



Transforming Aegon

Focus. Execute. Deliver.

Lard Friese

Chief Executive Officer

The Hague, March 18, 2021



Helping people achieve a lifetime of financial security

Key messages

Clear strategic decisions

- Building a leader in investment, protection, and retirement solutions
- Focus on 3 core markets, 3 growth markets, and 1 global asset manager
- Within core markets: separate the higher-margin Strategic Assets from capital-intensive Financial Assets
- Reallocate capital from Financial Assets to Strategic Assets and to Growth markets

Intense operational rhythm

- Align organization with strategy:
 - Dedicate internal teams to managing Financial Assets
 - Clear governance with defined mandates and performance focus
- Granular operating plan to reduce expenses and reinvest in growth
- Intense organizational rhythm to ensure high-performance culture and delivery

Ambitious financial targets 2021 – 2023¹

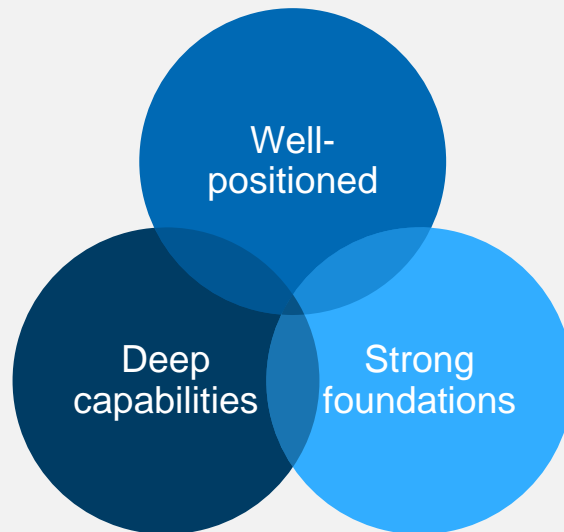
- Reduce gross financial leverage to EUR 5.0 – 5.5 billion
 - Repaid USD 500 million senior debt in December 2020
- Implement expense savings program of EUR 400 million by 2023 compared with 2019 baseline
 - Over EUR 75 million contribution from expense initiatives in 2020
 - On track to deliver half of savings target by the end of 2021
- Deliver cumulative free cash flows of EUR 1.4 to 1.6 billion
- Grow dividend per share to around EUR 0.25 over 2023

¹ Barring unforeseen circumstances, and dividend subject to board and AGM approvals

Leader in investment, protection, and retirement solutions

Our future vision

Building on our strengths today...



... to benefit from structural trends

Customers with an increasing need to save
Increasing demand for workplace solutions for an aging population
Greater individual responsibility for protection and retirement

... to win in markets we choose to compete in

Established, competitive positions in advanced retirement markets
Unique access to growing, under-penetrated markets
Global integrated asset management

... to build global expertise

Digitized customer acquisition and servicing
Attractive retirement solutions leveraging global expertise
Responsible investing and value creation for all stakeholders

Focusing on three core markets, three growth markets, one global asset manager

Core markets



- Large, established investment, protection, and retirement markets
- Benefiting from structural tailwinds towards DC pensions
- Aegon has leading positions

Growth markets



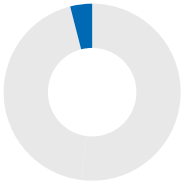


- Fast-growing businesses, under-penetrated markets
- Aegon has successful partnerships
- Potentially developing into new core markets

Global asset management

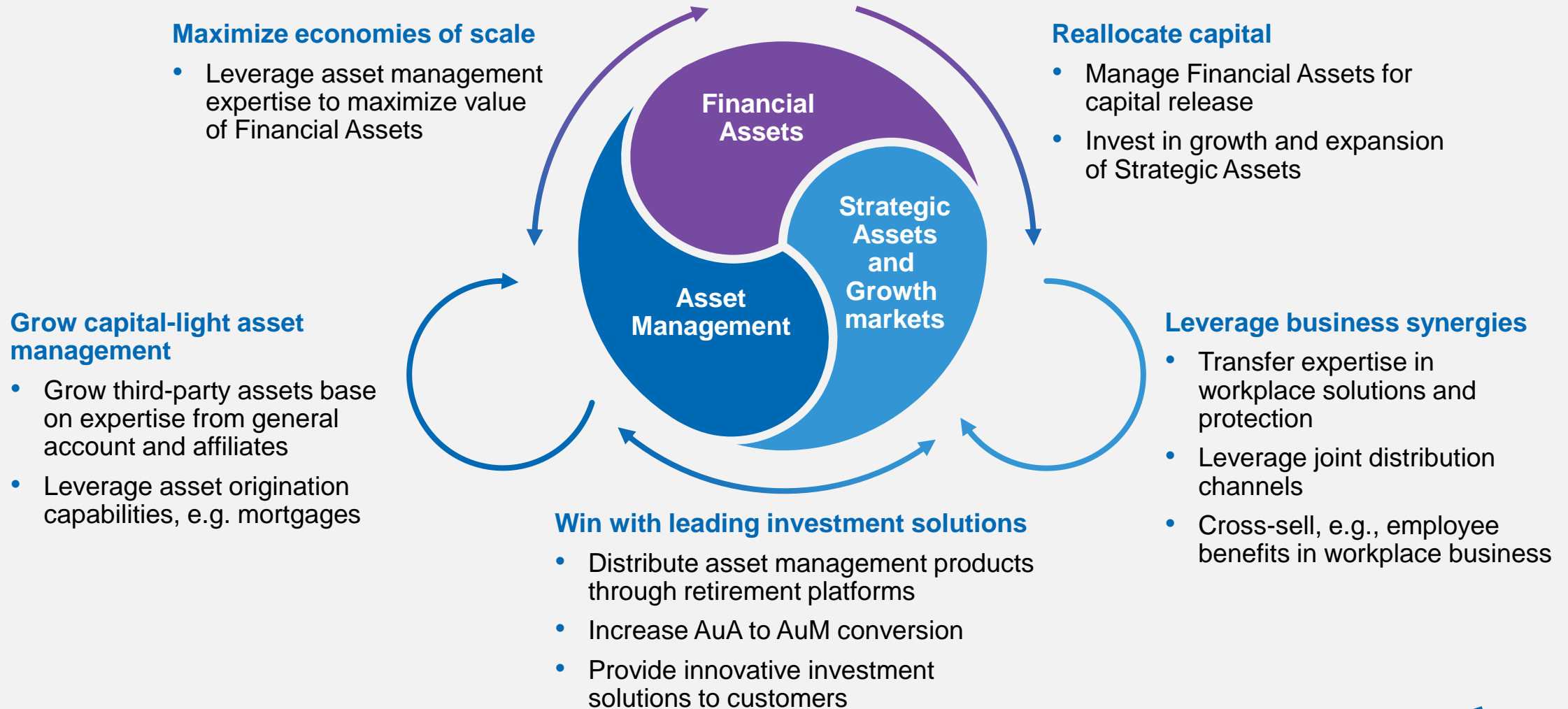
- Strong investment capabilities
- Key enabler of success in core and growth markets

Reallocating capital to Strategic Assets and Growth markets

		Capital allocation	Outcome	Share of earnings ¹
Core markets	Strategic Assets	<ul style="list-style-type: none"> Invest to grow customer base, improve customer retention, and margins Deploy capital inorganically where it creates value 	<ul style="list-style-type: none"> Valuation multiple expansion Profit growth 	 52%
	Financial Assets	<ul style="list-style-type: none"> Maximize net present value Consider all options to release capital 	<ul style="list-style-type: none"> Reduced cost of capital Reduced capital deployed 	 44%
Growth markets		<ul style="list-style-type: none"> Invest to grow profitably and gain market share Deploy capital inorganically where it creates value 	<ul style="list-style-type: none"> Profit growth 	 4%

1. Share of underlying earnings before tax for Core and Growth markets only, in EUR, 2020FY, total UEBT EUR 1,729 million

Leveraging the capabilities of Aegon Group



Allocating capital to Strategic Assets in core markets



Focus

- Grow workplace solutions with enhanced focus on small and mid-sized retirement plans
- Grow and invest in affiliated distribution and associated Term Life, Indexed Universal Life, and Whole Life

- Grow workplace solutions
- Grow mortgage origination
- Position Knab as digital gateway to individual retirement solutions

- Grow in workplace and financial adviser markets, and enhance user experience and customer propositions
- Leverage capability in investment solutions and advice

Ambition

Workplace Solutions

- Significant increase in profit margin
- Top-5 player in mid-market sales

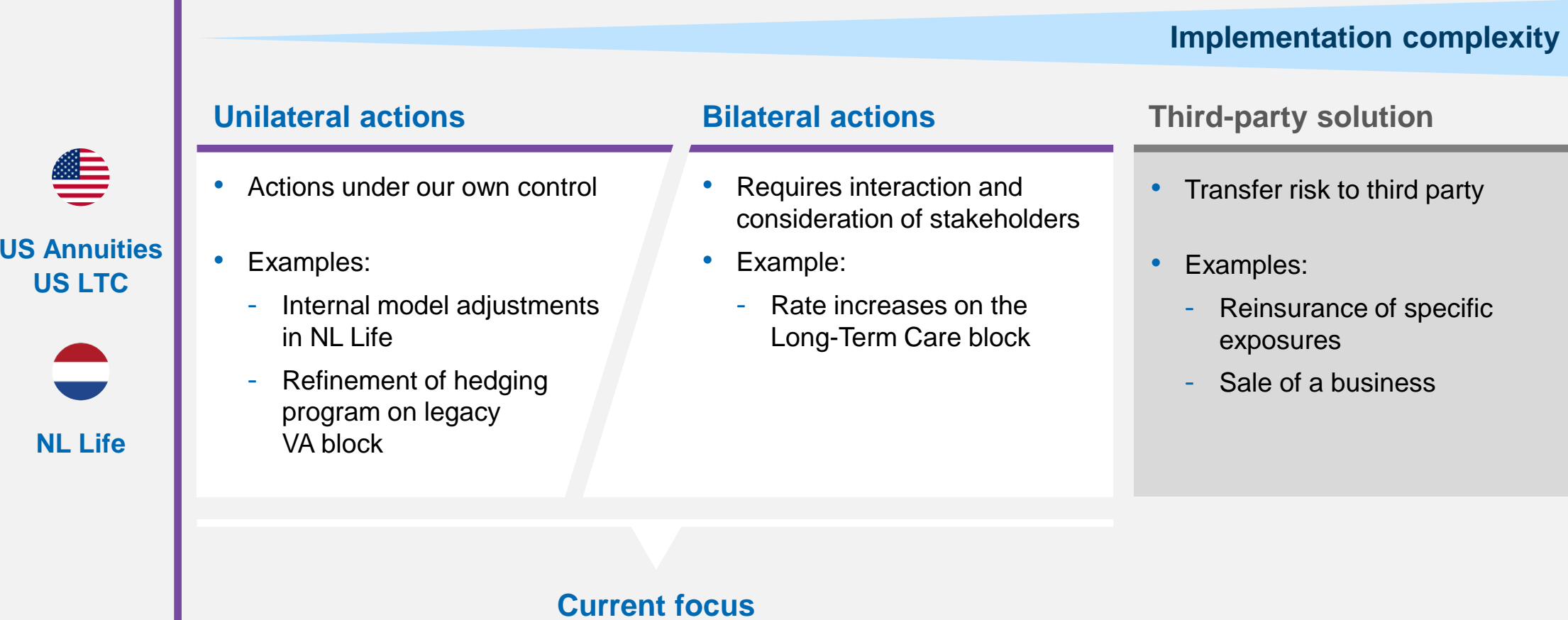
Individual Solutions

- Significantly reduced and more variable cost base
- Top-5 position in selected individual life products

- #1 position in DC pensions
- #1 position as third-party mortgage originator

- Significantly higher share of earnings contribution from platform businesses
- Positive net flows in both retail and workplace

Framework for potential actions to release capital from Financial Assets



Investing in growth markets and asset management

Global asset manager



Asset Management

- Grow third-party businesses
- Increase conversion of Assets under Administration to Assets under Management
- Move to one global operating platform

Growth markets



Spain / Portugal

- Continue to develop bancassurance model
- Build on good relationship with Banco Santander



China

- Continue to focus on value adding partnerships in insurance and asset management
- Expand into pension market



Brazil

- Expand sales and distribution with the joint venture Mongeral Aegon Group (MAG)

Taking action on sub-scale businesses or those active in small markets

Business focus

- Tight capital management
- Bias to exit sub-scale, niche, and small positions
- Restructure unprofitable propositions
- Selectively invest in digital models



Businesses in over 12 countries

Central & Eastern Europe

- Hungary
- Poland
- Turkey
- Romania



- Stonebridge, UK



- High-Net-Worth business focused on Asian market



- India



- GoBear

- Aegon Insights
- Other ventures

Decisions taken

- Divestment for EUR 830 million
- Valuation at 2.6x P/B and 15x net underlying earnings
- Closing expected in 2H 2021

- Divestment for approx. GBP 60 million
- Closed in February 2021

- Rightsizing in response to challenging market conditions
- Focus sales on less interest rate sensitive products

- Focus on digital model only
- Close traditional distribution

- Decision to cease funding and close business; option to sell (in parts)

- Aegon Insights already in run-off
- Bias to exit other positions

1. Aegon decided to cease funding and close the GoBear business, while maintaining optionality to sell all or parts of the business

Aligning organization with strategy

Key actions

Target operating model

- Dedicate internal team to managing Financial Assets in US and NL
- Move to one global operating platform for Asset Management

Clear governance, defined mandates

- “Accountability within a clear framework” instead of a “federated” model
- Well-defined company strategy, functional policies, group-wide standards

Delaying and span of control

- Increased pooling and centralization of resources between Holding, International and NL
- Streamlining of management layers

Talent management

- Invest in talent
- Enhance execution capabilities

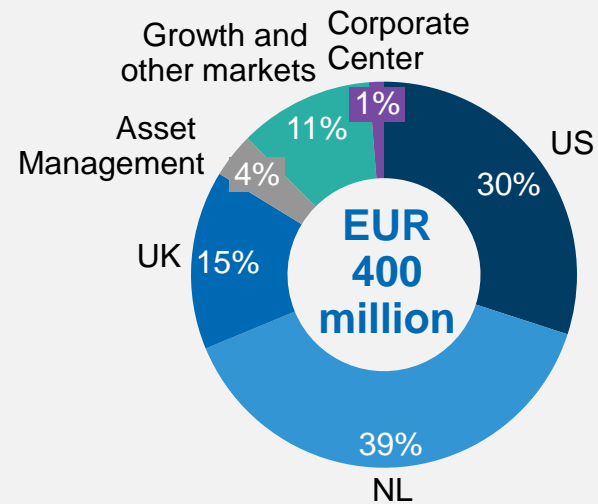
Building a granular operating plan

	Independent diligence	Bottom-up planning	Execution
What we are doing	<p>Establish the trajectory and potential of the business using a due diligence perspective</p> <hr/> <p>Management Board sets ambition to reach full potential</p>	<p>Develop a “ready to execute” plan owned by the line leaders</p> <hr/> <p>Identified >3,000 viable ideas >1,100 performance improvement initiatives with business cases</p>	<p>Launch a full-scale effort to drive value to the bottom-line</p> <hr/> <p>>600 accountable initiative owners 15,000 milestones and 3,000 KPIs</p>
	How we are making it happen	<p>Performance infrastructure <i>“Bones”</i></p>	<p>Using a relentless pace to ensure on time and within budget execution and value delivery to the bottom line</p>
<p>Change management <i>“Heart”</i></p>		<p>Enabling our people to think and act in the manner necessary to sustain the transformation</p>	
<p>Ability to execute <i>“Muscle”</i></p>		<p>Building the hard and soft capabilities required for the organization to reach and sustain full potential</p>	

Reflecting strategic priorities in initiatives

Initiatives reducing expenses

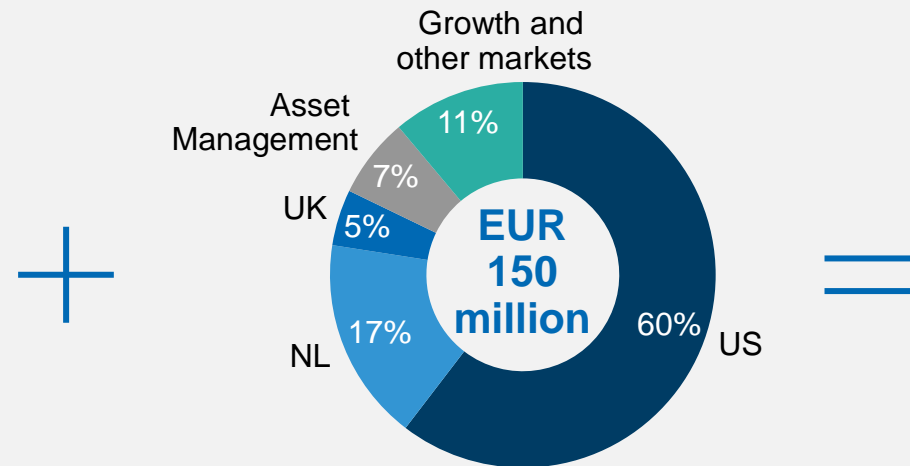
2023, addressable expenses



- Capture scale benefits
- Optimize spans and layers
- Leverage automation and digitization
- Over EUR 75 million contribution from expense initiatives in 2020

Initiatives increasing revenue

2023, underlying earnings¹



- Grow share of affiliate distribution flow
- Optimize pricing and product
- Improve retention and cross-sell



- Expected one-time investment of about EUR 350 million in 2021 and EUR 300 million in 2022/23
- Booked as Other charges

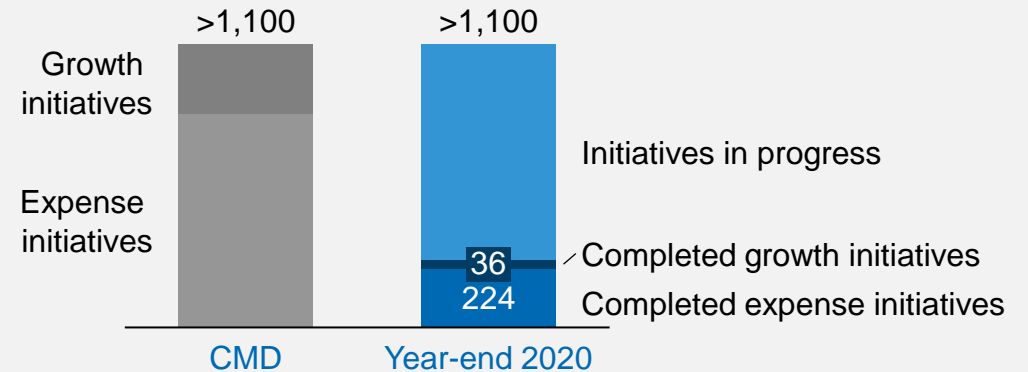
1. Impact of the initiatives on underlying earnings before tax

Progressing well on performance improvement initiatives

Initiative delivery

- Good progress on the implementation of the >1,100 performance improvement initiatives
- As of YE 2020, 23% of all planned initiatives already passed through implementation stage, expected to contribute to earnings over time
- Rapid pace and rhythm continue into 2021

Number of initiatives

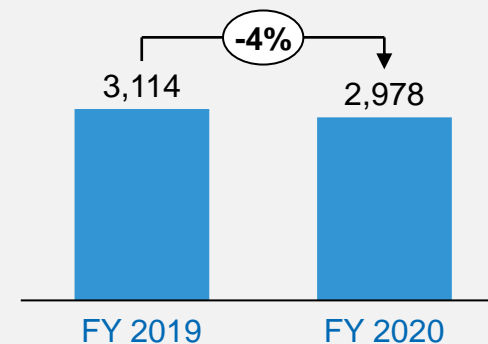


Expense savings

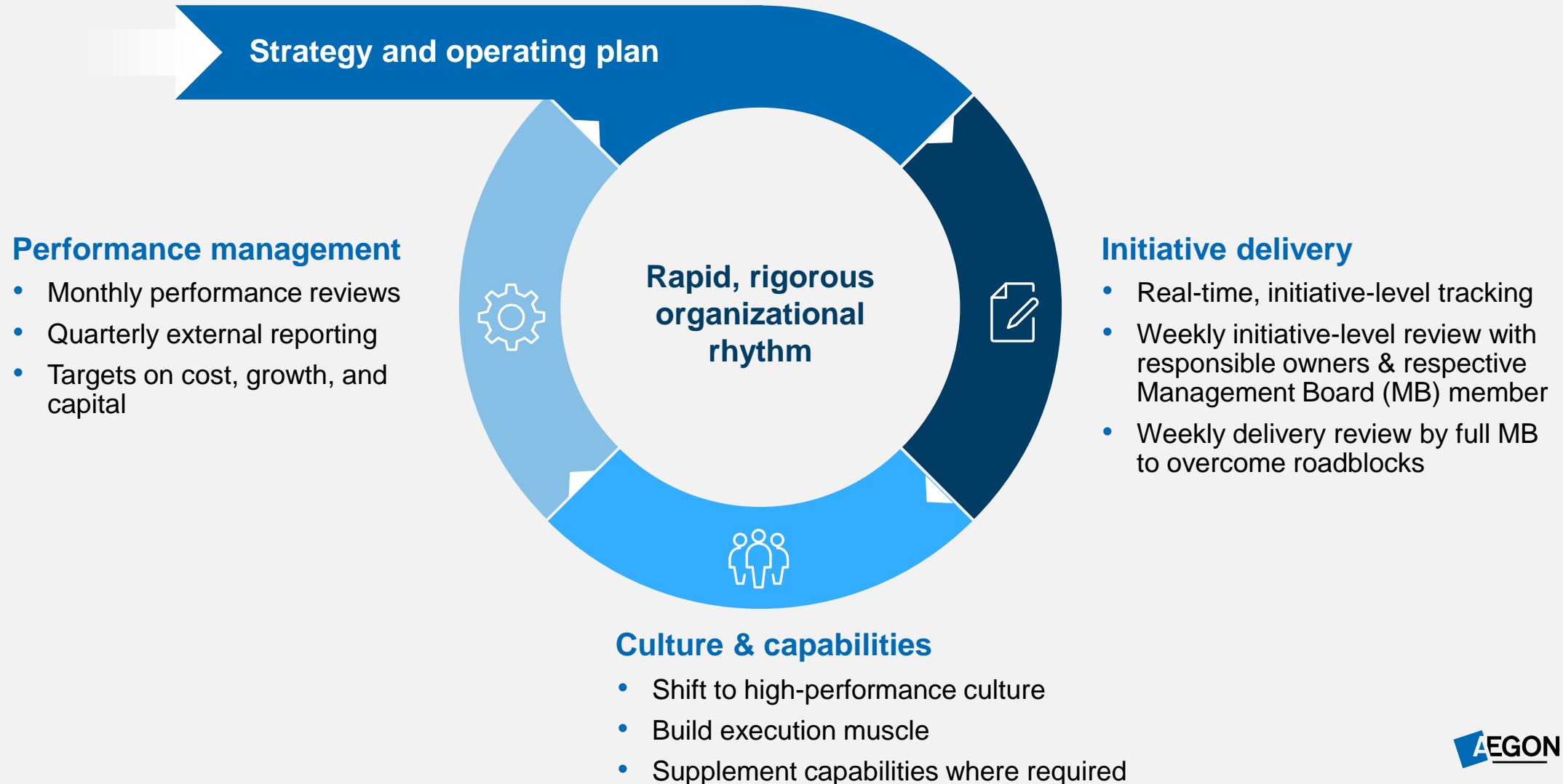
- Reduction of addressable expenses by 4% or EUR 136 million in 2020
- This includes a contribution from expense initiatives of over EUR 75 million; on track to deliver half of EUR 400 million savings from expense initiatives by the end of 2021
- In addition, expenses benefited from reduced activity in a COVID-19 environment, which is expected to reverse over time

Addressable expenses

(in EUR million constant currency, excluding CEE operations)






Intensifying the organizational rhythm



Creating a strong balance sheet

Solvency II / RBC ratio

 US	432% 2H 2020	400% Operating level	350% Minimum dividend payment level
 NL Life¹	159% 2H 2020	150% Operating level	135% Minimum dividend payment level
 UK²	156% 2H 2020	150% Operating level	135% Minimum dividend payment level

Cash Capital at Holding (in EUR bn)

	1.1 2H 2020	0.5 – 1.5 Operating range
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1. NL Life refers to the capital ratio of Aegon Levensverzekering N.V.
2. UK refers to the capital ratio of Scottish Equitable PLC

Our priorities for 2021

Improving operational performance

- Maintain momentum on execution of performance improvement initiatives
- Reduce expenses and invest in business to grow customer base and expand margins

Value-creating capital allocation

- Active management of Financial Assets as well as smaller and niche operations
 - Review hedging approach for GMIB/DB variable annuity block to further de-risk cash flows
 - Start implementing LTC rate increases worth USD 300 million; program reflected in PDR
 - Take actions to further stabilize NL Life Solvency II ratio and focused on capital release
- Redeploy capital released to most profitable businesses with the highest growth potential

Strong balance sheet and growing capital distributions

- Further execute on interest rate management plan in US
- Maintain Cash Capital at Holding in upper end of operating range in near term
- Reduce gross financial leverage by an additional EUR 200 million
- Maintain discipline on capital and deliver on dividend objectives

Financial targets 2021 – 2023¹

Reduce leverage

EUR 5.0 – 5.5 billion

Gross financial leverage target

Implement expense savings

EUR 400 million

Lower addressable expenses vs. 2019

Increase free cash flows

EUR 1.4 – 1.6 billion

Cumulative free cash flows over 2021 - 2023

Distribute capital to shareholders

Around EUR 0.25 dividend per share over 2023

1. Barring unforeseen circumstances, and dividend subject to board and AGM approvals

Leader in investment, protection, and retirement solutions

Clear strategic focus, building on our strengths

- Clear focus: 3 core markets, 3 growth markets, 1 global asset manager
- Leading platforms in attractive markets and strong partnerships
- Group-wide expertise in workplace solutions, protection, and asset management

Value-creating capital allocation

- Reallocate capital to Strategic Assets and Growth Markets
- Grow customer base in Strategic Assets and Growth Markets and increase margins
- Consider all options to release capital from Financial Assets and smaller, niche or sub-scale businesses

Improving operational performance

- Clear governance with defined mandates and performance focus
- Granular operating plan reducing expenses by EUR 400 million by 2023, while investing in growth
- Intense organizational rhythm to ensure delivery and build a high-performance culture

Strong balance sheet and growing capital distributions

- Maintain sufficient capital and reduce sensitivity to financial markets
- Reduce gross financial leverage to EUR 5.0 – 5.5 billion by 2023
- Increase free cash flows to EUR 1.4 – 1.6 billion cumulatively in 2021–2023
- Grow dividend per share to around EUR 0.25 over 2023

Note: Targets are barring unforeseen circumstances, and dividend subject to board and AGM approvals

Appendix

For questions, please contact
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Helping people achieve a lifetime of financial security

Well-managed capital sensitivities

Solvency II sensitivities

(in percentage points, 2020)

	Scenario	Group	NL Life ⁴	UK SE plc ⁵	US	US RBC
Equity markets	+25%	+7%	+1%	-1%	+20%	+23%
Equity markets	-25%	-11%	-5%	-5%	-29%	-34%
Interest rates	+50 bps	+1%	-8%	+1%	+4%	+5%
Interest rates	-50 bps	-0%	9%	-1%	-3%	-0%
Government spreads, excl. EIOPA VA	+50 bps	-2%	-2%	-5%	n/a	n/a
Government spreads, excl. EIOPA VA	-50 bps	+3%	+3%	+5%	n/a	n/a
Non-government credit spreads ¹ , excl. EIOPA VA	+50 bps	-0%	-10%	+6%	+1%	-5%
Non-government credit spreads ¹ , excl. EIOPA VA	-50 bps	-0%	+9%	-10%	-1%	+5%
US credit defaults ²	~200 bps	-18%	n/a	n/a	-38%	-62%
Mortgage spreads	+50 bps	-2%	-6%	n/a	n/a	n/a
Mortgage spreads	-50 bps	+2%	+6%	n/a	n/a	n/a
EIOPA VA	+5 bps	0%	+1%	n/a	n/a	n/a
EIOPA VA	-5 bps	-0%	-1%	n/a	n/a	n/a
Ultimate Forward Rate	-15 bps	-2%	-6%	n/a	n/a	n/a
Longevity ³	+5%	-7%	-10%	-3%	-12%	-19%

1. Non-government credit spreads include mortgage spreads; 2. Additional 130bps defaults for 1 year plus assumed rating migration; 3. Reduction of annual mortality rates by 5%
 4. NL Life refers to the capital ratio of Aegon Levensverzekering NV in the Netherlands; 5. UK SE plc refers to the capital ratio of Scottish Equitable PLC in the United Kingdom

Aegon Investor Relations

Stay in touch

Upcoming events 2021

Morgan Stanley Virtual European Financials Conference	March 18
HSBC Virtual US West Coast Financials Conference	March 29 – 30
Aegon 1Q 2021 results	May 12

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Disclaimer

Cautionary note regarding non-IFRS-EU measures

This document includes the following non-IFRS-EU financial measures: underlying earnings before tax, income before 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 and return on equity, to the most comparable IFRS-EU measure is provided in the notes to this press release. 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 adjusted for the revaluation reserve. 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 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, could, 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 and/or governmental 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;
- 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 written premium, 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;
- 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;
- Catastrophic events, either manmade or by nature, including by way of example acts of God, acts of terrorism, acts of war and pandemics, could result in material losses and significantly interrupt Aegon's business;
- 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;
- 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;
- Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- 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;
- Customer responsiveness to both new products and distribution channels;
- As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, operational risks such as system disruptions or failures, security or data privacy breaches, cyberattacks, human error, failure to safeguard personally identifiable information, changes in operational practices or inadequate controls including with respect to third parties with which we do business may disrupt Aegon's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- 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;
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies, as well as other management initiatives related to cost savings, cash capital at Holding, gross financial leverage and free cash flow;
- Changes in the policies of central banks and/or governments;
- Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- Consequences of an actual or potential break-up of the European monetary union in whole or in part, or the exit of the United Kingdom from the European Union and potential consequences if other European Union countries leave the European Union;
- 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); and
- 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, shareholders' equity or regulatory capital adequacy levels.

This document contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation (596/2014). 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.