

A photograph of a man and a woman on a sailboat. The man is at the helm, wearing a light blue shirt and dark trousers, looking towards the woman. The woman is standing next to him, wearing a white jacket, smiling broadly. They are on a white sailboat with a blue interior, sailing on a calm blue sea under a clear sky. The text 'Aegon acquires Cofunds and becomes the leading UK platform business' is overlaid in white on the image.

# Aegon acquires Cofunds and becomes the leading UK platform business

# Unique opportunity to accelerate execution of strategy



## Market leadership

- Number 1 retail platform
- Number 3 in workplace savings market



## Leveraging technology

- Becoming a pure play digital provider
- Leveraging state-of-the-art technology



## Achieving cost efficiency

- GBP ~60 million cost savings
- Reducing combined digital cost base by ~25%<sup>1</sup>



## Expanding distribution and value chain

- Complementary distribution footprints
- New business relationship with Nationwide
- Open architecture for investment solutions

**Creating the leading UK platform**

1. Cost savings against 2015 actual cost base for Digital Solutions and acquisitions announced in 2016

# Becoming a pure play digital provider

## Accelerating strategic transformation of Aegon UK

### From insurance to platform business 2011-2015

- Built market leading platform
- Launched propositions for all parts of the market
- Over 200,000 customers upgraded with around GBP 4 billion assets

### Transformational M&A transactions 2016

- Divestment of non-core annuity portfolio
- Acquisition of BlackRock's DC business provides trust and large scheme expertise
- Access to additional platform capabilities and large customer & advisor base through Cofunds acquisition

### Completing strategic transformation 2017 and future

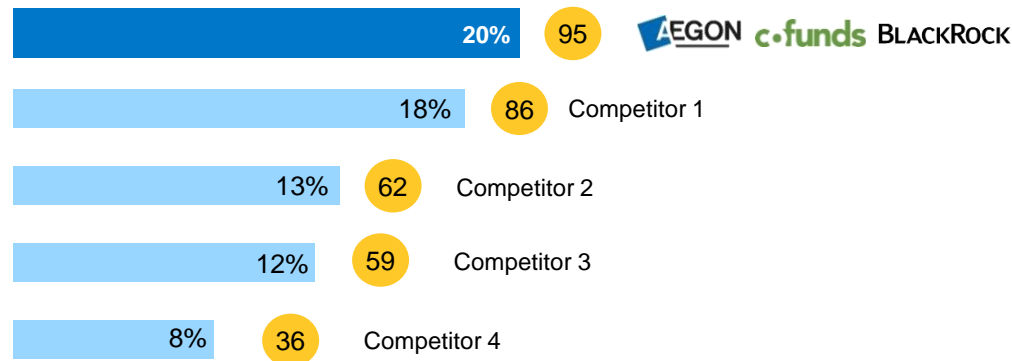
- Digital provider across the value chain
- Leadership in key markets
- Leveraging unique capabilities to achieve RoC improvement

# Clear leader in fast-growing market

- Achieving leadership positions in fast-growing markets following Cofunds acquisition
  - Number 1 retail platform
  - Number 3 in workplace savings market

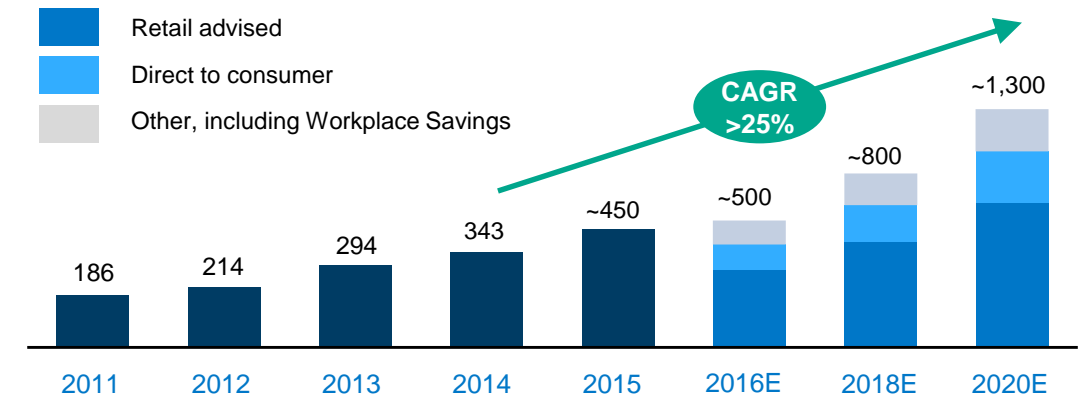
## Leading market position<sup>1</sup>

(4Q15, market share in %, assets in GBP billion)



## Continued platform market growth

(in GBP billion)



Sources: Fundscape, Platform, Spence Johnson, company estimates

1. Pro forma for announced acquisitions by Aegon and competitors. Includes both retail and workplace platform businesses

# Attractive synergies from acquisition

- GBP ~60 million of cost synergies within two years representing ~25% of digital cost base<sup>1</sup>
  - Cost synergies will be realized by leveraging Aegon’s existing state-of-the-art platform
  - Building on Aegon UK’s strong track record in cost savings programs
- Complementary distribution footprints and product suites allow for cross-selling opportunity
  - Only five of the top-40 Cofunds advisors are among Aegon’s top-200 new business firms

## Digital cost base to be lowered significantly<sup>1</sup>

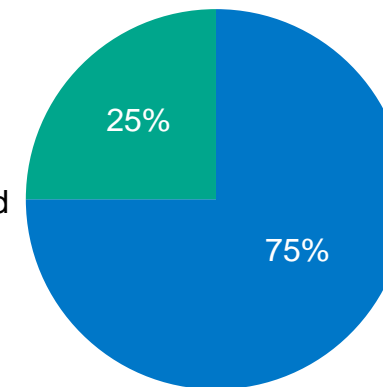
(in GBP billion)



## Cost savings split

### Realigning overlap

- Remove duplication
- Shared services
- Reduction in overhead



### Leveraging technology

- Moving to one single retail platform
- Increased straight-through processing

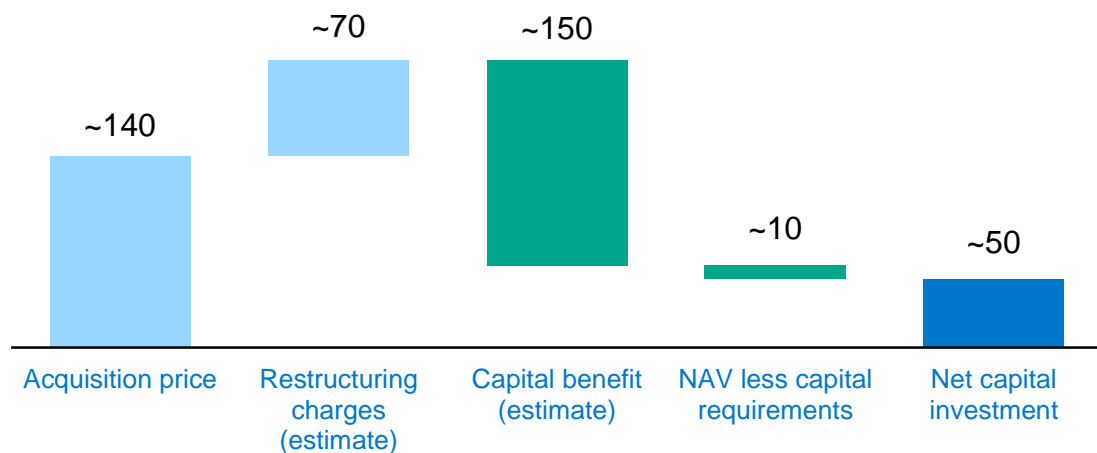
1. Cost savings against 2015 actual cost base for Digital Solutions including acquisitions announced in 2016

# Modest investment drives cash flow growth

- Capital benefit from cost savings limits net investment for Cofunds acquisition
- Aegon will recognize GBP ~150 million Solvency II benefit as a result of cost savings<sup>1</sup>
  - Cost synergies will be equally split between Aegon’s existing insurance business and Cofunds
- Annual capital generation post-integration of GBP ~70 million
  - Cofunds contributes GBP ~50 million of capital generation, which reflects net underlying earnings

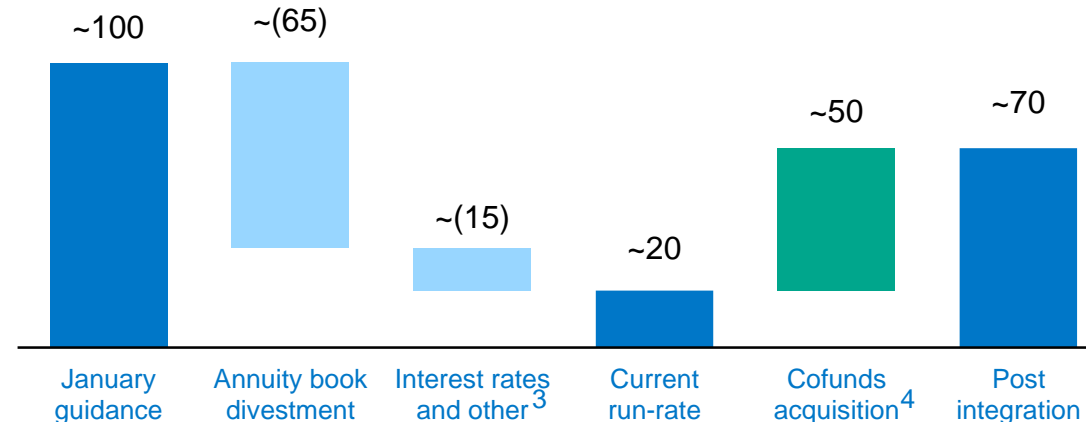
## Net capital investment until end-2017<sup>2</sup>

(in GBP million)



## Updated capital generation guidance

(in GBP million)



1. Capital benefit from reallocating expenses from Scottish Equitable Plc (SE) to Cofunds, of which the renewal expenses are fully capitalized under Solvency II  
 2. Restructuring charges (net of tax) and capital benefit will arise between completion and the end of 2017  
 3. Includes impact on MCVNB from annuity distribution deal with Legal & General  
 4. Capital generation from the deal in SE and Cofunds post-integration

# Appealing financial rationale

## Cofunds acquisition to deliver substantial value



### Modest investment



Capital benefit of GBP ~150 million resulting from cost savings  
Net capital investment for acquisition and restructuring of GBP ~50 million<sup>1</sup>



### Attractive returns



Payback period of acquisition of 3 years  
Transaction will contribute to achieving the group return on equity target



### Solid capital position



Solvency II ratio of Aegon UK remains within target range  
Aegon UK expected to resume dividend payments to the group in 2017

1. See slide 6 for details

A photograph of a man and a woman on a sailboat. The man is at the helm, wearing a light blue shirt and dark trousers, looking towards the woman. The woman is standing next to him, wearing a white jacket and a necklace, smiling. They are on a white sailboat with a blue interior, sailing on a calm blue sea under a clear sky. The word "Appendix" is overlaid in large white text across the center of the image.

# Appendix



# Profile of the Cofunds business

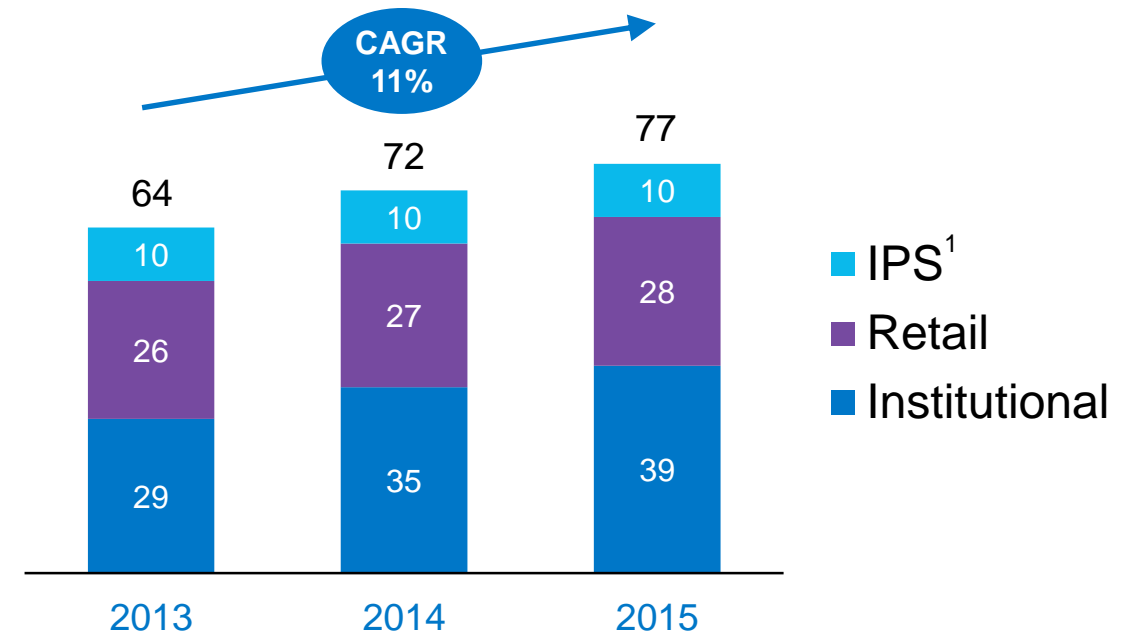
## Cofunds provides platform services to advisors charging fees over assets

### Offering

- Cofunds, founded in 2001 as a first mover in the UK Platform Market and currently the market leader with GBP 77 billion in assets, provides investment platform services to advisors and institutional clients who manage assets for their customers
- Cofunds' investment platform enables advisors to place a selection of funds from many different fund providers into one consolidated portfolio. Portfolios can be constructed and managed in one place using the Cofunds website

### Asset development

(in GBP billion)



# Building on complementary strengths

## Leveraging strong existing skillset



### Profile

- Assets: GBP 77bn (GBP 28bn retail)
- Customers: 750,000 (retail)
- Locations: London, Witham

- Assets: GBP 12bn
- Customers: 350,000
- Locations: London, Peterborough

- Assets: GBP 8bn Platform, GBP 46bn Traditional (GBP 21bn to be upgraded)
- Customers: 2 million
- Locations: Edinburgh, London

### Key products

- Individual savings account (ISA)
- General investment account (GIA)

- Trust-based products
- Investment-only products

- Self invested personal pension (SIPP)
- Protection, and with profits

### Core capability

- Distribution reach
- Large customer base on retail platform

- Expertise in large schemes
- Strong footprint in workplace solutions

- Modern technology
- Integrated platform for workplace, advised and retail business

Note: AuM per end-2015. Aegon AuM based on pension business only

# Advisor and customer benefits

## Substantially enhancing adviser proposition and distribution capability

### Superior proposition

- Continuous platform enhancement leads to better user experience
- More straight-through processing
- Broader investment range

### Minimal disruption

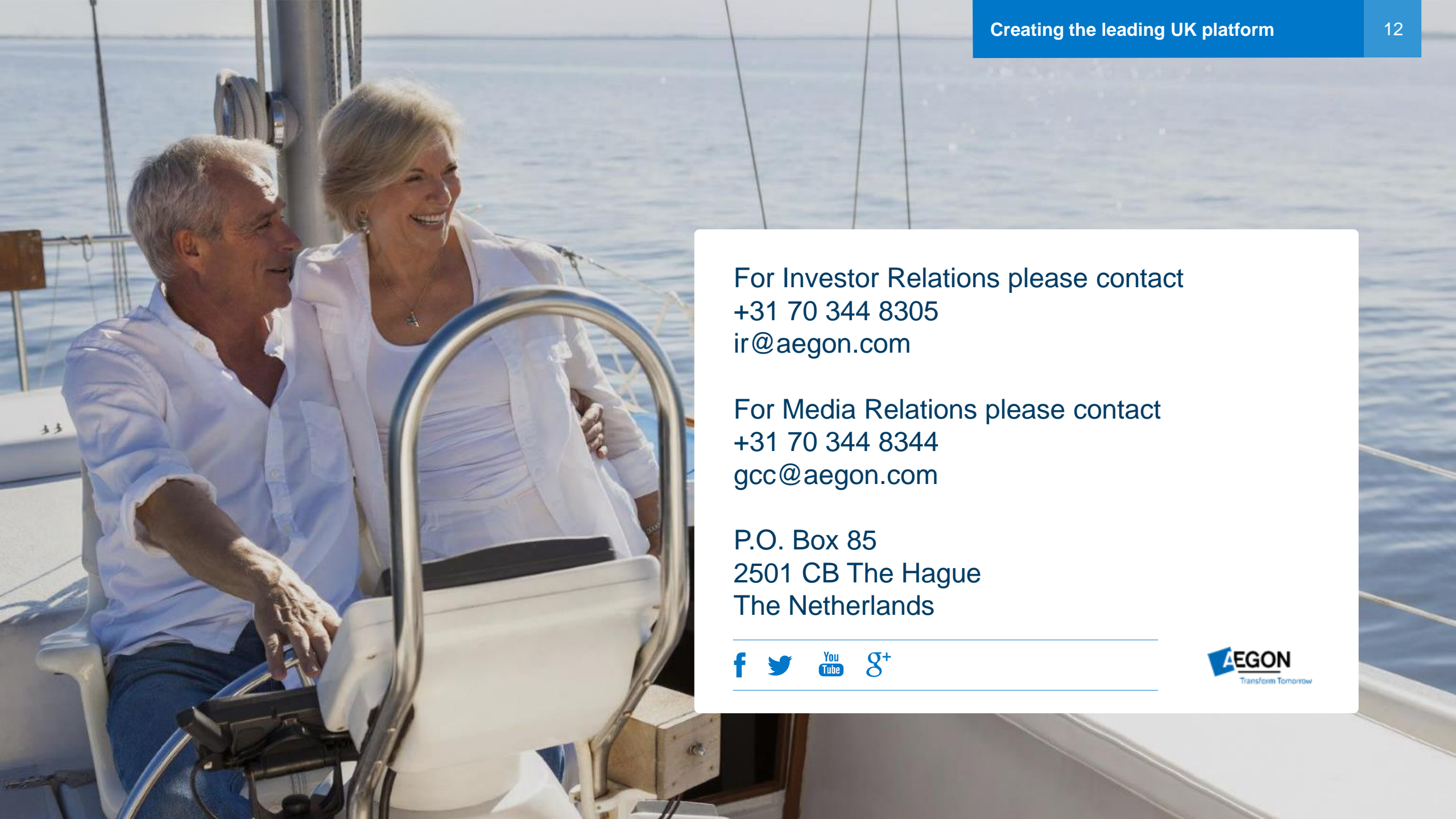
- No requirement for an advisor transaction
- Advisor forum created to support integration process

### Enhanced distribution

- Cofunds and Aegon focus on mass affluent market
- Limited overlap of top new business firms
- Significant cross-sell opportunity

### Major new business relationship

- New business relationship with Nationwide
- Nationwide is the UK's leading mutual
- Aegon to support relaunched investment service



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# Disclaimer

## Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS financial measures: underlying earnings before tax, income tax, income before tax and market consistent value of new business. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. The reconciliation of these measures, except for market consistent value of new business, to the most comparable IFRS measure is provided in note 3 'Segment information' of Aegon's Condensed Consolidated Interim Financial Statements. Market consistent value of new business is not based on IFRS, which are used to report Aegon's primary financial statements and should not be viewed as a substitute for IFRS financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Aegon believes that these non-IFRS measures, together with the IFRS information, provide meaningful information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business. In addition, return on equity is a ratio using a non-IFRS measure and is calculated by dividing the net underlying earnings after cost of leverage by the average shareholders' equity excluding the preferred shares, the revaluation reserve and the reserves related to defined benefit plans.

## Local currencies and constant currency exchange rates

This document contains certain information about Aegon's results, financial condition and revenue generating investments presented in USD for the Americas and Asia, and in GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. Certain comparative information presented on a constant currency basis eliminates the effects of changes in currency exchange rates. None of this information is a substitute for or superior to financial information about Aegon presented in EUR, which is the currency of Aegon's primary financial statements.

## Forward-looking statements

The statements contained in this document that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, is confident, will, and similar expressions as they relate to Aegon. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Aegon undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in Aegon's fixed income investment portfolios;
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
  - The effects of declining creditworthiness of certain private sector securities and the resulting decline in the value of sovereign exposure that Aegon holds;
- Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- Consequences of a potential (partial) break-up of the euro;
- Consequences of the anticipated exit of the United Kingdom from the European Union;
- The frequency and severity of insured loss events;
- Changes affecting longevity, mortality, morbidity, persistence and other factors that may impact the profitability of Aegon's insurance products;
- Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting Aegon's operations' ability to hire and retain key personnel, taxation of Aegon companies, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the pensions, investment, and insurance industries in the jurisdictions in which Aegon operates;
- Standard setting initiatives of supranational standard setting bodies such as the Financial Stability Board and the International Association of Insurance Supervisors or changes to such standards that may have an impact on regional (such as EU), national or US federal or state level financial regulation or the application thereof to Aegon, including the designation of Aegon by the Financial Stability Board as a Global Systemically Important Insurer (G-SII);
- Changes in customer behavior and public opinion in general related to, among other things, the type of products also Aegon sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- Lowering of one or more of Aegon's debt ratings issued by recognized rating organizations and the adverse impact such action may have on Aegon's ability to raise capital and on its liquidity and financial condition;
- Lowering of one or more of insurer financial strength ratings of Aegon's insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability and liquidity of its insurance subsidiaries;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
- Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt Aegon's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- Changes in accounting regulations and policies or a change by Aegon in applying such regulations and policies, voluntarily or otherwise, which may affect Aegon's reported results and shareholders' equity;
- Aegon's projected results are highly sensitive to complex mathematical models of financial markets, mortality, longevity, and other dynamic systems subject to shocks and unpredictable volatility. Should assumptions to these models later prove incorrect, or should errors in those models escape the controls in place to detect them, future performance will vary from projected results. The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon's business; and
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess capital and leverage ratio management initiatives.

Further details of potential risks and uncertainties affecting Aegon are described in its filings with the Netherlands Authority for the Financial Markets and the US Securities and Exchange Commission, including the Annual Report. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, Aegon expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Aegon's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.