

A photograph of four business professionals (two men and two women) sitting around a table in a modern office setting, engaged in a meeting. The man on the left is gesturing while speaking. The woman in the center is smiling. The woman on the right has her hands clasped. There are coffee cups and a laptop on the table.

Leveraging strong market positions

Wim Hekstra

Wholesale

Helping people achieve a lifetime of financial security

December 1, 2017

AEGON
Transform Tomorrow

Summary

Shift towards new solutions

- Customer demand for transparent and low-cost DC solutions continues to increase
- Solvency II is increasing the attractiveness of guarantee-light and non-insurance products
- Traditional DB production is decreasing as a result of low interest rate environment

Strong market positions

- Scale advantage as a result of servicing more than 4 million pension participants
- Leading market positions in both traditional as well as in new-style retirement solutions
- Decumulation phase offers attractive opportunities for unique pension annuity propositions

Clear strategy to deliver growth

- Use of technology increases quality, lowers costs and enhances customer relationship
- Integrated wholesale organization offers opportunities to cross-sell
- Income protection services offer opportunity for growth

Wholesale at a glance

Highlights



> 4 million
Participants served



~22,000
Employers served



EUR 70 million
New life sales
~70% of Aegon NL



EUR 360 million
Deposits
~5% of Aegon NL

Key market position

#1

PPI provider

#1

APF

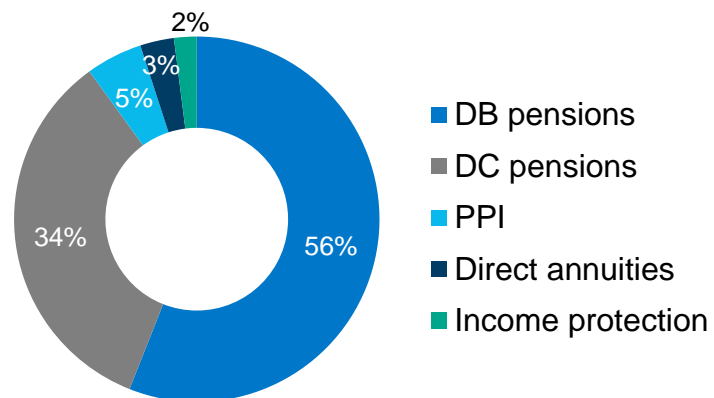
#4

Income protection

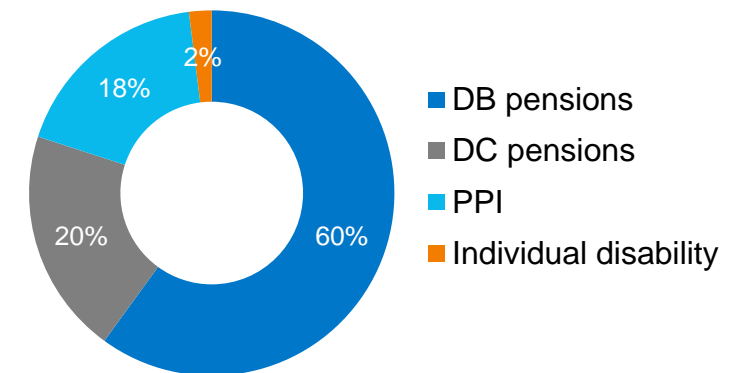
#2

Life insurer

EUR 49 billion of liabilities



850k customers



Note: New life sales and deposits based on last four quarters. Participants served include over 3 million pension participant administered by TKP. Employer numbers based on premium paying employers. Customer numbers based on unique customers, and excludes over 3 million pension participants for which TKP provides administration. Sales and deposits based on last four quarters. DC pensions includes separate account pension business

Optimizing the portfolio

Fix / Reduce

Focusing on optimizing capital while managing risks to reduce volatility

Run

Improving returns and capital efficiency with selected new products

Grow

Invest in via digital integration and distribution capabilities to grow fee-based businesses

Defined benefit solutions

- Life annuities
- Service book (unit-linked & traditional life)

- (Bank) Savings

Income protection (underwriting)

Pension annuities

- Alternative investments (3rd party)
- Individual investment solutions
- Knab
- Mortgage origination

Traditional DC

- Commercial line non-life (sold)
- Onna-Onna (closed)
- UMG (sold)

- Property & Casualty
- Term life

New-style DC (PPI)

- Pension and income protection services
- STAP (General Pension Fund)

New business Balances

~5%

~65%

~10%

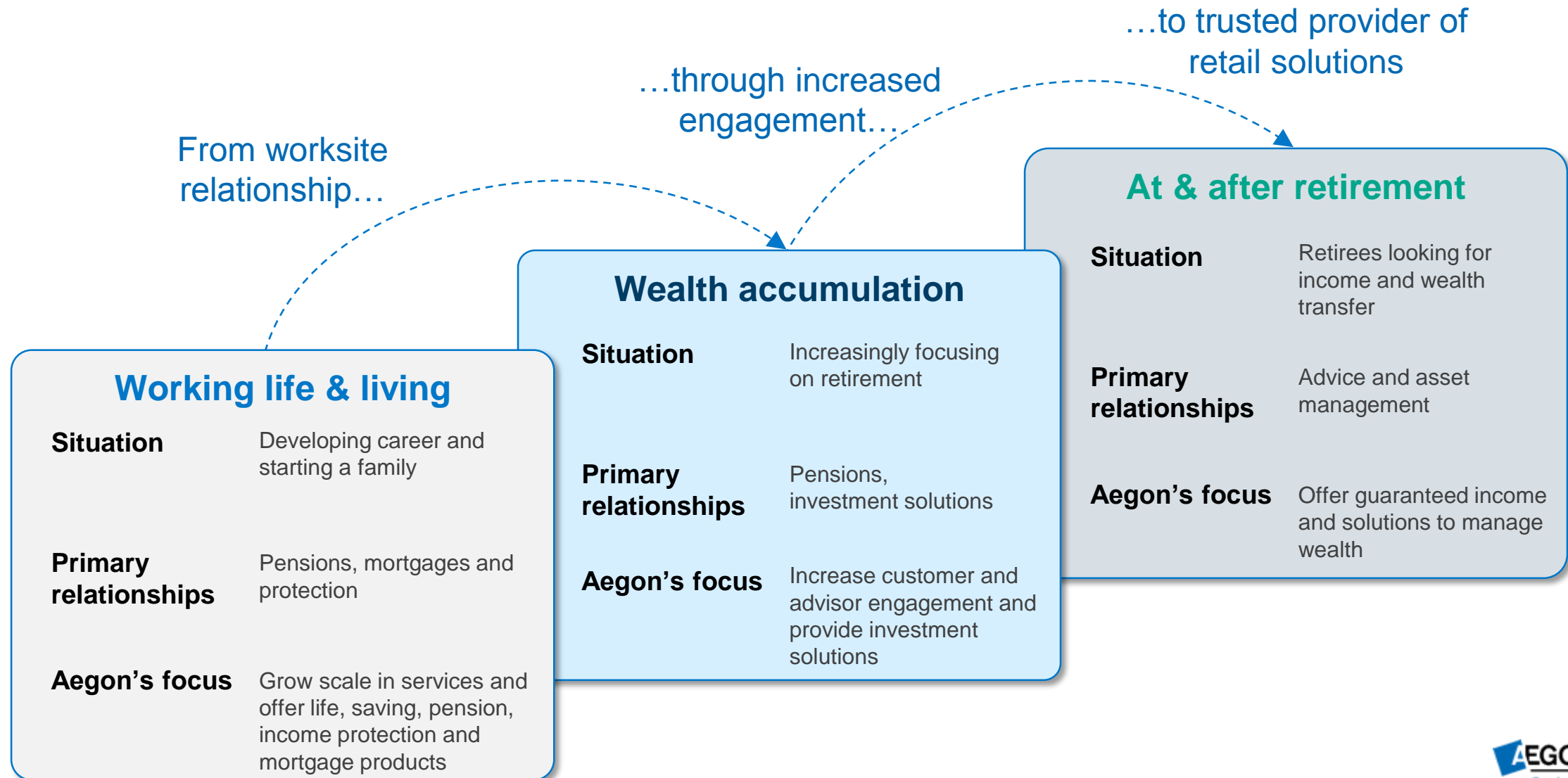
~10%

~85%

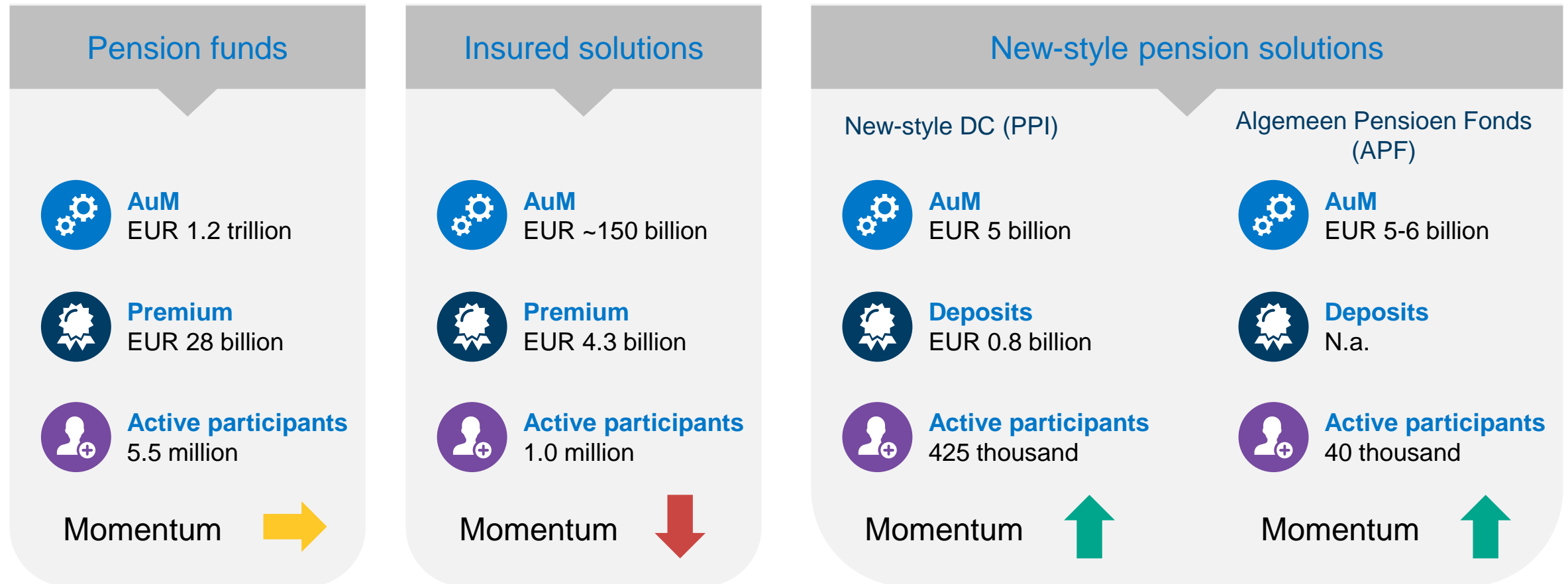
~25%

Note: New business including deposits related to Stap and Dutch Mortgage Fund recorded in Aegon Asset Management segment. Balances based on assets or liabilities depending on nature of the business

Serving customers throughout their lives



Retirement landscape shifting towards new solutions



Opportunities for Aegon lie within new-style retirement solutions and lower risk traditional solutions

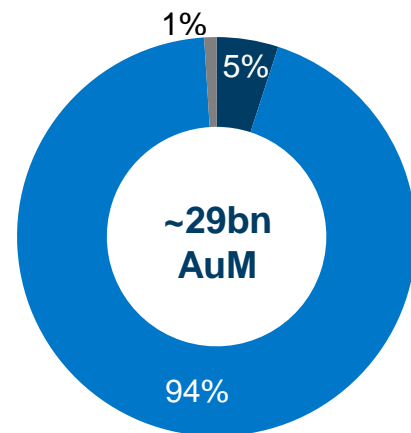
Note: All data based on 2016 data, except for APF data which is based on current estimates and AuM data Insured solutions which is based on 2015 data

DB backbook is converting to new solutions

- Demand from customers for transparent and low-cost DC solutions continues to increase
- Average duration of assets and liabilities of the DB backbook is around 17 years
- DB subscription is a standardized product oriented towards the SME¹ market and will be a key product going forward
 - The product offers a 1-year guarantee, for which Aegon hedges the interest rate risk

Composition DB backbook

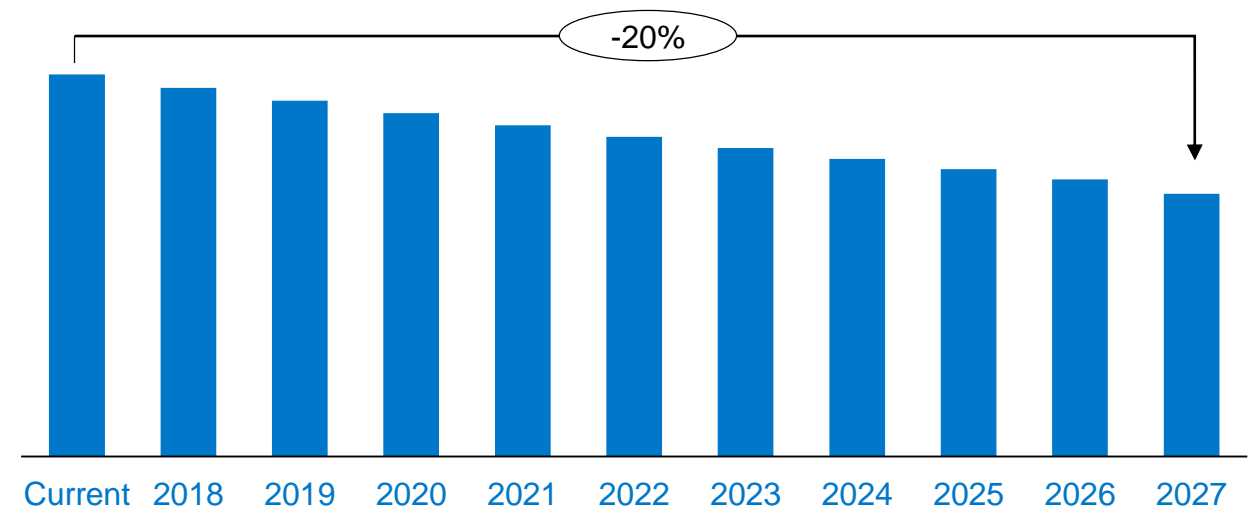
(In EUR and %)



■ Fixed pension annuities ■ Traditional DB ■ DB-subscription

Indicative development DB book provisions²

(In %)



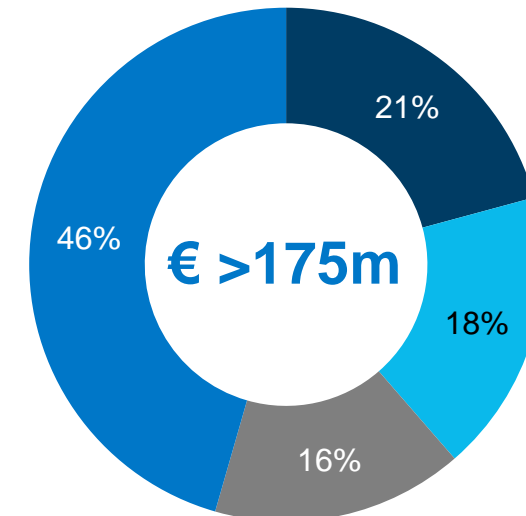
¹ Small and medium-sized enterprises; ² Excluding new business

Renewals shift to capital-light products

- Traditional DB production is declining as a result of the ongoing low interest rate environment and shift to transparent solutions
- DB-subscription is a standardized product which is repriced on a yearly basis
 - Attractiveness of product underscored by MCVNB margin of ~1%
- Selectively targeting buy-outs with a focus on more profitable small and medium sized cases

2017E Renewals DB portfolio

(APE in %)



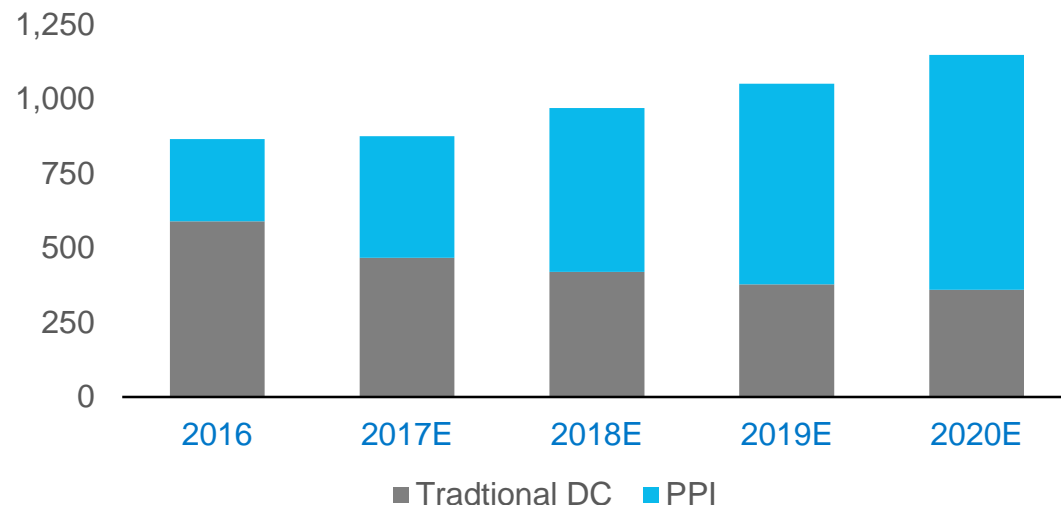
■ Not renewed ■ PPI ■ Traditional DB ■ DB-subscription

Building on strong position in DC market

- Aegon's new-style DC solutions services both the corporate segment as well as SMEs
 - 100% of DC sales consists of PPI, as traditional DC solutions are no longer offered
- Strong competitive position due to scale of TKP platform, asset managers AAM and TKPi, and solid relationships with pension advisers and customers
- Provides opportunity to enhance relationship with customer through 3rd and 4th pillar solutions

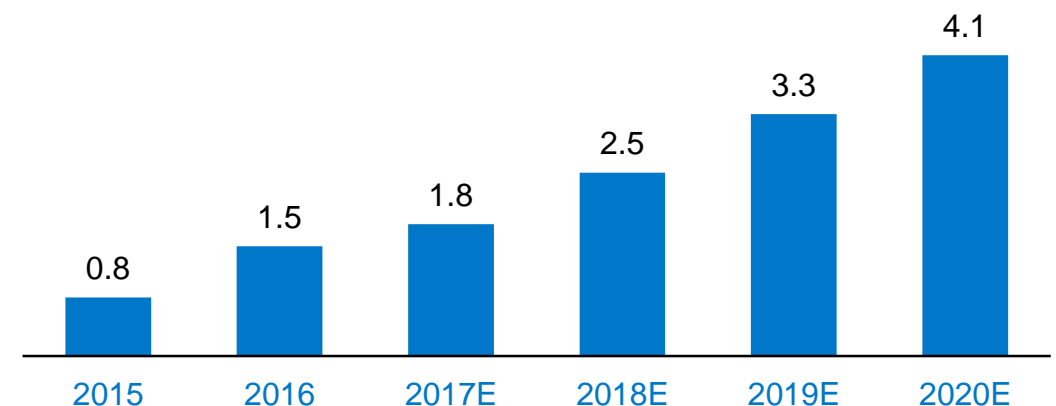
Total premium volumes

(In EUR million)



AuM development PPI

(In EUR billion)



Note: Traditional DC includes separate account pension business with guarantees

Decumulation phase offers attractive opportunities



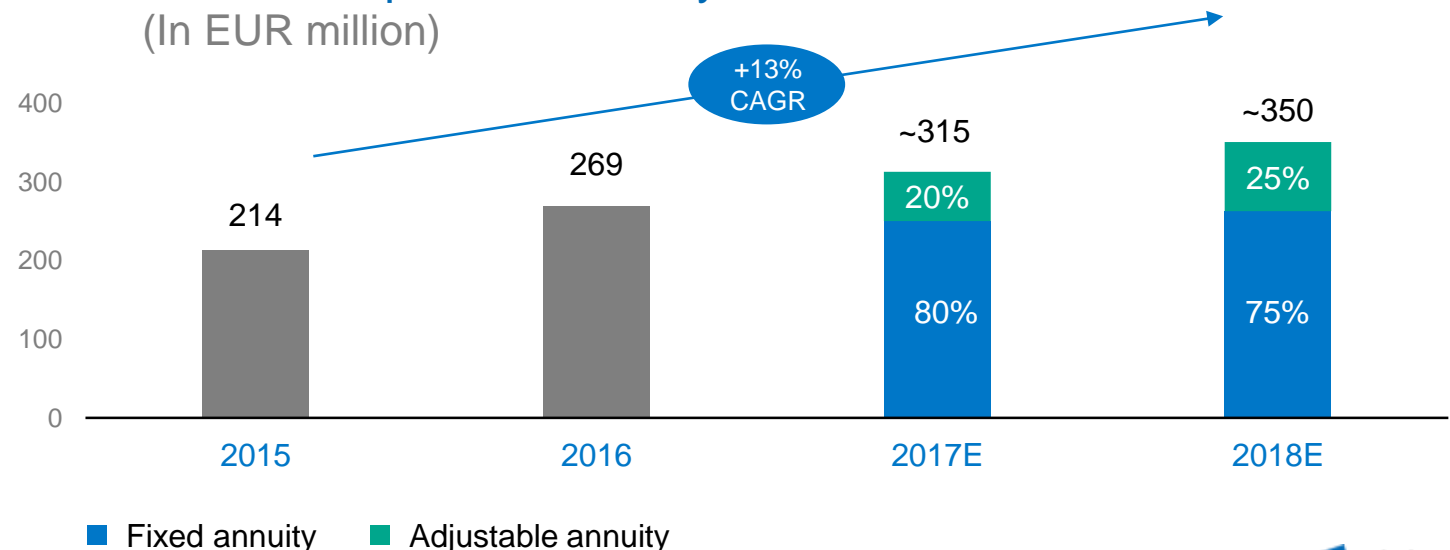
- Expiring capital from DC schemes to be annuitized EUR 1-1.5 billion per year
- Market is expected to grow double digits for coming years
- Unique proposition and positive customer feedback
- Award winning, digital guidance to help customers

Pension annuities offer DC customers to convert their accumulated capital into an annuity through two options

Fixed annuity offers customers a fixed guarantee throughout their pension

Adjustable annuity (*Doorbeleggen*) a capital light product, which enables customers to keep part of their capital invested

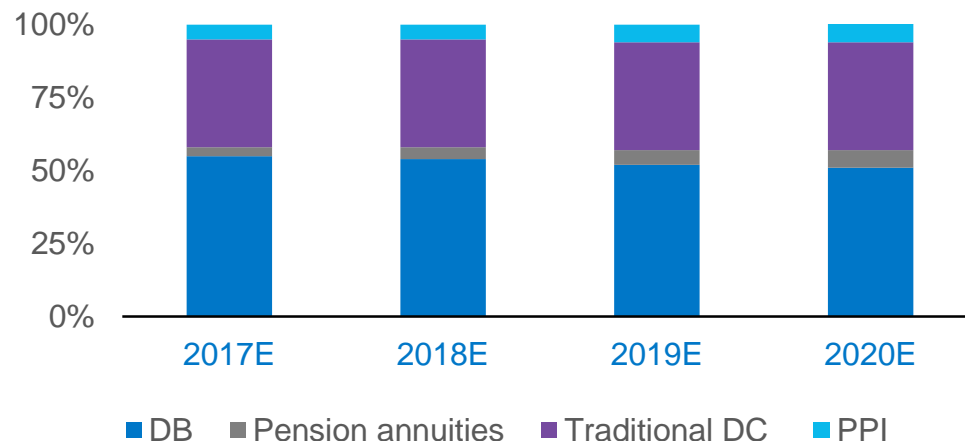
Production pension annuity business (In EUR million)



Portfolio shifting to capital-light businesses

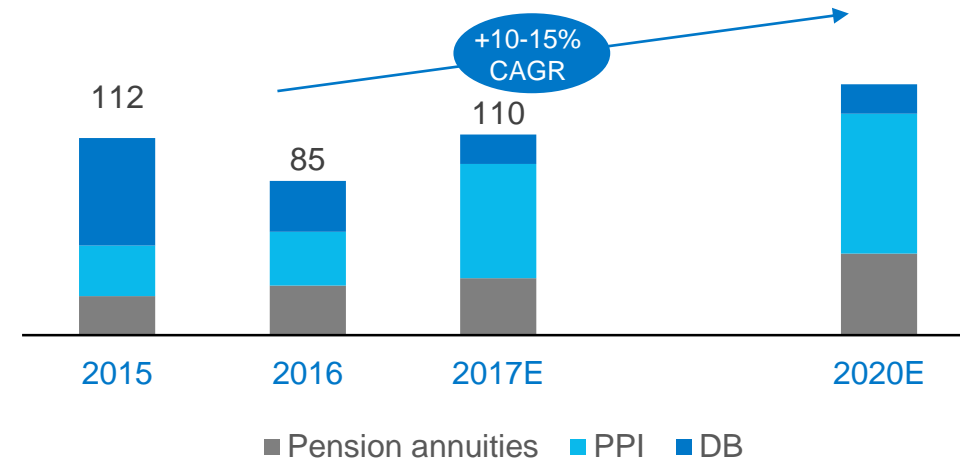
- Solvency II is increasing the attractiveness of guarantee-light and non-insurance products
- Future growth to be generated through new-style retirement solutions and lower risk traditional solutions
- Traditional DB production is expected to decrease as a result of continued low interest rate environment and shift to more transparent solutions

Composition portfolio
(Asset mix in %)



Note: Traditional DC includes separate account pension business

Production
(In EUR million)

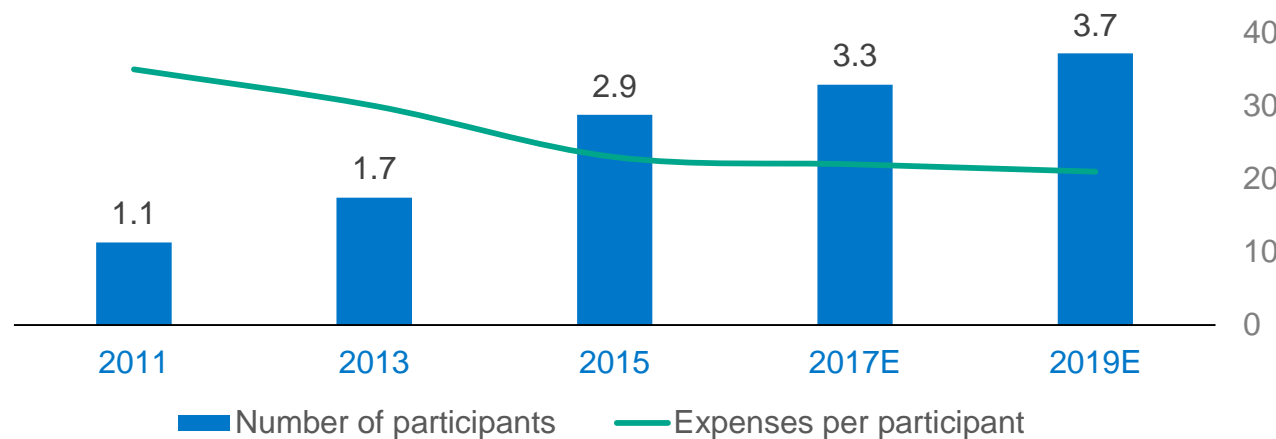


Leveraging TKP platform to optimize pension business

- TKP is the largest and most efficient administration platform among insurers and growing rapidly
 - Moving a larger part of the administrated pension contracts to TKP leading to a more variable cost base
 - Key enabler for successful growth in new style pension solutions, such as PPI and APF
- Expected growth rate of participants leading to lower costs per participant
- Key driver of innovation in customer interaction and product development going forward

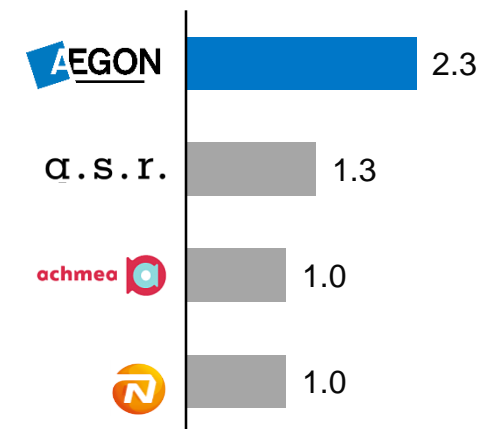
Development TKP

(# participants in millions, expenses in EUR)



APF assets under administration

(in EUR billion)

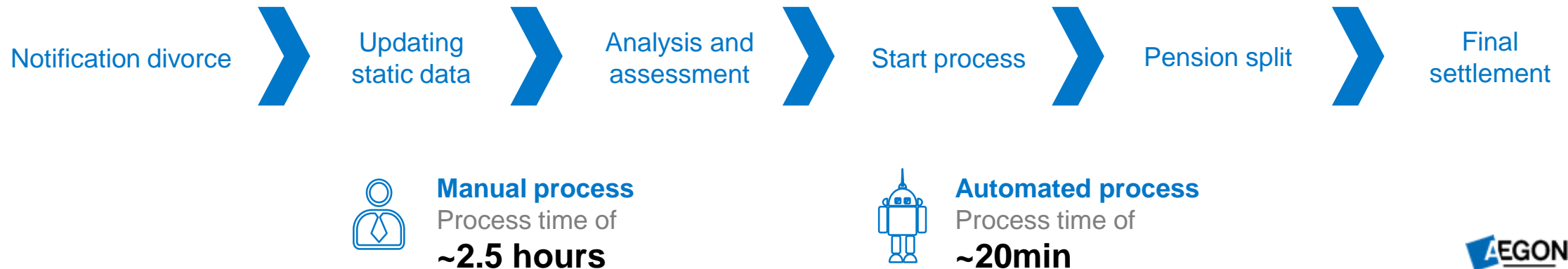


Note: APF ranking based on AM Magazine 2017

Use of technology increases quality and lowers costs

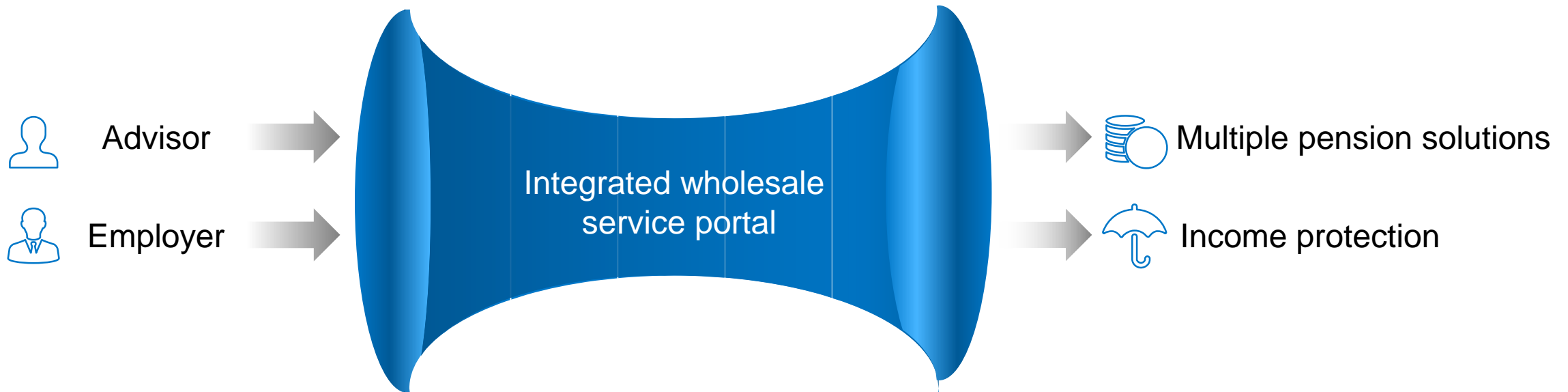
- Processing of divorces within administration is extremely lengthy and complex
 - 17 process steps, 4 different applications, >45 business rules
- Usage of robotic technology will improve process significantly
 - Process time will be reduced by over 85%
 - Quality of outcome will increase
- Results in smoother execution of related processes such as expirations, pension pay-outs, value transfers and payments to heirs

Divorce process



Developing one wholesale service for employers and advisors

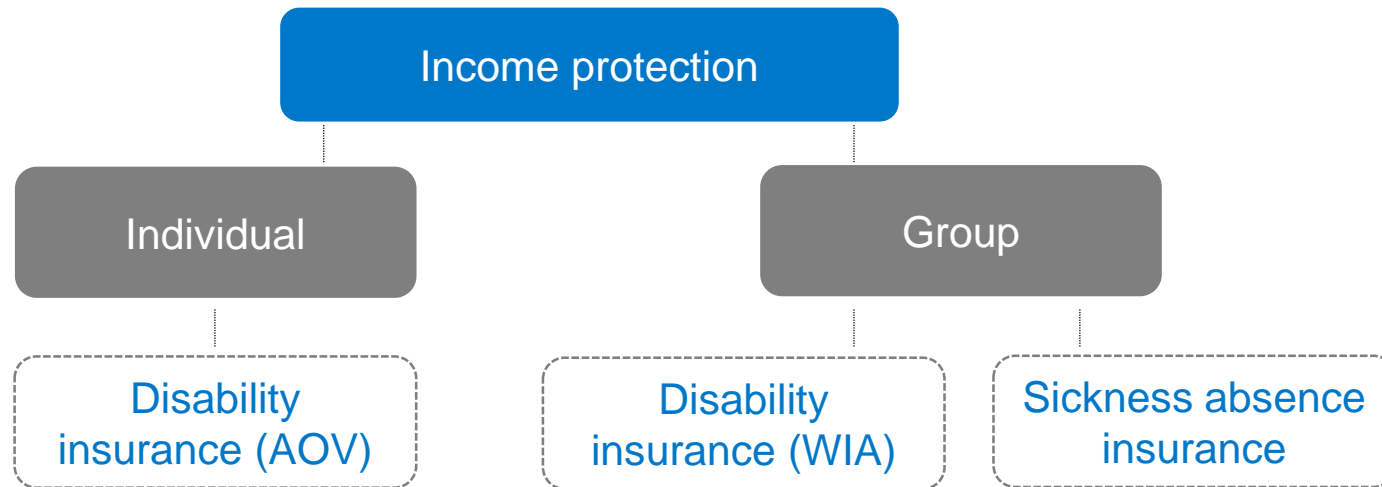
- Integrated wholesale service portal to service Advisors and Employers through one channel
- Integrated sales organization for Pensions and Income Protection in place to enhance cross-sell, efficiency and increase customer insight
- Data lakes allow for timely and relevant information provision to key stakeholders



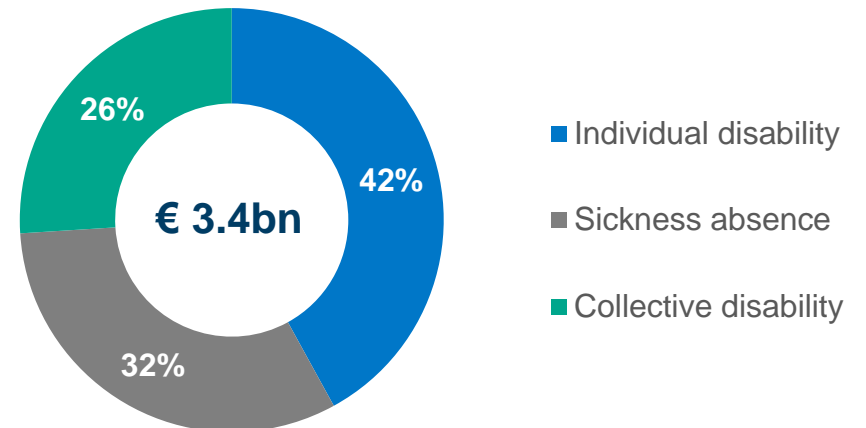
Income protection business opportunity for growth

- Income protection products support customers in case of disability for work (individual and group)
- Aegon is currently #4 player in the market with a 6% market share
- Large pension book of employers offers opportunities to cross-sell

Composition Dutch market



2016 written premium (Market size)

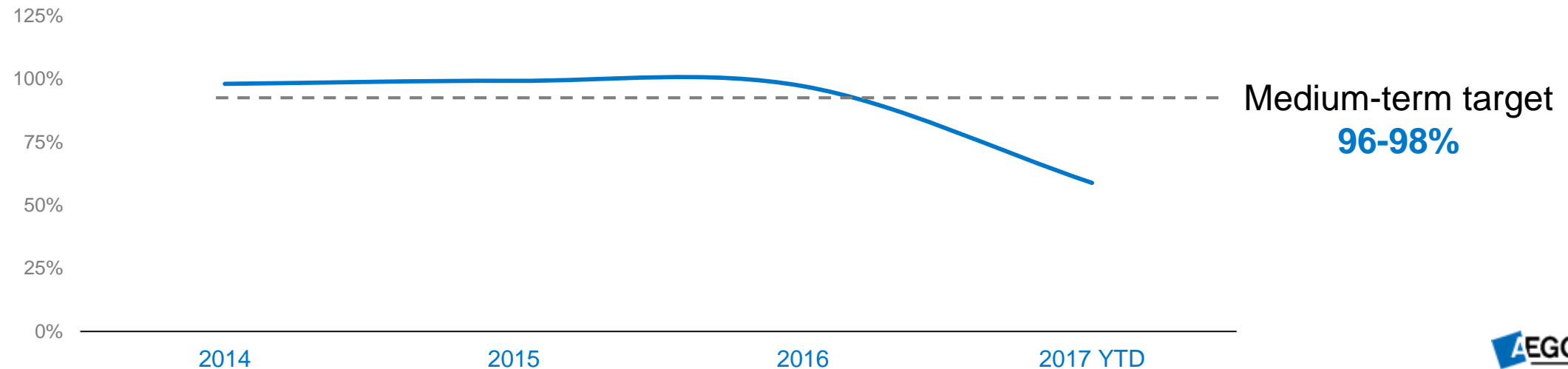


Improved returns of income protection business

- Business result turned around as a result of management actions:
 - Analyzed performance of reintegration partners
 - Increased control mechanisms around claims management process
 - Improved data management
- Improvement in 2017 combined ratio partly driven by reserve release as a result of management actions

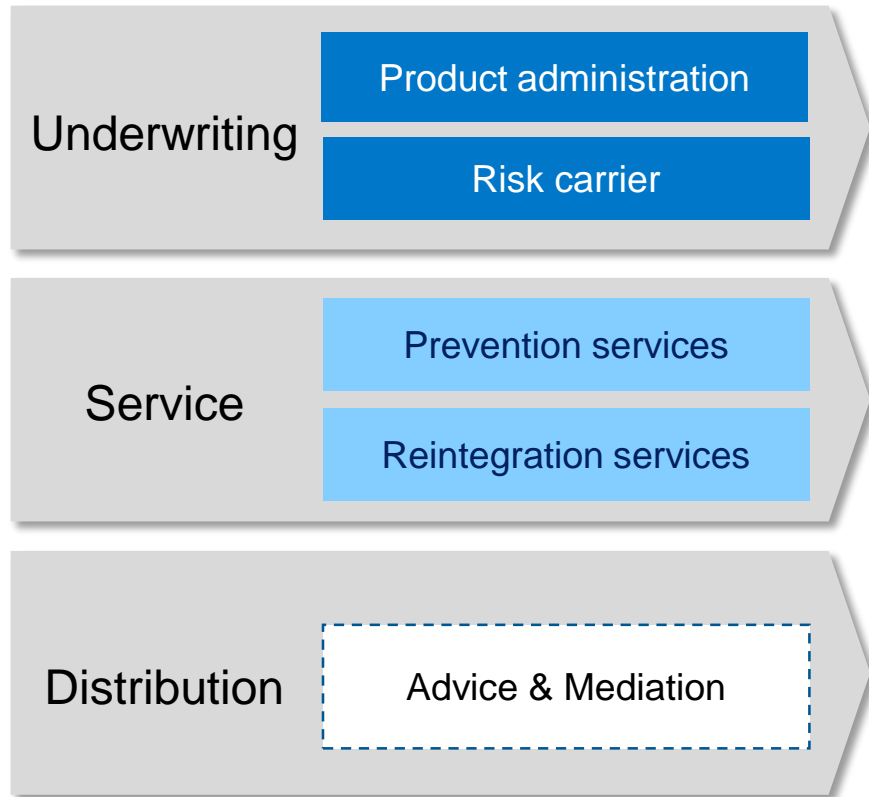
Successful turnaround income protection business

(Combined ratio in %)



Capturing more of the value chain offers upside potential

Income protection value chain



- Improved underwriting as a result of management actions
 - Growth in disability volumes due to premium increases
 - Claims management, partner performance, and data management have led to improvement in claims ratio
- Developing integrated wholesale service for employers and advisors combining pensions and income protection in one place
- Exploring opportunities with potential new and existing chain partners to share more competences
- Pension intermediaries focusing more on group business. Aegon's strong position in pensions offers opportunity for growth in income protection
- Integrated wholesale portal and sales organization and focus on service will lead to higher customer and intermediary satisfaction, and higher volumes

Conclusion



Well positioned for the future

**For questions please contact
Investor Relations**

+31 70 344 8305
ir@aegon.com

P.O. Box 85
2501 CB The Hague
The Netherlands



Disclaimer

Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS-EU financial measures: underlying earnings before tax, income tax, income before tax, market consistent value of new business and return on equity. These non-IFRS-EU 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-EU 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-EU, which are used to report Aegon's primary financial statements and should not be viewed as a substitute for IFRS-EU financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Return on equity is a ratio using a non-IFRS-EU measure and is calculated by dividing the net underlying earnings after cost of leverage by the average shareholders' equity, the revaluation reserve and the reserves related to defined benefit plans. Aegon believes that these non-IFRS-EU measures, together with the IFRS-EU information, provide meaningful supplemental information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business.

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 public sector securities and the resulting decline in the value of government 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 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;
- 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; and
- This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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.