

Annual Report 2009
AEGON Custody B.V.
Year to 31 December 2009

Contents of the Annual Report

Company Information	3
Annual report 2009	4
Managing Directors Report.....	5
Financial statements	7
Balance sheet as at December 31	8
Profit and loss account for the year ended December 31	9
Cash flow statement for the year ended December 31	10
Notes to the financial statements	11
Additional information	15
Auditor's report.....	15
Statutory provision regarding appropriation of the result.....	15
Appropriation of the result 2009	15
Auditor's report.....	16
Report on the financial statements.....	16
Report on other legal and regulatory requirements.....	17

Company Information

Members of the Executive Committee

J. B. L. M. Van Besouw

A.H. Maatman

G. E. Sweertman (as of December 1, 2009)

A. Laning (until October 1, 2009)

Secretary

M. Alberts

Registered Office

AEGONplein 50

2591 TV

The Hague

The Netherlands

Auditors

Ernst & Young Accountants LLP

Wassenaarseweg 80

2596 CZ

The Hague

The Netherlands

Annual report 2009

- Managing directors' report
- Financial statements
- Other information

Managing directors' report

General information

AEGON Custody B.V., incorporated and domiciled in the Netherlands, is a private limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at AEGONplein 50, 2591 TV The Hague. AEGON Custody B.V. is wholly owned subsidiary of AEGON Asset Management Holding B.V.

The ownership of AEGON Custody B.V., further the Company, transferred from AEGON Nederland N.V. to AEGON Asset Management Holding B.V. on 1st October 2009.

Principal and ongoing activity

The principal activities of the Company are those of custodian of assets and depository for funds managed by AEGON Investment Management B.V. and TKP Investments B.V.

Review of business and future developments

The company delivered profit after tax of €1k. This is in line with Directors' expectations.

Corporate governance

Credit Risk

The company carries very low credit risk as its only receivables are Intercompany transactions with other members of the AEGON group. The Company does not hold financial instruments which give rise to concentrations of risk.

Liquidity Risk

The company has very limited exposure to Liquidity risk as balances are intercompany amounts with other AEGON group companies.

Creditor Payment Policy

The objective is to treat our suppliers fairly and in accordance with good commercial practice. Suppliers' invoices are settled in accordance with agreed contractual terms or, if no terms are scheduled, generally within 45 days of the appropriate invoice date.

Managing Directors Report

The company will continue to act as custodian of assets and depository for funds managed by AEGON Investment Management B.V. and TKP Investments B.V. No significant changes in the Company's activities are expected for the year 2010.

Directors and their Interests

The Directors who held office throughout the year are shown on page 1..

The following Directors served throughout the year

J. B. L. M. Van Besouw

A.H. Maatman

The following Directors were appointed during the year

G.E. Sweertman (as of 1 December, 2009)

The following directors left during the year

A Laning (as of 1 October, 2009)

The Directors have declared that they had no interest in the share capital of the Company in the period to 31 December 2009.

The Hague, The Netherlands

29 April, 2010

J. B. L. M van Besouw

A. H. Maatman

G. E. Sweertman

.....

Financial statements

- Balance sheet
- Profit and loss account
- Cash flow statement
- Notes to the financial statements

Balance sheet as at December 31

(after appropriation of result)

	Notes	<u>31.12.2009</u> EURO00	<u>31.12.2008</u> EURO00
Assets			
Current Assets			
Trade and other receivables	3	158	157
Shareholders' equity			
Share capital	4	23	23
Other reserves		135	134
		<u>158</u>	<u>157</u>

Profit and loss account for the year ended December 31

	Notes	2009	2008
		EUR000	EUR000
Intercompany Interest Income		1	7
Profit before tax		<u>1</u>	<u>7</u>
Tax credit / (Charge)		0	(2)
Profit for the year		<u><u>1</u></u>	<u><u>5</u></u>

The profit for the year is attributable to the equity holders of the company.

Cash flow statement for the year ended December 31

Notes	<u>2009</u>	<u>2008</u>
	EUR000	EUR000
Operating Earnings		
Profit before tax	1	5
<i>Adjustments to reconcile profit before tax to net cashflow</i>		
<i>From operating activities:</i>		
Increase in Trade and Other receivables	<u>(1)</u>	<u>(5)</u>
Net cash flow from operating activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and Cash equivalents at 1 January	<u>-</u>	<u>-</u>
Cash and cash equivalents 31 December	<u>-</u>	<u>-</u>

The cash flow statement is prepared according to the indirect method

Notes to the financial statements

1. General information

AEGON Custody B.V., incorporated and domiciled in the Netherlands, is a private limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at AEGONplein 50, 2591 TV The Hague. AEGON Custody B.V. is wholly owned subsidiary of AEGON Asset Management Holding B.V.

The ownership of AEGON Custody B.V., further the company, transferred from AEGON Nederland N.V. to AEGON Asset Management Holding B.V. on 1st October 2009.

The principal activities of the Company are that of custodian of assets and depository for funds managed by AEGON Investment Management B.V. and TKP Investments B.V.

2. Summary of significant accounting policies

Accounting principles

The financial statements have been prepared under the historical cost convention, in accordance with accounting principles generally accepted in the Netherlands and with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code.

Unless otherwise stated, all other assets and liabilities are stated at face value.

Assets and liabilities denominated in foreign currencies are translated into Euros at rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Euros at the rates prevailing at the date of the related transaction.

Exchange gains and losses are recognised in the profit and loss account.

Other income and expenses are accounted for on an accrual basis.

Tax on income is computed by applying the current tax rate to the result for the financial year, adjusted for exempted sources of income and tax allowances.

403 Declaration

AEGON Nederland N.V. is fully liable for its debt following from art. 403 section 1 subsection f Book 2 BW. AEGON Nederland N.V. has agreed to the publication of the annual report. AEGON Custody B.V. has thus been authorized to publish the annual report.

3 Trade and Other Receivables

	<u>31-12-2009</u>	<u>31-12-2008</u>
	EUR000	EUR000
Amounts owed to AEGON Asset Management Holding B.V.	<u>158</u>	<u>157</u>

Outstanding balances are unsecured and cash settlement is generally expected within 45 days of invoice. The Company has not benefited from any guarantees for any related party receivables. During the year ended 31 December 2009 the Company has not made any provision for doubtful debts.

4 Shareholders' equity

Issued share capital and reserves attributable to shareholders of AEGON Investment Management B.V.

Share capital – par value	<u>31-12-2009</u>	<u>31-12-2008</u>
	EUR000	EUR000
Authorised Share Capital		
200 Ordinary Shares of €454 each	91	91
Allotted, called up and fully paid		
50 Ordinary Shares of €454 each	23	23

The movement in shareholders' equity is as follows:

	Issued Capital	Retained Earnings	Total
	EUR000	EUR000	EUR000
As at 1 January 2008	23	129	152
Profit for the year	-	5	<u>5</u>
As at 1 January 2009	23	134	157
Profit for the year	-	1	<u>1</u>
At 31 December 2009	23	135	158

5 Taxation

	<u>31-12-2009</u>	<u>31-12-2008</u>
	EUR000	EUR000
(a) Current year tax credit		
Corporate Tax charge for the year	<u>0</u>	<u>2</u>
Total current tax charge	<u>0</u>	<u>2</u>
(b) Reconciliation of tax credit		
Accounting Profit before tax	1	7
Accounting profit multiplied by the NL standard rate of Corporation tax of 25.5%	<u>0</u>	<u>(2)</u>

6 Contingent Assets and Liabilities

Securities Lending

The company, on behalf of the funds carries out securities lending transactions. Financial assets are loaned to third parties or transferred under a repurchase agreement. This is done at a fixed price not the value of the asset that has been withdrawn because in economic terms all the risk and benefits associated with the asset are preserved. This includes credit risk, settlement risk, country risk and market risk. The assets are transferred in return for cash collateral or other financial assets.

AEGON Investment Management B.V. and TKP Investments B.V. each have separate Securities Lending mandates. Based on these mandates AEGON Custody B.V. will carry out securities lending where the legal ownership of assets will be transferred to a third party.

The cash and non-cash collateral received is always greater than the value of the securities loaned. Cash Collateral and non-cash collateral is included in the financial statements of the funds. The income for securities lending after deduction of expenses benefits these funds.

The following table reflects the amounts of cash and non-cash financial assets that have been transferred to another party under securities lending and repurchase activity.

	<u>31-12-2009</u>	<u>31-12-2008</u>
	EUR000	EUR000
Value securities out on loan	2.014.134	1.380.476
<i>Received collateral</i>		
Other Cash	8.776	900.321
Non Cash	<u>2.060.602</u>	<u>521.629</u>
Total	<u>2.069.378</u>	<u>1.421.950</u>

Fiscal unity

The company is part of the fiscal unity headed by Aegon N.V. and accordingly jointly and severally liable for tax liabilities of this fiscal unity.

The taxes for the Company are calculated as if the company's own tax and are deducted from the parent company's tax liability.

7 Number of employees

During the years 2009 and 2008, the Company had no employees.

8 Amounts paid to auditors and their associates

The cost of Audit of AEGON Custody B.V. is borne on its behalf by AEGON Investment Management B.V.

Signing of the financial statements

29 April 2010, The Hague

J. B. L. M van Besouw

A. H Maatman

G.E. Sweertman

Other information

Auditor's report

Reference is made to the auditors' report hereinafter.

Statutory provision regarding appropriation of the result

The statutory declarations in article 11, subsection 1, 2 and 3 define the allocation of net income. This article defines the decision making process, the payment of interim dividends and the minimal required level of equity after dividend payments.

Appropriation of the result 2009

In the coming Annual General Meeting of Shareholders it will be proposed to carry forward the net profit for the year amounting to EUR 1,000 to the other reserves.

In anticipation of such decision, the proposal has been reflected in the financial statements.

To: the shareholder and the Board of Directors of AEGON Custody B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statement 2009 of AEGON Custody B.V., The Hague, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Financial Supervision Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AEGON Custody B.V. as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Dutch Financial Supervision Act.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

The Hague, 29 April 2010

Ernst & Young Accountants LLP

signed by W.J. Thuss