. It is true that at that point in time, the more important item for them is to have -- is to buy the house and get the mortgage, savings comes only later. And we try therefore to engage with them on an ongoing basis so that we stay among the life cycle connected and being able to help. That is the core of our strategy, financial security along the life cycle of our customers. And you will see more of that. But particularly, in those channels that appeal to the younger generation.

Microphone 2? (inaudible).

Q - Unidentified Participant

Yes, Mr. Chairman. You are trying -- you and your Board are -- Aegon is doing so well. I'm convinced of the opposite just as the speakers before me. Because on Page 318, you say that EUR 909 million dividend less was paid and on Page 373 you say that 143 million -- 180,000 shares were repurchased and no dividend will be paid on that, then why are you paying EUR 900 million less in dividend? You're keeping us on bread and water even though the management received EUR 18.6 million more compared to EUR 20 million, that would be EUR 3.4 million more. They received EUR 18.6 million that's strange. I want an answer about that. And now on Page 4, I read this book very carefully, as you know, first paragraph on Page 4, lines 4 through 6, you mentioned, that interest rates are plummeting to record lows before they increase later on this year. Well that's fascinating. Let me know more about those rising interest rates later on -- later in the year. This is about 2016, I didn't find that anywhere, I'm fascinated to hear more about that. Then, on Page 4, there is column 2, paragraph 3, lines 4 and below, you write, these savings are the original cost-savings target for 2018 of EUR 200 million announced in January 2016. My question is what is your definition of a bulk amount? I didn't understand your definition, some people consider bulk amount (inaudible) others think it would be EUR 85 million or EUR 580 million. What is your definition, please tell me? And I have a question about the Brexit. You undoubtedly have scenarios for that. But I didn't glean them from your scenario. So I'm fascinated about the Brexit because if Aegon Ireland wants a referendum, we will remain part of the European Union and the rest of the U.K. leaves. What will happen with the (inaudible) country control principal because they will need a banking permit for that. You probably had that banking permit and licensing in the U.K. How are you going to arrange that? I'd like you to tell me that? Where will the bank license go? Do you have to -- (inaudible) Ireland, because if the Brexit takes two years, will you enter a vacuum or will you not enter a vacuum? How will you deal with that? What's your Brexit strategy? You said nothing about that in your presentation because the expectations for the future in Q1 2017 were not mentioned. I'd like you to tell me more about that?

A - Robert J. Routs {BIO 1524249 <GO>}

Mr. Espana [ph] could you take a break here?

Q - Unidentified Participant

Sure. No problem.

A - Robert J. Routs {BIO 1524249 <GO>}

I'm always impressed at your inspired questions. Alex?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Yes, questions. But I will answer them. First of all, Mr. Espana [ph], I just would like to repeat what I said earlier. The dividend that we pay to our shareholders has risen for 5 consecutive (inaudible) every year, you as a shareholder got a higher dividend. $0.26 over 2016 assuming you will approve this, obviously. So I think that's how you should be looking at it in terms of dividend per share. In terms of your remuneration question, I would need to remind you that we have extended the management board. So there's more people in

2016 than we had in 2015. We've added a global CTO, Chief Technology Officer. We've added a global asset management, I mentioned that in my report. But also global HR. So we've had a number of additions to the board. Therefore, the numbers are not comparable. In terms of interest rates, I would like to remind you that interest rates (inaudible) territory even in Netherlands. And in the U.S., you've seen a remarkable recovery from very low level, of course, at the end of the year to above 2% for 10-year bonds. So that explains. I'll comment about down and therefore up. Now I don't know how I need to translate book (inaudible) and maybe you can give me a little bit color at the end. But in terms of the Brexit piece, our business in the U.K. And that's of course the nature of our business, is a business where we have our assets and our liabilities in the same country, in the same currency. And our customers also are in the same country. So the Brexit in itself for the U.K. has had limited impact on our business other than the impact it has had on financial markets. (inaudible) to remain in Europe. And it needs to be seen. This is, as you know, part of all the negotiations that are taking place within big groups of people in the U.K. and the European Commission of which we don't know the outcome. We will, for sure, have a transition period to address these issues going forward. So we're not concerned about that. And that's the reason that we have not mentioned it extensively in our 2016 nor our 2017 Q1 report.

Q - Unidentified Participant

You're not answering my question. Where you bought back 143 million shares and then you say, okay, you're going to receive 2016 [ph]. But that's -- you're paying -- according to Page 318, you're paying a much more lower dividend. How can you explain that? Yes. If you buy back shares, you have fewer shares to pay dividend on even though it's a high dividend. So obviously, the amount will end up lower. So what you need to consider is that because there are no longer as few shares you as shareholder entitled to a larger share. So in that respect, a share buyback is appealing to shareholders. I understand that. But what (inaudible) to me is, if it was EUR 274 million in 2015. And in 2016, it becomes EUR 265 million. So that's EUR 9 million less if there's a share buyback then you would expect the same absolute amount to be paid out in 2016 as well. (inaudible) would propose stick with dividend per share. And I'll review it with you after the meeting and I can assure you that you'll understand perfectly at that point.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Microphone #2.

Q - Unidentified Participant

I'm Mr. (inaudible). I'm a private shareholder from Amsterdam. I have a few remarks and some questions. That the ABN AMRO Bank, in the past, the ABN, was more elegant and the AMRO was making the money. I'm a private shareholder. So let's -- I'm interested in earnings per share and dividend, make no mistake. Last year, I described an anecdote about competitive rowing and when you have a lot of wind, one team will come in first. And you promised me last year, Mr. Routs, that, that was your objective. But I don't think you're quite there yet. As for the (inaudible) to the VEB you can't compare us because we have huge operations in the United States who are far bigger than the Dutch operators, well. So be it. And you're right, I don't know about the United States. But in the annual report on Page 29, I see that life insurance is down in both dollars and euros. Last

Wednesday, I was in Brussels at Ageas, which is far smaller than Aegon, I'm aware of that and I asked the management about this low interest rate who in the world would invest in life insurance. And the reply was, we offer more than the interest on a savings account, that convinced me. Mr. Wynaendts, I didn't hear you say anything about that, nor did I hear you say anything about the U.S. market. Now I have some more questions if you don't mind on Page -- let me retrieve that Page 139. You mentioned, net cash and cash equivalents at year-end. May I whine again about Ageas? There's compensation of EUR 1.2 billion and I told the management, is that EUR 1.2 billion already in your safe? No. We've assigned that to 6 banks and it costs us money. Mr. Wynaendts, does it cost you to have so much money in your coffers? I don't think you can deposit it at the European Central Bank. My next question, I do have a few more. But I'll get to them later on. In your introduction, you said that in the USA, you want to reduce a bit of that for now.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

First, your remark about life insurance. Clearly, you tried. I've to go back to English, I apologize. Your question around life insurance. You're absolutely right that life insurance in an environment of low interest rates is a product that we have seen as a company that is not always in the interest of customers nor of the interest (inaudible). So we've been very strict in only selling those life insurance products and that's in particular protection business which do not have a savings component that in our view value for our customers as they are value for the group. So it's not surprising therefore that you see a decline in lifeline and life insurance. However, this decline is more than offset by the enormous growth we've had in terms of deposits. And in my presentation, I shared the fact that our deposits have grown very significantly. This is the reality of the shift of our business. It is the result of the strategic direction, which we have taken to move away from interest rate sensitive products that we do nothing (inaudible) are really attractive for customers to fee-based businesses and you're seeing the result of that. So it's very consistent, your observation with our strategy. The second thing is, you're absolutely right, with low interest rates, holding cash is not attractive. And that clearly is part of the issue, which was raised earlier by the representative of the VEB, is how can you make returns, good returns, on your investments? But we also have to take into account the need for liquidity. Our customers and in some businesses, there's more options than in others are entitled to ask for money. So we have to make sure that we have enough money in the bank available freely at any time to be able to address the need of our customers. And that's the right balance we have to look for it. We also have to make sure that if there is a crisis situation happening. And as I said earlier in my speech, we are living in uncertain times that we have enough liquidity that we can pay out our customers when they ask for it. Because there would be nothing worse for us than not to be able to deliver on our promises. So yes, it does cost money. You're absolutely right. And finally, when I talk about location footprint, effectively I'm talking about reducing our -- the number of locations, which we are present. And we have reduced our presence in 3 locations. And the one you'll be most familiar with is our location in Los Angeles.

Q - Unidentified Participant

May I make another remark? Okay. Back to Ageas. The company that is thriving and rose out of such a deep point. They are not operating in the U.S. But there are many similarities. So a lot of money can be made. You'll get to make more. Thank you.

A - Unidentified Speaker

Thank you for your comments. Can I give somebody else on the phone? Microphone 1, please?

Q - Unidentified Participant

Hello. Alexander (inaudible) private investor. My question is about creating shareholders' value. After all, I'm disappointed if we consider the share price, I'm sure you noticed, that's not going anywhere. And each time when Aegon issues a press release then something is going on. How and when will Aegon then generate serious shareholders value?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

I'll answer in English. I recognize you can write that the last 2 quarters, we have seen the markets react negatively to our numbers. I also think we have been very clear about what actions we're taking to improve our returns. I just covered exclusively -- quite extensively with the previous questions, paying our expenses down, simplifying our business and growing our business. So I made it clear that we need to come to an agreement with our regulator about an adequate level of capital for our Dutch business. But unfortunately, we were not able in the previous quarter to provide guidance. And for Q2, that means August 10. And I promise you, we'll provide you guidance at that point in time.

A - Robert J. Routs {BIO 1524249 <GO>}

Yes. To be fair, we are also worried about the development on the share price and we're doing everything to address that.

Q - Unidentified Participant

I'm Mr. Heinemann [ph]. I'm a private shareholder and live in The Hague. I will also ask my question in Dutch because I'm worried that after the meeting, angry shareholders would throw tomatoes at me and that is not an alluring prospect. First, I always get somewhat irritated at the idealistic questions along the lines of Aegon finances businesses involved in coal mining and oil and gas operations. You Mr. Routs, I believe, used to work for Shell. And if you consider the statistics, you'll see that for the next 30 years, fossil fuels will remain necessary, even coal in countries such as China and India in the near future, use and need for coal will remain very strong because they do not yet have the necessary financial resources to invest in nonfossil fuels. So I believe, we should be a bit more realistic and perhaps, Mr. Routs, you can help me. Second question is about investing in shares. Aegon does not want to invest in shares because that is probably not authorized by the insurance and pension chambers and thereby misses quite a few opportunities. There was a reference to Warren Buffett who apparently did very well. But he certainly did not invest exclusively in bonds. And we need to lobby with the government so that eventually, when the economy is more favorable, investments in shares will be possible because there are clear signs of a turnaround in the market. My third question is that, I think, that the very low interest rates correlate with the performance by insurance companies. And can you tell me how close is that correlation when we get interest rate of 12%, which is far from impossible, will Aegon's share price soar? I'd like you to tell me that? And I'd also like to know why those interest rates are so low? Is that only the (inaudible) policy? Is it the refusal to give limit nowadays? Or is there another reason? And those are my 3 questions.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

I absolutely agree with you that the world is going to need a lot of fossil fuel in the future for the next 30 years. And although, where 90% of the coverage in the media is about renewables, 90% of the consumption for the next couple of years will still be on the fossil fuel side. That's the reality. On the other side -- on the other hand, I believe that even within fossil fuels there is ways to clean up our act in the resources industry. Moving from coal to gas (inaudible) certainly is growing in that direction has had a huge impact on total emissions.

A - Robert J. Routs {BIO 1524249 <GO>}

(technical difficulty)

It was very wise decision at the time. I won't judge that. I wasn't there anymore. So I couldn't help it. But what I'm saying is -- basically, is that we're living in this real world that you're describing. But within those parameters, we can clean up our act. And I think, Aegon should be able to help that. Alex?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

And just to add to this, I made a comment in the previous question saying that, yes, we are looking at renewable energies. But that availability is limited and that we should also take into account the returns, the investments returns, we're making. Now in terms of investing in equities, what I said earlier is that because of the capital framework, the Solvency II framework, in which we have to operate, investing directly in equities, in our own portfolio is actually not attractive because of risk return and reward. But I also said that, indirectly, we have quite a lot of equity exposure. We have, today, EUR 740 billion of assets we manage for our customers. And not always an equity. But when the equity margins go up, that value goes up and the fees we make on it, also go up. So indirectly, we have an exposure and we benefit from equity markets. That is the way we believe, on the long term, we should be benefiting from equity markets. And finally, in terms of interest rates, I think you will have heard me say relentlessly that low interest rates is not good for our business. Low interest rates is even worse for our customers for those that save through the bank and through the pension funds. And yes, higher interest rates will be good for Aegon and will be good for shareholders too. Now I want to caution, 12% interest rates, as you mentioned, could potentially [ph] not be that attractive, because we will see then other things happening. But that becomes very technical. The basis is this (inaudible).

Q - Unidentified Participant

For a very short [ph] period in the middle 70s.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Yes. So the best outcome would be slowly and gradually increasing interest rates. And if that takes place, we as a company will do better, our customers will do better and our shareholders will do better.

Q - Unidentified Participant

But isn't Aegon fluttering about and being restricted by government regulations and insurance restrictions? And Mrs. Wortmann-Kool, CEO of the ABP, will probably agree with me that it's foolish, if we prohibit investing in shares. And the crisis resulted only from the excessive optimism from the years preceding 2008 when people thought of crazy derivative structures and some were incomprehensible, even to bank CEOs. And clearly, when we see all of this. And turnaround is imminent. So if we let market forces rule, then some parties do become too ambitious. But if you over-regulate the market, you clip their wings and you strangle them. What's your answer to that?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Yes. It's -- of course, the world in which we're operating. And I made it in my introductory remarks, we have a lot of things that are changing. We have lower interest rates that are driven, yes, by Draghi and ECB, there's no doubt about that. They're also driven by the fact that our economies have been suffering heavily and are still not in a great shape. And you're right, the increase in wages is going to be an important driver of increased consumption, which hopefully will lead then to higher interest rates. On the other side, we also have a regulatory environment, which, as you know, is one we have to operate in. And we all have to operate in it, which requires more capital than we used to do in the past. And in that sense, the constraints in which we operate make it more difficult. And that's why we have been very actively changing the structure of our business towards more fee business. So to be less dependent on these sectors like low interest rates, increased capital requirements than we have before.

A - Robert J. Routs {BIO 1524249 <GO>}

That's absolutely right. The situation in 2008 and 2009 has led to much more constraints. Usually, what happens is that this might go bit too far at some point. But hopefully, it'll reach an equilibrium, again.

Microphone 1?

Q - Marc Borkink

Marc Borkink, Private Shareholder -- Mr. Borkink, I'm also a member of the VNU Pensioenfonds board. Mr. Wynaendts, what will be the effect of the new UFR regulations for insurance companies that now need to observe the European directive for pension funds that are already having difficulty coping with the Netherlands bank [ph]? How will that impact Solvency of, for example, Aegon Life? And I requested a publication about Aegon Life Solvency ratio, a separate publication. Do you intend to publish that?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

You're absolutely right. That's the UFR, ultimate forward rate, which is being applied in the Solvency II environment is a rate that is agreed by the European Commission on the proposal of EIOPA, the insurance regulator in Europe. Now the insurance regulator has made a proposal to reduce it further. The European Commission still has to approve and endorse that recommendation. Assuming that they would endorse it, which is probably our -- the best case scenario we should be working in, then it would have a negative impact on our capital. We have provided these sensitivities. Your second question on Aegon Leven, actually, in 2.5 hours to be exact, we will publish what we call the SFCR, which is a document that will provide you Aegon Leven. I would like to say that in the last call, which was a week ago, on Q1, I already indicated that there is a difference between Aegon Netherlands [ph] and Aegon Leven of around 15 points, because of the structure of the business. So in 2.5 years (sic) hours [ph], you will have that published.

A - Robert J. Routs {BIO 1524249 <GO>}

How about hours?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

What did I say?

A - Robert J. Routs {BIO 1524249 <GO>}

Years. Okay? So you'll soon have a chance to have a look at that. And by the way, we haven't timed it this way to be after this meeting, it actually was set quite a while ago. I'd like to move on. But I'll take couple more questions. Yes, please.

Q - Unidentified Participant

I'm Mr. Takata [ph]. I have 3 questions. One, Rene Frijters left Knab bank, can you tell me any more about that? And how is the Knab Bank doing? There was also a video about fintech and Blockchain, are those only investments? Or do you also get a return on that? And third, have you already started talking about divesting or selling Transamerica?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Yes. I should maybe give the context. Rene Frijters has been working for us in the past to set up Knab bank. So he has been developing ideas, which we have worked together to set up. So Knab bank is doing well. As I said, 125,000 customers, I think this was at the end of last year. In the meantime, we have more customers. We have a broader range of products. We actually see that in the self-employed (inaudible). We are probably even market leader (inaudible) payers and self-employed seem to be really very keen to work on the -- on what we're offering on our platform with Knab. So I'm very positive on Knab. On Rene Frijters, I would say, we have worked extremely well together and we set up the bank. He has been very much the pioneer. Then there comes a time that you have to bring the bank and focus on a lot of other issues and controls and regulations. And that's why now Rene Frijters has decided to move on. He's remaining as kind of an ambassador of the bank. So he's not disconnected of the bank. Now in terms of Blockchain fintech, the objective is twofold. So we have this fund, the Transamerica Venture Funds. And the Transamerica Venture Fund is a commitment we've made to invest in those companies that meet 2 requirements. Number one, it has to be a good investment. Number two, the investment has to be in the area that's relevant for Aegon for the future and is relevant in the sense that we can also add value. So let me give you a simple example. We'd like to invest in companies that provide, for example, robo advisory, artificial intelligence, where not only we become an investor. But also, because of our enormous customer base, we can also bring customers. So we're adding value to the company. And that is why these investments, until now actually, have been good investments from a purely financial point of view [ph]. But equally important, very relevant for us to move into the new world of digitization. And finally, on your third question, our U.S. business is a core part of our business. It's an important contributor to the success of Aegon and will continue to be so.

A - Robert J. Routs {BIO 1524249 <GO>}

Any other questions? Yes, please.

Q - Unidentified Participant

Yes. (inaudible), trade holder. Let me ask in English now, I'm not afraid of tomatoes anymore. I was so impressed with the answers to some of our questions in the first round that I failed to notice that you didn't answer all of them. So let me repeat the question which wasn't answered. What can Aegon learn from competitors like NN Group, ASR and Warren Buffett? That's question number one. Question number two, which was answered in a way which wasn't adequate I think, which had to do with, is cost reduction the key to success of Aegon? Is cost reduction the solution in making sure that your return on equity moves to 10% or beyond? And I'm afraid it isn't. But your answer was, number one, cost reduction. Yes. You're right. Number two, simplification. And number three, grow our business, which I'm sure I could have invented that at home as well. That's the answer to all questions relating to generating returns (inaudible) revenues. I was hoping to hear something more specific where you're really focusing on. But it could mean getting rid of a part of your portfolio. Those kind of more drastic or more strategic actions could be considered, really making the kind of steps which are necessary, I think, to generate the kind of returns which investors are waiting for?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

So I apologize if I have not been clear the first time. Yes. We do always look at competitors. But I will also say to you that I believe that the competitive environment is changing in such a way that we should also look at competitors that we do not see as competitors today and will be our competitors of tomorrow. That's probably the biggest challenge for us. How do we ensure that we, today, become and stay relevant in the next five years. And that will be, in particular, about also looking at competitors in new players, those that do not have -- to carry, I would say, the burden of the past, which we all have to carry. Yes. So we do look at all our competitors very obviously. Now the second question is, I thought I had tried to say, I'm not going to speak explicitly about competitors. Is that what you're trying to ask?

Q - Unidentified Participant

No. I don't want to -- I'm not expecting you to -- ASR is very good in this one, Buffet is good in that. But there could be one single point where you see Aegon is lacking compared to several competitors. And that is the reason why we're in the backyard of performance, why we're in the backyard in customer satisfaction, where we had more issues than commonly understood with the employees. So that is what I'm expecting at least. So I'm giving you some references. And the numbers, the hard numbers, indicate that we have an issue. And I'm just asking -- I'm thinking this is not unreasonable to ask that from the current players, that you can take maybe one key element, this is something that Aegon really needs to improve. And just looking at other -- beyond the current competitors and new kind of generation coming, well, I'm very happy if we reach that. But let's first at least get in the same league as our current competitors.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

I can only repeat what I've said that we do look at our competitors. Well we do look broadly at competitors not only those that are existing one. We look at new business models. We try to see where we need to improve very clearly. I think I've been very clear. And since you mentioned a couple of Dutch competitors, that we need to improve our Solvency II ratio, our capital position in the Netherlands. I hope that gives you a clear answer there. But in terms of our business, what I mentioned is growing our business. I mentioned simplifying our business. I mentioned reducing our expenses, which is a very important driver because that's the one we have most control of. And I also mentioned. And I mentioned it very explicitly, that we continue to look at all our businesses. We review our portfolio to ensure that we optimize the use of capital. And that is a direct way of saying that those businesses that do not meet our requirements, those business that do not meet our long-term strategic objectives will be reviewed. And we continue to do so. I think if you look at the past, we have a strong record. Look at our reinsurance business, our Canadian business, our French business. We have stopped certain businesses -- lines in the U.S. We sold our commercial nonlife in the Netherlands. We sold our annuity book. So I think we have a very good track record of optimizing our portfolio. Now the only thing I need to remind you here is that once you want to sell parts of your business, you need a buyer, I think we call them. You need a willing buyer. We've also been clear that with low interest rates, it is being difficult to find buyers that would pay the kind of price that would make sense for us. I also mentioned last time that when the rates have come up in the way where they are right now, there is more possibility. And I can assure you, without going to disclose anything further at this point in time, that we're working very hard to explore all the options to have to ensure that we optimize our portfolio.

A - Robert J. Routs {BIO 1524249 <GO>}

Thank you for your questions. It keeps us on our toes. So to speak. On the expense side, one thing -- I've learned in my life that you can't starve yourself to prosperity, right? So basically, is it just one element of getting better. It doesn't solve your situation and it doesn't make you beat the competition. But in a world where we're going more to fee business and digitizing, your cost has to come down with that, because that's the idea.

All right. No more questions, then I'd like to go to the next agenda point. But before doing that, I'd like to tell you that in this meeting, we have 97 holders of common shares and common shares B. They represent, together with shareholders who have voted through e-voting or via proxy voting, a total of 1,399,124,292 votes. This number represents 75.25% of the company's currently issued outstanding share capital and 68.54% of the voting shares.

With that, I'd like to move on to the remuneration report. Given the absence of the Chairman of the Remuneration Committee, Ben Noteboom, Corien Wortmann, Member of the Remuneration Committee, will present the 2016 remuneration report.

As I said, I'd like to proceed. You'll have another chance to come back. Thank you.

A - Corien M. Wortmann-Kool {BIO 18799026 <GO>}

Thank you, Rob. I would like to start my remuneration report with briefly summarizing the context of Aegon's remuneration policy and then mainly focus on the Executive Board remuneration.

Looking at the context of Aegon's remuneration policy, this is extremely challenging given Aegon is a global company based in the Netherlands. In recent years, European and national legislation and DNB regulations all have their impact on remuneration in the Dutch finance sector. And therefore, also on Aegon. This impacts Aegon's remuneration policies worldwide. This means we had to introduce a maximum-ization [ph], limits on sign-on, retention and severance payments and other measures. Aegon's policies vary per country, taking into account circumstances and conditions on the labor market in which we operate and in which we have to compete.

In the USA and Asia in particular, the ratio between fixed and variable pay differs significantly from that in the Netherlands. And to continue to be able to attract and retain key talents, we use the flexibility on variable compensation provided for in Dutch legislation, up to the maximum [ph] of 200%. For this, we got your approval last year.

Focusing on our Executive Board remuneration policy, it is important to note the underlying objectives: to allow us to attract and retain qualified executives, first; to pay for performance; to align with international market practices; and to comply with European and Dutch legislation and regulations.

Move to the next slide. It's about the current Executive Board remuneration policy. It contains 3 elements: First, fixed compensation, which is the annual base salary; second, variable compensation, which is a maximum of 100% of the annual salary; and third, benefits, for instance, pensions.

With regard to the variable compensation, it's important to note that the variable compensation is conditionally allocated after completion of the performance year, depending on the results and what has been achieved. The maximum is 100% of fixed salary in line with Dutch legislation for international financial holdings. 50% is allocated in shares and 50% of this in cash. 40% of the allocation of the 100% is paid out and vests in year -- in the year following performance year. And 60% of the allocation is deferred and is paid out and vests in the subsequent three years subject to ex-post assessments by the Supervisory Board. After vesting, the variable compensation shares are subject to a holding period of three years. As in previous years, there has not been a change in the Executive Board remuneration policy in 2016. Next slide please.

First, we will look at the fixed compensation in 2016. With regard to the fixed compensation, there was a change in 2016 to the annual salary for CEO. The SB decided that as per January 1, 2016, the CEO's annual salary was increased with 10%. We decided to reduce the gap between his total compensation and the desired market position. The desired market position is close to the median of the peer group of European insurance firms. The peer group consists, for instance, of insurance companies like Aviva, Generali, Munich Re, NN Group and Prudential and others. After the 10% increase, the overall remuneration of the CEO is still in the lower half of the peer group. There has been no change to the annual salary of the CFO. Next slide please.

Second, I would like to explain our approach to variable compensation for the Executive Board. Aegon uses a 1-year performance measure. But that doesn't mean that we take a short-term focus. The maximum on variable pay is 100% of annual salary that does not allow enough room for a separate long-term investment (sic) incentive [ph] scheme next to a short-term scheme. The compensation plan contains performance measures aimed at the long term, I will come back on that.

And in as far as variable pay is made available, there is a 3-year deferral applicable to the largest portion, the 60%. And for annual [ph] any-shares vesting, there is a further holding period of another three years. So even with the 1-year performance measure, it already takes seven years before the Executive Board members can have access to their variable pay in full. And these three years deferral periods are subject to exposed assessments by the Supervisory Board, I will come back to that later.

The performance indicators that we used for variable remuneration contain financial performance measures as well as nonfinancial ones. Most of these are aimed, as said, as long term -- at long-term value creation. The financial performance measure comprise elements like market-consistent value of new business, which is sales growth, return on equity, capital generation, et cetera. The nonfinancial measures are related to the successful implementation of our strategy, for instance, number of customers on digital platforms, NPS scores, restructuring and cost reduction in important markets like the USA, U.K. and the Netherlands; and individual indicators on aspects like talent development. These all focus at transforming the company and make it fit for the future. Next slide please.

With this slide, we want to show you the performance indicators that were applicable in 2016 to variable compensation of the members of the Executive Board and the outcome of those. These outcomes determine the amount of variable compensation to be allocated over 2016. We show the results for the first time in this format in order to increase the transparency on the outcomes and their relation to the variable pay. The largest part of the applicable indicators is formed by the group targets. These also contain financial and nonfinancial targets.

Generally speaking, the performance of the group with regard to the financial targets was between threshold level and target level, with the exception of market-consistent value of new business, which didn't achieve the threshold level; and the return on economic required capital, for which the results exceeded targets. The performance of the nonfinancial group targets was on targets or above. The same holds for the personal targets for both the CEO and the CFO. These individual targets were specific for the respective roles. These scores have resulted in the percentages variable compensation shown on the slide. When added up, they provide an overall outcome for the CEO of 82.25% and 81.87% for the CFO, which are percentages of annual base salary. Next slide please.

The conditional variable compensation that is allocated over the performance year 2016 (inaudible) and I would like to sum up, means that, in 2017, 40% of the variable compensation related to the performance year 2016 is payable directly. Half of this will be in shares, 20% of the total; the other half in cash, also 20% of the total. The number of shares that is made available in 2017 upfront is subject to three years retention period before they are at the disposal of the Executive Board members, with the exceptions of the shares withheld to meet income tax obligations. The remaining part, which is the 60% of the conditional variable compensation over the performance year 2016, is to be paid out in future years subject to the ex-post assessments by the Supervisory Board that may result in downward adjustments and subject to the additional conditions which have to be met.

In each of the years 2018, '19 and '20, 20% of the total conditional variable compensation may be made available. Any payout will, as said, be split 50-50. After vesting, a retention period is applicable for the further three years before the shares are at the disposal of the EB members.

With this, I would like to conclude my report. Thank you very much.

A - Robert J. Routs {BIO 1524249 <GO>}

Thank you, Corien. And before somebody is going to ask me why is this so complex, most of this stuff is mandatory. We don't have any choice. Any questions? Please.

Q - Unidentified Participant

(inaudible) I'll go back to Dutch. Don't you think it's remarkable? I mean, just look at Aegon in a financial respect. I'm not talking about soft [ph] factors, sustainability, employee satisfaction, things like that. But if you look really look at the financials, don't you think it's remarkable? If you then look at return on equity, if you look at all these things that are related to that, the solvency issues that are an issue now, credible growth in businesses that are truly profitable, don't you think it's remarkable that variable compensation is so close to the maximum? I mean, it doesn't feel right. I'm not an emotional person, people close to me know that. But it just doesn't feel right. Could it be speculation? Could it be that the targets, particularly the thresholds that are below the targets, have been established at that level on purpose. So maximum base salary? Because Aegon is an American company and most American companies will be mocking you because they think that this remuneration package is so low. And our opinion in the Netherlands is different. So if we focus on the principle of variable compensation, it can only be allocated if you've shown extraordinary performance vis-a-vis very aggressive targets and, preferably, you'd even (inaudible) only then should you get this annual salary. It doesn't feel right. Please explain why this is reasonable. I mean, the share price isn't top notch. It just doesn't feel right.

A - Robert J. Routs {BIO 1524249 <GO>}

(inaudible) in order to pay our people [ph] is -- I have to -- yes, exactly, put them down to be able to pay reasonable salaries is not in order. That's not the type of practice that we follow. But -- and the nonfinancial part of the variable compensation we have to have in our package. So there is no choice. And that the weight now has shifted to the nonfinancial part is a logical outcome of the way our remuneration system has been structured. And we have to structure it that way. Corien, maybe you had some other things?

A - Corien M. Wortmann-Kool {BIO 18799026 <GO>}

Well I would like to suggest to come back to Slide five in which we give transparency on how the different indicators, well, were assessed. And you do see not only greens. But also yellows and reds, which reflects actually the issues you covered. So this is, I think, a good insight in how we value this.

Q - Unidentified Participant

Yes. But that makes it even more surprising that you're paying your variable salary -- variable pay to bonuses so close to the maximum. This would explain maybe 10% of your max that will be paid out as variable pay. But isn't this like 80% or 90%? So with these kind of red dots and especially in very key elements, which has to -- which have to do with generating return, making sure you cover at least the cost of capital, this hurts, I would say. And the share price demonstrates that shareholders see that you're not performing up to what is expected. So with this kind of report scorecard, I'm surprised that you're paying like 80% or 90% of the variable pay.

A - Unidentified Speaker

Well maybe we could have better clarified the balance between financial and nonfinancial targets, because 2/3 are nonfinancial targets. And as Rob said, a lot have -- a lot of the -- well, the weight is set by regulation. So it is extremely complex. We do put the balance. And I would like to highlight that for the -- that we want to also focus on the long-term value creation. And therefore, you should not underestimate also the importance of the nonfinancial targets.

Q - Unidentified Participant

Mr. Chairman, in the Netherlands, there's quite a bit of resistance and evidence against high bonuses. And it is quite possible that in a couple of years, the bonuses would be capped at 20%. Now, of course, it's very low as compared to the bonuses that are allocated abroad, particularly in the U.S. But one of the justifications that are always put forward to pay incentives is that we have to hire capable people. Well I think this is a lame argument because a large company and Aegon is a large company, actually needs to -- a pool to create talent and someone once said that you start at a lower level or a medium level. And you have to acknowledge what someone's capacities are. And in this pool, you'd have to have 5 people swimming around and these people would really have to try hard to get this position and the company then would have the time and the possibility to see who is performing better. And so that way we can avoid any catastrophes that have indeed taken place in other companies, companies that hired people from abroad that more or less failed abysmally. I'm not going to give you any names. But that's caused major losses to the company.

A - Robert J. Routs {BIO 1524249 <GO>}

it's a bit (inaudible) number. But we have not -- it is only a couple of years ago that we actually restarted our talent management system. And we have now, with the help of Carla Mahieu, who is our Head of HR, put together an excellent succession system. So my hope is that in the next couple of years, we will have our own (inaudible).

Q - Unidentified Participant

And yes. And then we can limit the debates as to whether incentives are justified or not. We can even avoid that.

A - Robert J. Routs {BIO 1524249 <GO>}

It is in this world very difficult to attract good people, people want to be paid. And on a number of occasions, we've been -- we've seen that we couldn't offer people enough to come to us. So it's not a figment of our imagination, it's reality.

Q - Unidentified Participant

Yes. But what you can observe somebody during a period of, let's say, 10, 15 years. And that must give sufficient opportunities to give a real judgment about the person in question.

A - Robert J. Routs {BIO 1524249 <GO>}

I agree with you. The ideal world is where you have a balance of people from inside and outside, because you cannot always stay on the inside either, you need to bring in some fresh ideas and fresh blood as well.

Q - Unidentified Participant

Is there really an argument for this, it seems like you always have to bring in somebody from outside at a top level, that's far too dangerous, in my opinion. You can bring in somebody from outside at lower or medium level, that's no problem at all. But at the top, that is an extreme risk.

A - Robert J. Routs {BIO 1524249 <GO>}

It is risky. Sometimes, it's better to deal with the devil you know than the devil you don't know. So I agree, it is risky. But we have ways now. And actually, do value people that come to us in better ways than we have in the past. Cedric [ph].

A - Corien M. Wortmann-Kool {BIO 18799026 <GO>}

And we have some great examples in this room, for instance, the new CRO and the new CTO. So I think that's also something to underline in this respect.

A - Robert J. Routs {BIO 1524249 <GO>}

Until now, they haven't caused any disasters. So that's okay.

Q - Unidentified Participant

No. But you never know. But I hope it will go all right.

A - Robert J. Routs {BIO 1524249 <GO>}

All right. Thank you, Mr. Heinemann [ph] Please.

Q - Unidentified Participant

Thank you, again. I'd also like to thank you for the report, echoing some of the comments a previous speaker made, we would also appreciate to see more granularity in the reporting regarding variable compensation based on the nonfinancial aspects and the strategic aspects. So it was, I just would like to come back to that and reaffirm that I understood correctly that, that is something you're open to and, yes, to provide such granularity going forward.

A - Robert J. Routs {BIO 1524249 <GO>}

Corien?

A - Corien M. Wortmann-Kool {BIO 18799026 <GO>}

Well we already -- as you have seen, we already showed more transparency. And I wouldn't exclude that we step up on this issue in the upcoming years to go.

Q - Unidentified Participant

And one quick follow-up comment. It's been a real priority of immediate [ph] members to have more transparency on board profile and competencies. So in this regard, I would really like to thank the matrix that was already circulated yesterday. Thank you for that quick reaction.

A - Robert J. Routs {BIO 1524249 <GO>}

Thank you for that comment and basically transparency can only [ph] go so far because you want -- don't want to endanger your competitor position either. So it is fair that you ask for more detail. On the other hand, you don't want to put your soul on the table either.

Any more questions? Then basically we can go to the annual accounts, that's Agenda Item 3.3. Alex Wynaendts has discussed the financials for 2016 with the reports of the board for 2016. I would now ask Ruud Dekkers of Pricewaterhouse, the independent auditor, whether he wants to make a few comments. Ruud?

Q - Ruud Dekkers {BIO 17272765 <GO>}

Yes, Mr. Chairman, I'm pleased to do that. Dear shareholders, I'm happy to provide you some insights into our audit of Aegon's 2016 financial statements. You can find our audit report on the Pages 319 through 327 of the Annual Report. And I would like to start with materiality. The materiality how we audit determines of scope and depth of our audit work. We have set our materiality level at EUR 65 million, which is consistent with last year. We established our scope. So as to what we do, based on the way Aegon is organized, which is also consistent with prior years. We performed audit work on all in-scoped units where Aegon has operations, which included the Americas, the Netherlands, the U.K., Central and Eastern Europe, Spain and Aegon Asset Management. Our coverage amounted to 98% for revenues, 96% for total assets and 94% for profit before tax.

Key audit matters. Key audit matters are the most important matters we have identified in our audit plan and in our audit work during the years. We have identified 5 key audit matters, which I will comment upon briefly. The first 4 are consistent with last year, the fifth one is new.

Valuation of insurance contracts. This is the most significant liability on an insurance company's balance sheet and involves significant judgment to determine the amount. We use our own actuaries to assist in auditing these balances. We assessed the calculations and judgments made by Aegon to determine the reasonableness of the recorded liabilities.

Deferred policy acquisition costs. This is the second key audit matter. There are upfront costs associated with writing an insurance contract, which are capitalized and expensed over the life of that contract. This asset requires significant judgment with regards to its recoverability. We used our own actuaries to assess the recoverability and judgments made by Aegon.

The third key audit matter is fair value of hard-to-value financial instruments. This matter is related to investments that are illiquid and thus require significant judgment from Aegon management. We used, also here, our own valuation specialists to assist in auditing the calculations and assessing the judgment made and assumptions used by Aegon.

The fourth one is uncertainties in policyholders' claim and -- claims and litigations. The insurance industry, as a whole, is seeing increasing consumer activism and regulatory scrutiny over product design and selling practices. The company has encountered claims and litigations in this respect. We assessed the company's position on these matters, including any needed liability and required disclosures. The fifth one is the sale of the U.K. annuities business. The accounted -- sorry, the accounting for this transaction is inherently complex and subjective in nature given that the transaction is in 2 parts and the resulting loss consistent of several components for which management had to estimate its value based on assumptions. We took a substantive approach and used our own actuaries to assist in -- us in performing our audit procedures. We assessed and challenged assumptions used and assessed the reasonableness of the methodology applied by Aegon management in making those calculations.

Then I would like to say a bit about the Director's report, other information, including the Director's report. With respect to the other information, including in the Annual Report, based on our knowledge and understanding obtained during our audit, we have concluded that this is consistent with the financial statements, does not contain material misstatements. And it contains all information as required by law.

This concludes my presentation. Thank you very much for your attention.

A - Robert J. Routs {BIO 1524249 <GO>}

Thank you. Thank you, Mr. Dekkers. And I forgot to mention that Aegon has released WPC (sic) PWC [ph] from the obligation to observe confidentiality in order to allow them to make those comments on the audit and auditor's report. So with that, any questions for the auditor? Please.

Q - Unidentified Participant

I have 2 questions. I'm Mr. Kenney [ph] from the BEB [ph]. I have 2 questions about the annual financial statements. The first question is whether investors should be concerned about the Solvency II ratio, especially in the Dutch operations and the possibility of dividend, will that be under pressure? You're not going to make any specific statements. That's for the Second Quarter. But can you tell us whether there's cause for concern? Next a question for the auditor. The auditor operates within a large official organization that audits the books for many large insurance companies in and outside Europe. How would the auditor assess the valuation philosophy of Aegon? Of course, you audited and didn't find material misstatements. But valuations are the essence of an insured. Could the auditor -- would the auditor describe that Aegon is especially conservative -- far more conservative than many competitors, middle of the road, not very aggressive and not very conservative or more opportunistic and more aggressive? That's what I'm curious about. And the second question for the auditor relates to the usury policy business, the unit-linked policies. There has been quite a bit of progression there. And which developments in the Solvency II calculation consider possible liabilities that arise from that? Or is the position that it can be a lot or it can be very little? And we needn't set aside an additional 10% for the possibility that you might need to pay something out?

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

I think you gave the answer by saying that we will come back on the Second Quarter, 10th of August. I did also make the point very clearly that it is important for us, as a company, that all of our operating units are adequately capitalized. Made it clear that Aegon NL [ph] is part of the group. A group that is strongly capitalized and, as such, should be able to rely on the group. More on August 10.

Q - Unidentified Participant

We shouldn't worry then.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

More on August 10.

FINAL

Q - Unidentified Participant

Well then I'm worried.

A - Robert J. Routs {BIO 1524249 <GO>}

Okay. Maybe you should comment on the book of bonus [ph] impact on operational review.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

Although it's a question you would ask to our accountant, I would say that under Solvency II, yes, we have capital allocated to what we call operational risk, which covers a lot of different eventualities. We have until today not yet specifically, in the amount of capital, allocated to risk around the book of (inaudible), for the simple reason is that it is absolutely impossible for us to quantify that. In addition to that, additional steps, since 2005, to repair, to improve and has taken a lot of steps to ensure that we minimized the risk on that portfolio.

Q - Unidentified Participant

I'm not here to discuss in detail that point. But one could argue that if there is uncertainty. And it's difficult to assess potential liability whether 0 or maybe EUR 1 billion or more, that you could argue, then this is exactly the reason why you should take a big reservation of Solvency II ratio, excellent reason being more careful.

A - Alexander Rijn Wynaendts {BIO 1821092 <GO>}

But as I said, we already take into account a lot of operational risk. So if you want to add up risk above, risk upon risk, then there is no business anymore. So we need to make sure we do that that in the right balance. And again, we have, as I said, taken a lot of steps in the past to improve our position. And as such, we believe that now the products that we have in our portfolio to our customers are products that we feel are the right products for them.

A - Robert J. Routs {BIO 1524249 <GO>}

Okay, Ruud. Where we are on a scale from very severe to very easy.

Q - Ruud Dekkers {BIO 17272765 <GO>}

Yes. Maybe just to be very clear on your third question. On Page 92, it's explained in the report that the contingent liabilities are excluded from the Solvency II ratio. Yes, I think, it's not a -- it's a good question. And it's a question which we spend a lot of time on and it is not an easy question to answer, because we're talking about hundreds of different assumptions. We're talking about economic assumptions, like interest rates. But it's not one interest rate. Interest rates in the Netherlands, in the U.S., in U.K., they are different. You've also assumptions about mortality. But these are -- those are all assumptions about mortality. But these -- those are also different per country, per -- let's say, group of customers and mortality is only one. You have persistency, you have morbidity. So I can go on and on and on and actually we present on annual basis a very extensive report to the

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Supervisory Board about all the assumptions. And in that, we not only look at, let's say, the company's own, let's say, experience. So the experience of the past combined with external studies and information, let's say, sums up the company's overall experience and on top of that, we do benchmarking, which happens in the industry. So for me, it's quite difficult to say it's this or that, because it would be an oversimplification. We normally use the word appropriate in this respect. And I would say that's also hear the case.

Q - Unidentified Participant

Appropriate. And I will translate and you correct me if I'm wrong. I translate it as middle of the road.

Q - Ruud Dekkers {BIO 17272765 <GO>}

I think, I say appropriate.

Q - Unidentified Participant

Doesn't help. Okay, sorry.

A - Robert J. Routs {BIO 1524249 <GO>}

You have to do with that. Any more questions? Yes.

Q - Unidentified Participant

As per solvency, as I said previously, there's always something that Aegon and now you're going to defer that until 10 August, I understand your answer. But that leaves investors in uncertainty for three months. Of course, the developments and the stock exchange have not boosted confidence and investors do not like uncertainty.

A - Robert J. Routs {BIO 1524249 <GO>}

Good point. We also don't like that uncertainty. But you have to accept that we have to work in an environment with constraints, we have a regulator. As you said earlier, this is hugely complicated. This is about interpretation, you need to get a lot of real (inaudible) involved. And we cannot get answers quicker from our regulator than this. And that's why we've agreed with the regulator clearly a path which we follow and that will culminate in giving the clarity. We would have preferred it differently. But this is the reality. And we have to live with this. We have to realize that the speed is determined by the speed at both ends, by the regulator and ourselves. I mean we need to get decisions and based on those decisions, we can move forward. So it's not only us, we're looking at the other party as well. And that is going to bring us to that date that Alex was talking about.

Thank you. Can I then assume that there are no more questions and move to the proposal to adopt the annual accounts for 2016. The Secretary will now explain how the voting will take place.

A - Anne-Marie Roth-Verweij

Thank you. Before the meeting you saw on the screens how to vote with your voting app or with your voting device and the chip cards. And this will now be shown again on the screens. On your left side, the explanation for the electronic voting device will be shown and on your right side, the explanation for the voting app will be shown. For the voting app, you have received log-in details and have already logged into the app. When the vote is open, the voting item will appear automatically. And you can vote. For the electronic voting device, your key card must be inserted in the keypads. We recommend to keep it inserted during the meeting. When the voting is opened, the display on the voting app or on the keypads of the electronic voting device will show the options. The (inaudible), the number 1 stands for, for, you vote in favor of the proposal. The second button, the number 2, stands for against, you vote against the proposal. And the third button, the number 3, stands for abstain, you abstain from voting. After having voted, the display will show your vote. If you want to change your vote, you can do so until the vote is closed. Please raise your hands if your voting device doesn't work properly or if you have questions on your voting app and somebody will come to assist you.

We're going to vote electronically on the proposal to adopt the annual accounts 2016. You can vote now. (Voting)

Someone will assist you. The voting is closed. The results can now be shown. 99.87percentage of the votes for and 0.13% of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

Then the meeting is adopted to annual accounts for 2016. And we move to Agenda Item 3.5, proposal to approve the final dividend for 2016. Aegon's dividend policy is to pay out on a sustainable dividend to allow our shareholders to participate in the performance of the company, which can grow over time if the performance of the company so allows. In a normal circumstances, Aegon would expect to declare an interim dividend when announcing the Second Quarter results and to propose a final dividend at the end of Annual General Meeting of Shareholders for approval. As was mentioned, Aegon proposes to pay a final dividend for 2016 of EUR 0.13. This was also in a total dividend for the financial year of 2016 of 26 -- what's going on? please -- of EUR 0.26 per common share taking into account the interim dividend of September 2016. The final dividend will be paid fully in cash or stock at the election of the shareholder. The value of the dividend and common shares will be approximately equal to the cash dividend. Stock dividend will be repurchased to neutralize the effect of dilution. Are there any questions on this item? No questions. We can go to the vote.

A - Anne-Marie Roth-Verweij

Let me repeat what you should do. For the voting app, you have already logged in to the app. When the vote is opened, the voting item will appear automatically. And you can vote. For the electronical voting device, your key card must be inserted in the keypads. We recommend to keep it inserted during the meeting. You can vote now. (Voting)

The voting is now closed. The results can now be shown, please. 99.65percentage of the votes for, 0.35percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

Thank you. The final dividend for 2016 has been approved.

And we move to Agenda Item 4. And that's the appointment of PricewaterhouseCoopers as independent auditor for the annual accounts for 2017 and '18. Following the recommendation of the Audit Committee of the Supervisory Board, your proposal of PricewaterhouseCoopers is appointed as an independent auditor for the annual accounts for 2017 and '18 -- 2014, '15 and '16 and after an evaluation of the Audit Committee is proposed to do the same for '17 and '18. Are there any questions? No questions. Then, you proceed to the vote.

A - Anne-Marie Roth-Verweij

Please, you can vote now. (Voting)

The voting is now closed. The results can now be shown, please. 99.85percentage of the vote for, 0.15% of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

The meeting has approved the appointment of PricewaterhouseCoopers as independent auditor for the annual accounts of 2017 and 2018.

Move to Agenda Item 5. Release from liability. We'll now address the release from liability for the Executive Board as well as the Supervisory Board. We kindly ask you to address any questions after the book [ph] have been addressed. We propose that the Executive Board members be released from liability for their duties to the extent the exercise of such duties is reflected in the annual report of 2016 or has otherwise been disclosed to shareholders prior to the adoption of the annual accounts for 2016.

Next is the proposal to release the members of the Supervisory Board from liability for their duties. We equally propose that the Supervisory Board members be released from liability for their duties to the extent that the exercise of such duties is reflected in the annual report of 2016 or has otherwise been disclosed to shareholders prior to the adoption of the annual accounts 2016. Are there any questions on Agenda Items 5.1 and 5.2? Please.

Q - Unidentified Participant

(inaudible) You noticed that I have a somewhat stronger critical tone than in previous years, this is because I'm concerned about Aegon's performance. This does not concern one year, this has been ongoing for several years and according to my assessment, the result is still not good. I'm considering Aegon's self-stated 4 strategic objectives concerning customer and employee satisfaction. And if you compare those with the strategic objectives, you have a lot of work to do. I'm considering the share price, which is lagging behind expectations. And I'm considering Aegon's relative performance compared to other competitors. And I was quite selective. And the question that arises, whether the Executive Board is composed in membership and have just, perhaps, somebody needs some support, for example, the Chief Operating Officer. This is incredibly complicated company in a difficult market with adverse interest rates. And I think that Aegon is already at a disadvantage in many respects. That's the time for the Supervisory Board to see whether any assistance is necessary, such as a Chief Operating Officer and a drastic solution might be bringing in an outsider. One of the other investors said internal growth is wonderful. But if you want to take radical steps or change course or accelerate another process, you might need some new blood that has the courage to take such a step. So my question is to you -- to the Chairman of the Supervisory, to consider whether the composition of the Executive Board is correct or whether you need some new blood?

A - Unidentified Speaker

That's a justified question. It's not that we've been resting on our laurels. Today, we're appointing a new CFO. And in addition, in recent years we've brought several people from outside on board as Alex Wynaendts said, Chief Risk Officer, Chief Investment Officer and so on and so forth. So if you consider the Executive Board as a whole, we've recycled or refreshed nearly half of the total Management Board. So we're working on that. And I entirely agree with your suggestion. As for relying on outside help, we are hard at working on our strategy and strategy is something that is dynamic. Every day, we spend 2 or three days refreshing and reconsidering the strategy and Supervisory Board is on top of that.

Q - Unidentified Participant

Do you understand my point? I haven't seen that spark yet because your financial performance is even lagging behind your own targets. I had the same comment in 2014 and 2015 and 2016, you didn't clearly achieve all financial targets and 2018 should be the moment of truth with the 10% return on equity and you have stipulated that. But you're not there yet. You're not looking at the present competitors, you're looking at the competitors behind them, look at ICT [ph] and current legacy issues. You have a long way to go. And I am afraid that, that spark will ignite too quickly. And what you have done to date is too little, too late.

A - Robert J. Routs {BIO 1524249 <GO>}

Any more comments, questions? Then we go to the vote.

A - Anne-Marie Roth-Verweij

You can now vote please on Item 5.1. (Voting)

The voting is now closed. The results can be shown, please; 99.26percentage of the votes for; 0.74percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

Then basically, we have adopted this for the management for the Executive Board. We now go to Supervisory Board.

A - Anne-Marie Roth-Verweij

Yes. That's correct. So you can vote now on Item 5.2, please. (Voting)

And the results can be shown, please, 99.24percentage of the vote for. And 0.76percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

So that means we [ph] have the release for the Supervisory Board as well. We thank you for that. And we thank you for your confidence and trust. And I can assure you that we'll put all our attention and interest towards making this an even better company.

Composition of the Supervisory Board. We will now address the composition now, address the composition of the Supervisory Board. Propose the first overall [ph] proposals for appointment in the Supervisory Board and then take any questions before we vote. We will start with 6.1, the reappointment of Mrs. Dona Young, to be reappointed as member of the Supervisory Board for another term of four years as of 2017 until the end of -- until the AGM of 2021. We have to reappoint Dona Young in the view, constructively, in which she has contributed to be a member of the board, the Risk Committee and the Audit Committee. Dona has extensive experience in mergers and acquisitions, government [ph] transactions and spinoffs and has brought experience in the areas of governance, board succession and board composition. Her knowledge and experience match the desired expertise. And her reappointment safeguards the continuity and knowledge of the organization (inaudible). We have full confidence that with Dona Young as a member of the Supervisory Board, Aegon N.V. is well positioned for helping people achieve a lifetime of financial security. Information regarding Dona Young is available in the agenda in the explanatory notes on Page five in Annex 1.

Then there is the appointment of Mr. Bill Connelly to the Supervisory Board. Billy Connelly gained extensive knowledge and experience during his 35 years in the financial services industry. He brings valuable transformation experience to Aegon and -- been built on his experience in several European countries and in the U.S. His knowledge and experience fit the profile of the Supervisory Board and match the desired expertise. We have full confidence that with Bill Connelly as a member of the Supervisory Board, Aegon is well positioned for helping people achieve a financial security. Information regarding Bill Connelly is available in the agenda in the explanatory notes on Page five and in Annex 2. In a short introduction video, he will present himself. (Video plays)

Bill is here. So Bill, maybe you want to stand up for a minute. That's Bill.

We move on to the appointment of Mr. Mark Ellman to the Supervisory Board. Mark Ellman gained important insights into Aegon's U.S. business as a Nonexecutive Director. And he brings substantial experience from working closely with numerous U.S. and multinational insurance companies. His knowledge and experience fit the profile of the Supervisory Board and match the desired expertise. We have full confidence that with Mark as a member of the Supervisory Board, Aegon N.V. is well positioned to go after his future plans. Information regarding Mark Ellman is available (technical difficulty)

3. And he also will introduce himself in a short introduction video. (Video plays)

Thank you. And Mark is also present. Mark, would you please rise.

All right. These are the proposals for board members. We'd like to take Agenda Item 6.1, first of all, the reappointment of Mrs. Dona Young.

A - Anne-Marie Roth-Verweij

No questions?

A - Robert J. Routs {BIO 1524249 <GO>}

Oh, sorry, yes. Are there any questions? No questions?

A - Anne-Marie Roth-Verweij

You can vote now on Item 6.1, please. (Voting)

The voting is now closed. And the results can be shown, please; 97.75percentage of the vote for; 2.25percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

That means that Dona Young has been reappointed as a member of the Supervisory Board. Congratulations, Dona.

6.2, any questions on the appointment of...

Q - Unidentified Participant

Yes. My name is Espana Fordamini [ph]. I don't want you to ask me about my name again. You, as a Supervisory Board, your board is much bigger than the Executive Board. Now you want another 2 people. So the way I see it, I mean, this is sort of lopsided. The Executive Board, only 2 people -- well, just 1 person actually and a second person. I hope he's lucky enough to be appointed. And I don't understand why a picture is being made because I never gave any permission to take a picture of me. I don't understand that and I need to check my legal position on that. That is point number one. Second point, Mr. Routs, I'd like to hear from you why do you want to add another 2 people to your Supervisory Board. It's simply not clear to me.

A - Robert J. Routs {BIO 1524249 <GO>}

On refreshing our board, it's that people are leaving. And certainly, in the past, board members could have been granted 2 terms of four years and 2 terms of 2 with approval of this meeting. Last year, we lost Bailey as board member. This year, Shemaya Levy, behind me, will also leave. So we need replacements for those people. And a size of a board of 8 to 9 people is quite normal.

Q - Unidentified Participant

Okay, excellent. But I have another question. 6.3, should I address that question in 6.3? Or should I ask it right now?

A - Robert J. Routs {BIO 1524249 <GO>}

Go ahead and ask.

Q - Unidentified Participant

Fine. I can do that, 6.3. Here it says -- 2 asterisks, it says that if Mr. Ellman is appointed as a member of the Supervisory Board of Aegon, his directorship at Aegon will terminate. But it doesn't say as per when because that could lend in 2025. It could also end this afternoon. So what are we talking about? Are we talking about European Mean Time? Are we talking about U.S. time? What are we talking about?

A - Robert J. Routs {BIO 1524249 <GO>}

This afternoon, right now. So right now says Mr. Routs. [ph] Well always nice to listen to happy voice. Anyway...

A - Anne-Marie Roth-Verweij

Please vote on Item 6.2. You can vote now, please. (Voting)

The voting is now closed. And the results can be shown; 97.71percentage of the vote for; and 2.29percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

With this, Bill Connelly has been approved to the Supervisory Board. Congratulations, Bill.

Any questions on Item 6.3? And we go to vote.

A - Anne-Marie Roth-Verweij

We will vote now on Item 6.3. You can vote now, please. (Voting)

The voting is now closed. The results can now be shown, please; 97.4 (technical difficulty)

percentage of the vote against.

A - Robert J. Routs {BIO 1524249 <GO>}

And Mark Ellman has been -- is now a member of the Supervisory Board. Congratulations, Mark.

We move to point 7 on the agenda, the composition of the Executive Board. We propose Matt Rider to be appointed as member of the Executive Board and CFO for a term of four years as of May 19, 2017, until the end of the AGM to be held in 2021. Matt has extensive experience in the insurance companies in the U.S. as well as in The Netherlands. His knowledge and experience match the desired expertise and experience for the Executive Board. We have full confidence that with Matt Rider as a member of the Executive Board, we will be ready to face our future. Information regarding Matt is available in the agenda of the explanatory notes on Page six in Annex 4a. Annex 4 billion contains information on the most important terms of the service agreement between Aegon and Matt Rider. We are excited that Matt is wanting to come onboard. So thank you. Any questions?

A - Anne-Marie Roth-Verweij

First, we'll have a short introduction video, where Matt Rider will introduce himself. (Video plays)

A - Robert J. Routs {BIO 1524249 <GO>}

Thank you, Matt. We now move to the vote then.

A - Anne-Marie Roth-Verweij

Yes. Please vote on Item 7.1, please. (Voting)

The voting is now closed. The results can be shown; 97.86percentage of the votes for; 2.14percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

Matt Rider is now a member of the Supervisory Board. And I'd like to mention that all these new appointees will be around after this meeting. So if you want to have a chance to ask some questions or grill them, that is certainly possible.

Item 8, issuance and acquisition of shares. 8.1 is the authorization of the Executive Board to issue common shares. We propose that you pass the resolution, as described on Page six of the agenda. If you agree -- I will not repeat the text but I will give you a short explanation. In accordance with Dutch Law, we ask our shareholders to authorize the Executive Board to decide on issues of common shares or to grant rights to acquire common shares for a period of 18 months starting May 19, 2017, subject to Supervisory Board approval. With this authorization, the Executive Board can react quickly if an issue of (technical difficulty)

is limited to 10% of the issued share capital plus 10% in case of an acquisition or a case of a capital injection of the company needs to be safeguarded and conserved. This resolution will replace the authorization that was granted in 2016.

And there's Agenda Item 8.2, the authorization of the Executive Board to restrict or exclude preemptive rights upon issuing common shares. You can find a complete text of this authorization on Page seven of the agenda. Again, I will not repeat this text. But in accordance with Dutch law, it's proposed that shareholders authorize the Executive Board to restrict or exclude preemptive rights of existing shareholders upon the issuance of common shares or a granting of rights to acquire common shares for a period of 18 months starting May 19, 2017. And subject to Supervisory Board approval. This, together with the authorization of Item 8.1, allows the Executive Board to react quickly on circumstances necessitating an issue of common shares without or with limited preemptive rights. This authorization is also limited to 10% of the issued capital plus 10% in case of an acquisition or in case the capital position of the company needs to be safeguarded or conserved. This resolution will replace the authorization granted in 2016.

Then the proposal number 8.3 [ph] to authorize the Executive Board to issue common shares under incentive plans. We propose that the shareholders adopt the resolution on Page seven of the agenda. The authorization is identical to the one granted in previous years. On the basis of the Aegon Group global remuneration framework and the Executive Board remuneration policy, variable compensation for senior management and the members of the (technical difficulty)

and shares of a multiple years and is subject to specific conditions being fulfilled. This authorization includes the shares to be granted to the members of the Executive Board based on the remuneration policy for the Executive Board. Upon adoption, this authorization will replace the one that was granted in 2016.

And 8.4 is the authorization of the Executive Board to acquire shares in the company. You can find a complete text on Page seven of the agenda. The authorization is about acquiring a share in Aegon N.V. and is identical to the one granted in previous years. Although according to the 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 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 or all purposes. Upon adoption, this resolution will replace the authorization from 2016. Are there any questions on these 4 items? Espana [ph]?

Q - Unidentified Participant

Mr. Chairman, 8.3, you want to issue shares for your incentive plan. Now why should you operate the machine, use these incentive shares at the stock exchange? Why don't you do that?

A - Robert J. Routs {BIO 1524249 <GO>}

Because it's dilution (inaudible) in the market. So we issue them and we buy them back. That's the mechanism. Then we can go to the vote on 8.1.

A - Anne-Marie Roth-Verweij

You can vote now on Item 8.1, please. (Voting)

The voting is now closed. Please show the results; 93.24percentage of the votes for; 6.76percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

Then you have granted the authorization under Item 8.1. We move to 8.2.

A - Anne-Marie Roth-Verweij

Please vote on item 8.2. (Voting)

It's now closed. The results can now be shown, please; 91.50percentage of the votes for; 8.50percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

And the authorization under Item 8.2 has been granted.

We move on to the vote of 8.3, the authorization to issue common shares under incentive plans.

A - Anne-Marie Roth-Verweij

You can vote now on Item 8.3. (Voting)

The voting is now closed. And the results can be shown, please; 99.65percentage of the vote for; 0.35percentage of the votes against.

A - Robert J. Routs {BIO 1524249 <GO>}

The authorization under 8.3 has been granted. We move on to 8.4.

A - Anne-Marie Roth-Verweij

You can vote now on item 8.4, please. (Voting)

The voting is now closed. And the results can be shown; 99.73percentage of the vote for and 0.27percentage of the vote against.

A - Robert J. Routs {BIO 1524249 <GO>}

This authorization has been granted as well. We now move to any other business.

First of all, I'd like to congratulate Dona Young with the reappointment of the Supervisory Board and also Bill Connelly, Mark Ellman and Matt Rider as new board members of Aegon.

At this point, I'd like to express our gratitude of all of my colleagues to Shemaya Levy, who will retire from the board. The Board greatly benefited from your knowledge, Shemaya. And your experience as a member of the Supervisory Board. We are very grateful for your long commitment. Personally, I've had a lot of advice from -- and so have many other board members and Executive Board members from Shemaya, personally a lot of experience and a lot of exposure to business over the year (technical difficulty)

from the bottom of our hearts, Shemaya. Well done.

Let me also thank management and all Aegon employees around the world for their continued dedication.

In closing -- or before closing, there's a couple of announcements. There's a light lunch and drinks in the hall, as I mentioned before. You can do nothing at home with your electronic voting machines. So you might as well leave it here. And at the (inaudible) registration desk, you will receive the usual present made of chocolate. We thank you very much for attending and participating in this year's meeting. And herewith, I close the meeting.