



# Executing on our strategy

**Alex Wynaendts**

CEO

BoA-ML Banking & Insurance CEO Conference  
London – September 27, 2017

*Helping people achieve a lifetime of financial security*

**AEGON**  
Transform Tomorrow

# Overview

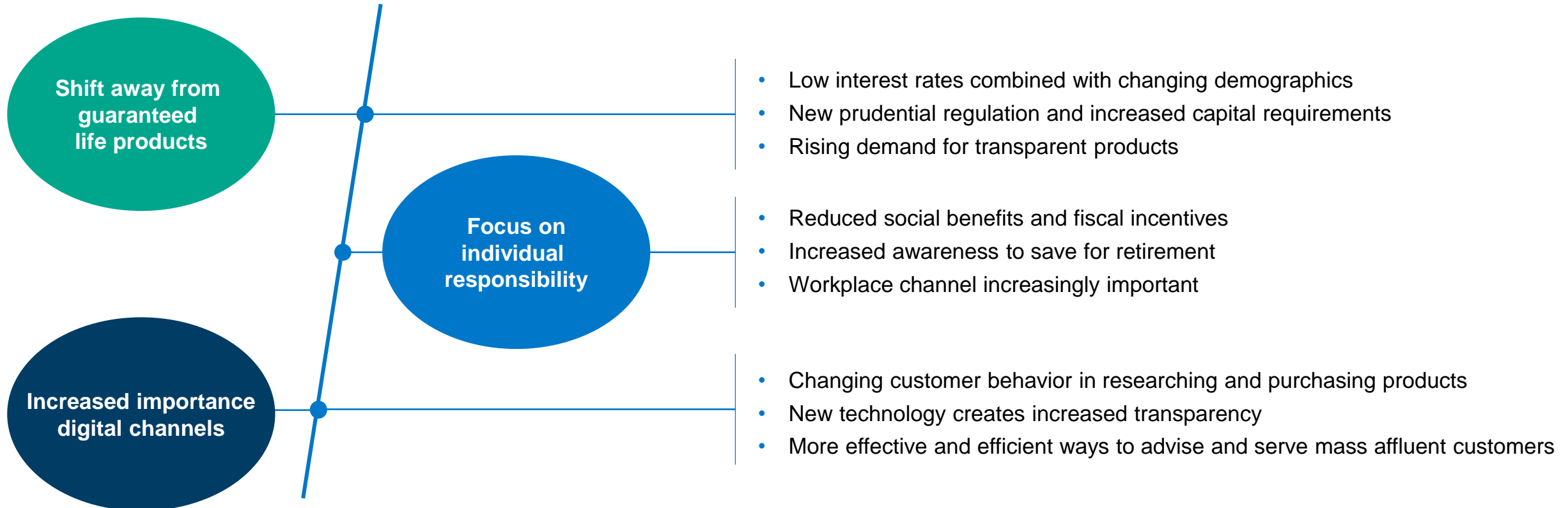
## Strong execution

## Clear strategy

## Ambitious targets

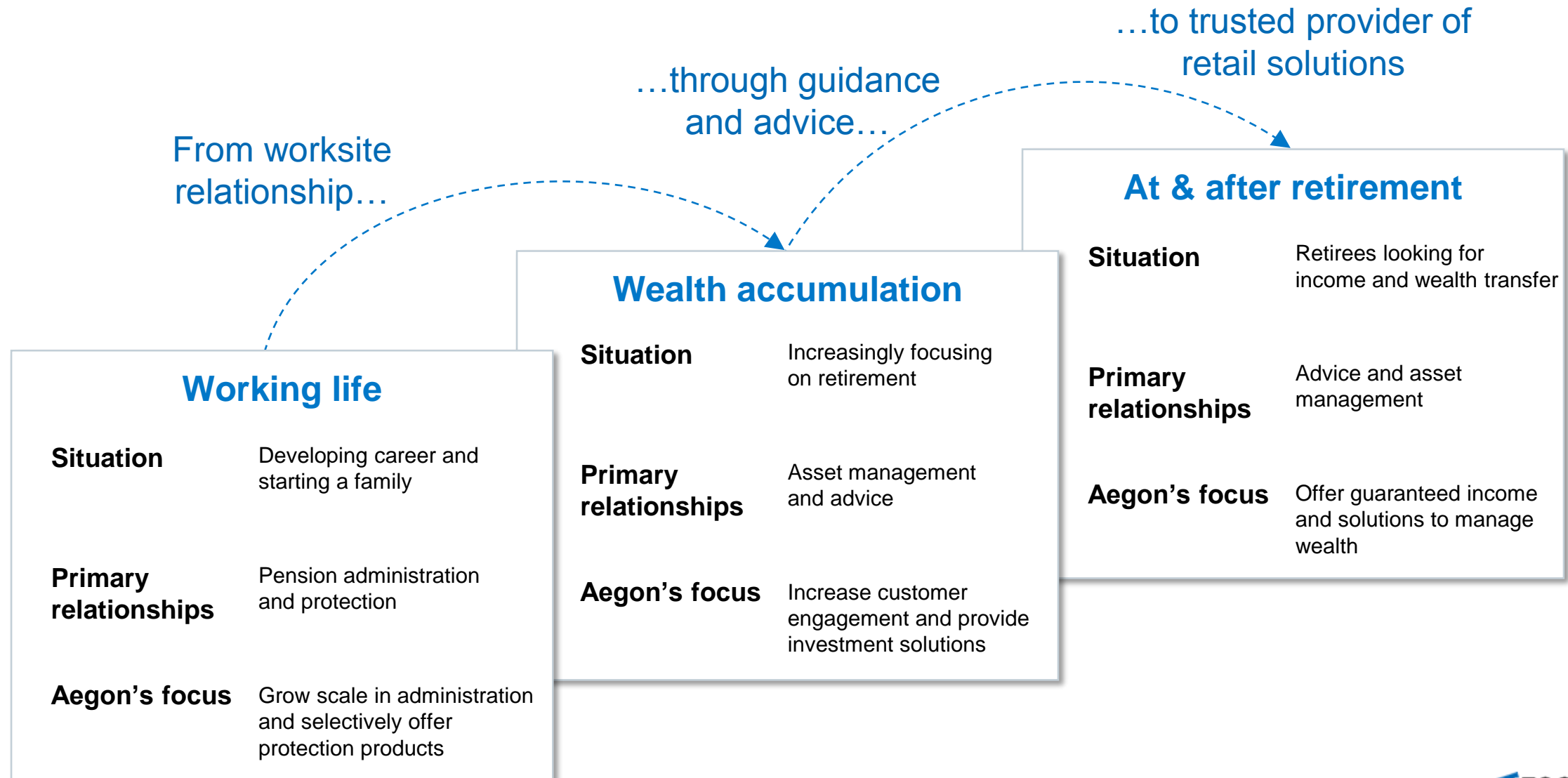
- Transformed the profile of the company by focusing on fee and protection business
  - Significant progress in optimizing portfolio
  - Maintained solid capital position
  - Management actions drive strong free cash flow growth
- 
- Broaden relationship with customers throughout their financial life cycle
  - Expand in asset management, administration, and advice
  - Significant investments in technology to offer a fully digitized service to our customers
- 
- Implement expense savings program of EUR 350 million
  - Achieve return on equity of 10%
  - Return EUR 2.1 billion of capital to shareholders over 2016-2018

# Key trends are shaping our industry





# Serving customers throughout their lives

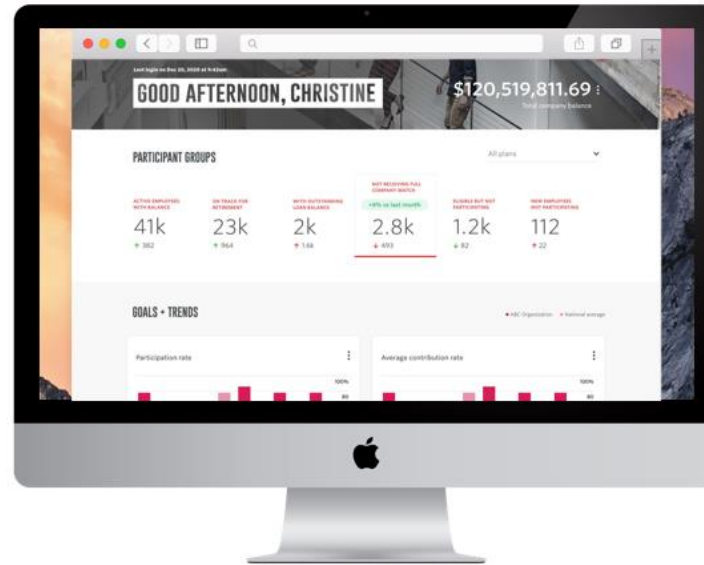


# Introducing new platforms



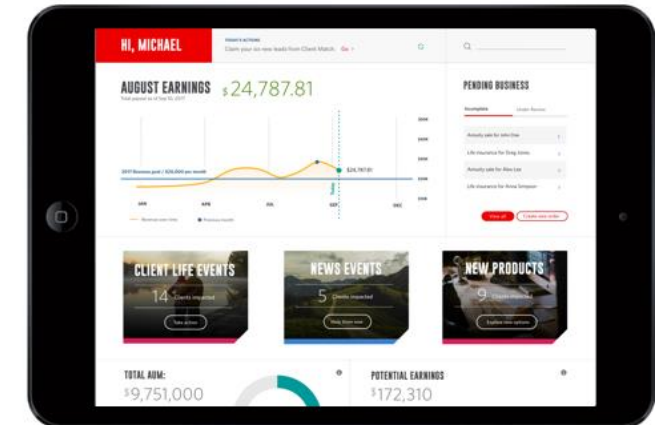
## CUSTOMER

The Wealth + Health App: A simple and engaging platform for the Customer to aggregate accounts, receive guidance, and track wealth and health goals.



## EMPLOYER

Allow the Employer to manage their employee benefits package and the progress of their participants on one platform.



## ADVISOR

Allow the Advisor to manage their book of business and the financial fitness of their clients on one platform.

Driving engagement, acquisition, retention and consolidation of customer value

# Focused investments in FinTech

## Technology to enhance customer experience

- Improved user experience
- Online advice & guidance
- Simplified transaction services
- Benefit from analytics & big data

## Investing in FinTech



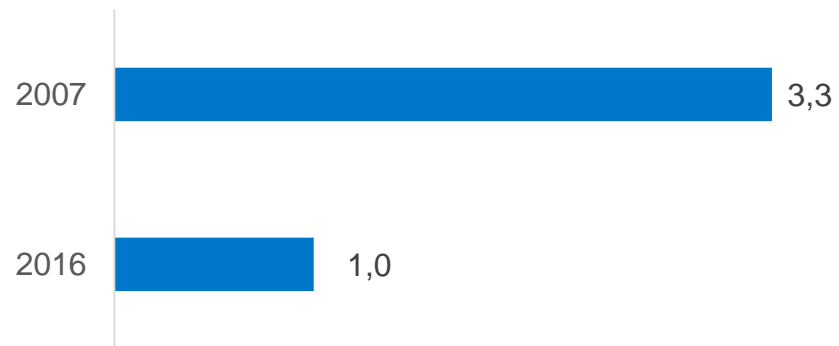
## Benefits to Aegon

- Building life-long relationships with customers
- Developing new solutions & distribution models
- Excellent service at competitive cost levels

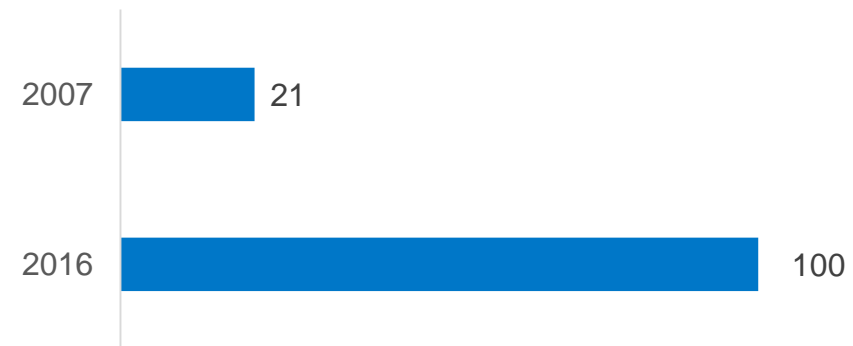
# New business profile changed considerably

- Shifted away from traditional life insurance to capital-light products
  - Traditional products less attractive due to low interest rates, changing demographics and higher capital requirements
- Shift reflected in five-fold increase in gross deposits over the past 10 years

**New life premiums**  
(APE, EUR billion)



**Gross deposits\***  
(EUR billion)

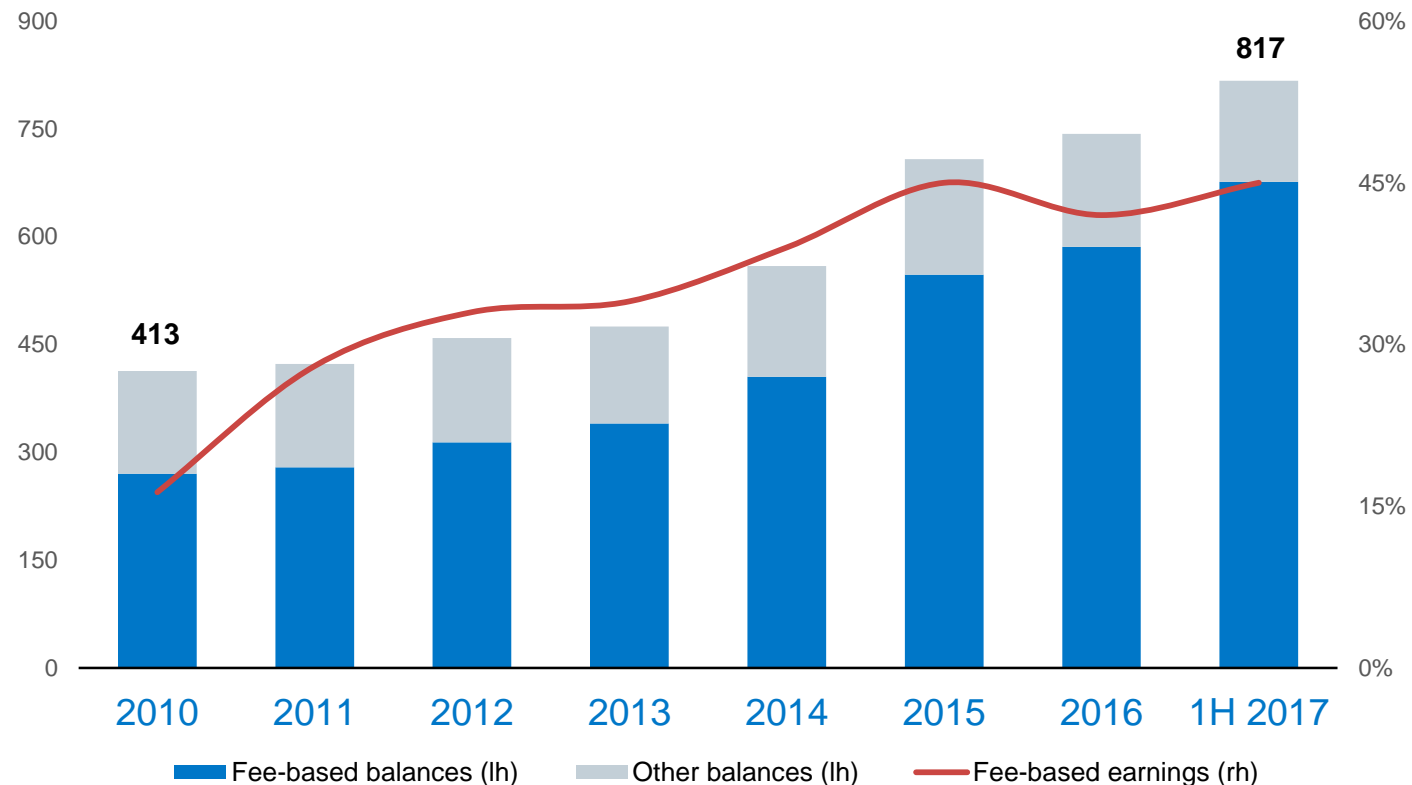


\*Excluding institutional guaranteed products

# Significant shift to fee businesses

## Development of fee-based balances and earnings

(Balances in EUR billion; underlying earnings in %)



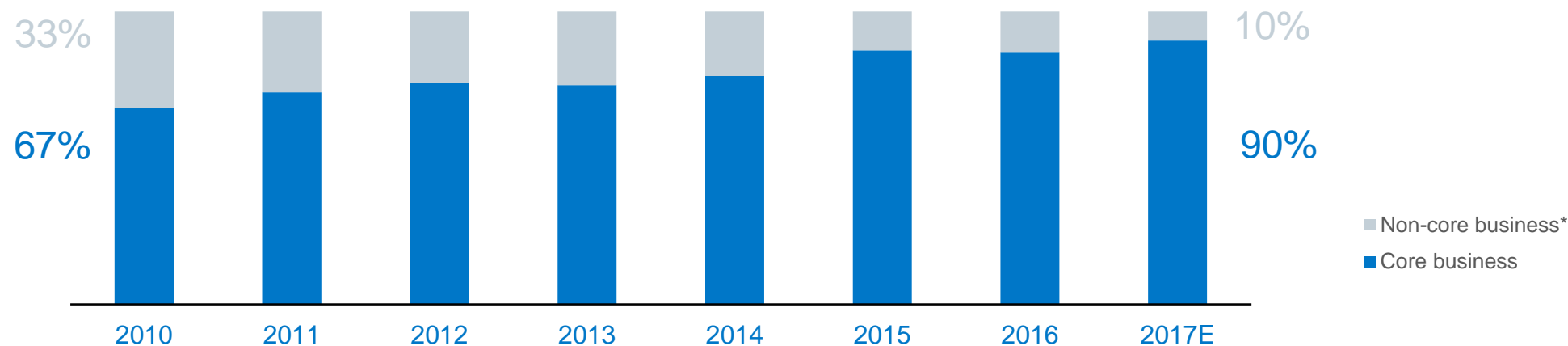
- Strong growth in fee-based earnings; percentage tripled to 45% since 2010
- Organic growth supplemented with acquisitions to enhance growth; fee-based balances more than doubled to EUR 675 billion
- Main focus on fee and protection businesses



# Management actions drive quality of capital composition

- Improved capital composition driven by growing core businesses, divestments and run-off portfolios
- Growth of capital generation driven by growth of fee-based businesses

## Composition of required capital (In %)



\* Non-core business includes US run-off businesses & fixed annuities, and the UK annuity book

# Solid capital position

**185%**  
Solvency II ratio

- Improved Solvency II ratio at high-end of 150-200% capital target zone

**149% Tier 1**  
as % of SCR

- Quality of capital increased significantly

**AA-**  
S&P rating

- Maintained strong credit ratings throughout past decade

# Significant growth in free cash flows

## Management actions drive free cash flow growth

(EUR million)

Region	Old <sup>1</sup>	2018 <sup>2</sup>
Americas <sup>3</sup>	~900	~850
Netherlands <sup>4</sup>	~225	~300
United Kingdom	~25	~100
Asset Management	~100	~100
Rest of Europe	~50	~50
Asia	~(100)	~0
<b>Normalized capital generation</b>	<b>~1,200</b>	<b>~1,400</b>
Holding funding & Opex	~(300)	~(300)
<b>Normalized free cash flow</b>	<b>~900</b>	<b>~1,100</b>

- US capital generation stable at USD 1 billion after divestment of run-off businesses
- Improved capital generation as a result of management actions in the Netherlands, the UK and Asia
- Normalized capital generation to further grow in the medium term

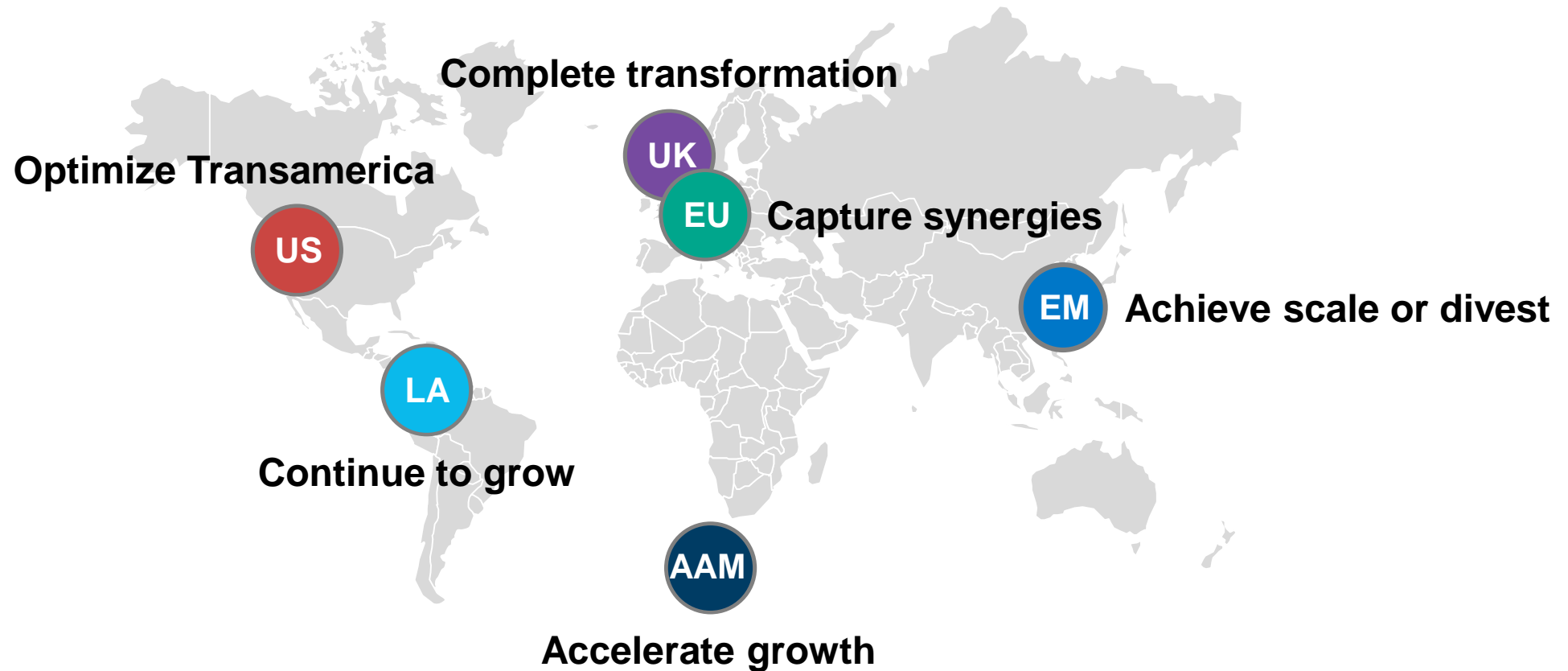
<sup>1</sup> As provided at BofA-ML Financials Conference in September 2016

<sup>2</sup> Assuming interest rates move in line with forward curves, otherwise stable market conditions. Excluding one-time items and with SCR release at mid-point of target range

<sup>3</sup> Based on 1.18 USD / EUR exchange rate for 2018, 1.10 USD / EUR for old guidance

<sup>4</sup> UFR reduces by 15 bps in 2018, impact of EUR ~150 million; illiquid strain impact of EUR ~100 million in 2018

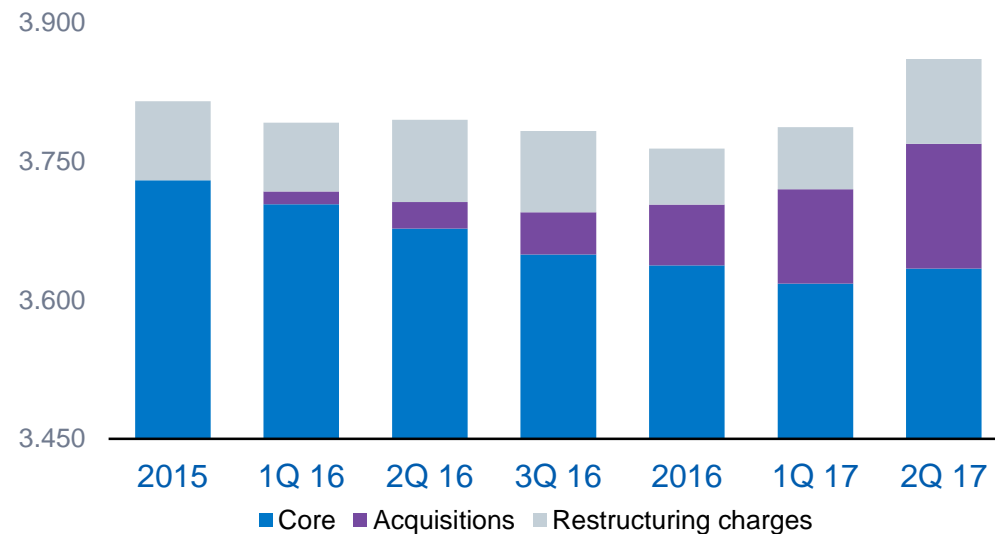
# Clear focus for each unit



Creating a balanced portfolio of businesses with predictable cash flows

# Expense reductions of EUR 350 million on track for 2018

## Declining core operating expenses (EUR million – rolling 4 quarters )



- Successful expense savings program drives reduction in core operating expenses
- Acquisitions in US and UK in key business lines add to scale. Related cost synergies will be fully realized by year-end 2018
- Restructuring charges to reduce as expense reduction program matures

## EUR 350 million expense reductions



Cumulative run-rate savings since year-end 2015



# Experienced management team committed to deliver

## Functional heads



Alex Wynaendts  
CEO



Matt Rider  
CFO



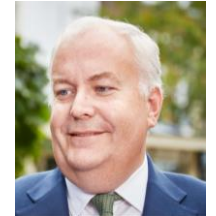
Allegra van Hövell-Patrizi  
CRO



Mark Bloom  
CTO



Carla Mahieu  
Global Head HR



Onno van Klinken  
General Counsel

## Business unit heads



Mark Mullin  
Americas



Marco Keim  
Continental Europe



Adrian Grace  
United Kingdom



Sarah Russell  
Asset Management

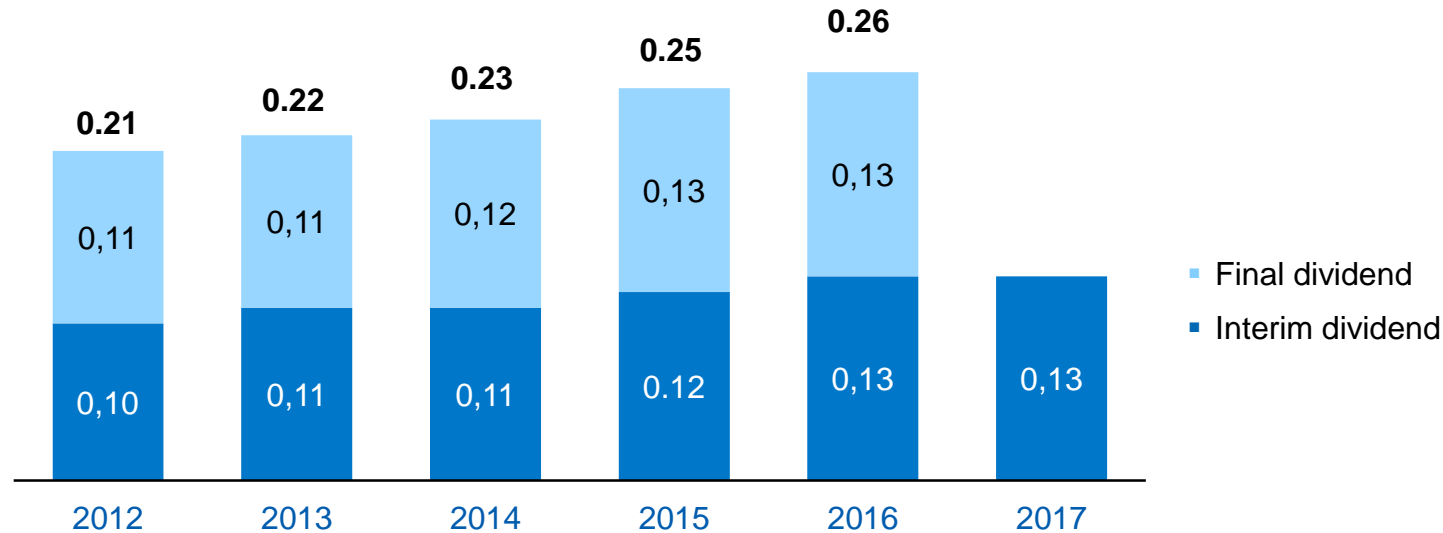
Majority of Management Board members joined in past two years

# Strategy delivers long-term value to shareholders

- Interim dividend for 2017 of EUR 0.13 per common share
- Paid a sustainable growing dividend for five consecutive years
- Remittances support growing dividends and investments in strategic priorities

## Increasing dividends

(EUR per share)



**On track to return EUR 2.1 billion to shareholders over 2016-2018**

# Conclusion

- ✓ Transformed the company by focusing on fee and protection businesses
- ✓ Clear strategy to broaden relationship with customers
- ✓ Solid capital position
- ✓ Management actions driving free cash flow growth

**On track to return EUR 2.1 billion to shareholders over 2016–2018**



# Appendix

**For questions please contact  
Investor Relations**

+31 70 344 8305  
ir@aegon.com

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



# Americas: Strong earnings improvement in 2Q17

- Underlying earnings up to USD 374 million, mostly driven by improved claims experience and favorable equity markets
- Operating expenses increased by 4% due to higher restructuring charges and one-time favorable variable employee expenses in 2Q 2016
- New life sales decreased to USD 137 million due to lower indexed universal life and term life sales
- Net outflows of USD 2.3 billion primarily due to lower retirement plan takeover deposits and lower VA sales
  - Outflows from contract discontinuances in the Mercer business are expected to increase significantly in the second half of 2017

## Earnings



**\$374m**

**+23%**

compared with 2Q 2016

## Operating expenses



**\$466m**

**+4%**

compared with 2Q 2016

## New life sales



**\$137m**

**-12%**

compared with 2Q 2016

## Net deposits



**\$(2.3)bn**

**n.m.**

compared with 2Q 2016

## MCVNB



**\$97m**

**+39%**

compared with 2Q 2016

*Note: Earnings = underlying earnings before tax*



# Europe: Favorable markets drive solid earnings in 2Q17

- Underlying earnings increased to EUR 195 million mainly driven by higher account balances and favorable markets in the UK and improved claims experience in Dutch non-life business
- Operating expenses increased by 12% due primarily to the acquisitions in the UK
- New life sales declined by 13% mainly reflecting the exit from UK annuities
- Net deposits of EUR 1.9 billion reflect increased platform inflows in the UK and continued Knab deposits

## Earnings



**€195m**

**+21%**

compared with 2Q 2016

## Operating expenses



**€412m**

**+12%**

compared with 2Q 2016

## New life sales



**€65m**

**-13%**

compared with 2Q 2016

## Net deposits



**€1.9bn**

**n.m.**

compared with 2Q 2016

## MCVNB



**€31m**

**-21%**

compared with 2Q 2016

*Note: Earnings = underlying earnings before tax*

# Asia: Continued earnings growth in HNW and China in 2Q17

- Underlying earnings increased to USD 12 million, mainly due to higher earnings from HNW business and China
- New life sales increased by 7% as a result of strong demand for new critical illness product in China
- Net deposits decreased mainly due to lower sales and higher lapses in Japanese Yen-denominated VAs
- MCVNB increased to USD 18 million primarily due to strong profitability on the recently launched critical illness product in China and higher interest rates

## Earnings



**\$12m**

n.m.

compared with 2Q 2016

## Operating expenses



**\$41m**

+2%

compared with 2Q 2016

## New life sales



**\$38m**

+7%

compared with 2Q 2016

## Net deposits



**\$34m**

-62%

compared with 2Q 2016

## MCVNB



**\$18m**

n.m.

compared with 2Q 2016

Note: Earnings = underlying earnings before tax; HNW = High Net Worth businesses

# Asset management: Improved net deposits in 2Q17

- Underlying earnings declined by 14% as lower expenses were more than offset by lower management fees
- Lower operating expenses driven by lower expenses in the Americas
- Net inflows of EUR 2.5 billion mainly from the Americas, the Netherlands and Strategic partnerships
- Assets under management decreased by 5%, as other third-party net inflows were more than offset by outflows following the divestment of the majority of the run-off businesses in the US, and adverse currency movements

## Earnings



**€32m**

-14%  
compared with 2Q 2016

## Operating expenses



**€109m**

-1%  
compared with 2Q 2016

## Cost / Income ratio



**78.1%**

+3.8pp  
compared with 2Q 2016

## Net deposits



**€2.5bn**

+138%  
compared with 2Q 2016

## Assets



**€309bn**

-5%  
compared with 1Q 2017

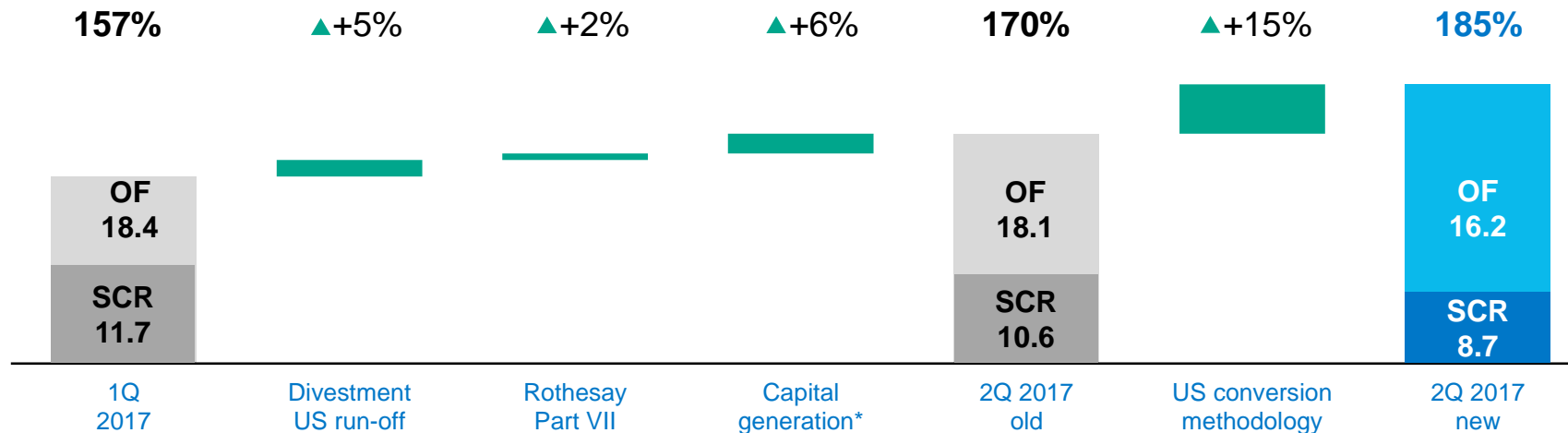
*Note: Earnings = underlying earnings before tax; Net deposits = net flows other-third party; Assets = Assets under management*

# Group solvency ratio increases significantly to 185% in 2Q17

- Divestment of majority of US run-off businesses and completion of the Rothesay Part VII transaction combined were the main drivers of the increased ratio on a comparable basis
- Capital generation of EUR 0.6 billion including market impacts and one-time items of EUR 0.3 billion
- Regulatory approval obtained to amend US conversion methodology resulted in a 15%-points uplift

## Group solvency ratio

(EUR billion)



### Local solvency ratio by unit

**US**  
464%  
RBC

**NL**  
144%  
SII

**UK**  
169%  
SII

Note: OF = Own funds; SCR = Solvency capital requirement

\* Capital generation includes market impacts and one-time items

# General account investments

June 30, 2017

amounts in EUR millions, except for the impairment data

	Americas	Europe	Asia	Holding & other	Total
Cash/Treasuries/Agencies	18,079	16,904	371	163	35,517
Investment grade corporates	32,890	3,934	3,483	-	40,307
High yield (and other ) corporates	2,417	97	144	-	2,658
Emerging markets debt	1,498	974	1,117	-	2,590
Commercial MBS	3,655	220	537	-	4,411
Residential MBS	3,220	671	74	-	3,965
Non-housing related ABS	3,104	1,869	370	-	5,343
Housing related ABS	-	38	-	-	38
<b>Subtotal</b>	<b>64,863</b>	<b>24,709</b>	<b>5,095</b>	<b>163</b>	<b>94,830</b>
Residential mortgage loans	19	26,237	-	-	26,256
Commercial mortgage loans	6,947	55	-	-	7,002
<b>Total mortgages</b>	<b>6,966</b>	<b>26,292</b>	<b>-</b>	<b>-</b>	<b>33,258</b>
Convertibles & preferred stock	267	-	-	-	267
Common equity & bond funds	509	702	-	61	1,273
Private equity & hedge funds	1,616	411	-	2	2,030
<b>Total equity like</b>	<b>2,392</b>	<b>1,114</b>	<b>-</b>	<b>63</b>	<b>3,570</b>
Real estate	1,223	1,349	-	-	2,572
Other	701	3,605	1	2	4,309
<b>General account (excl. policy loans)</b>	<b>76,145</b>	<b>57,068</b>	<b>5,096</b>	<b>229</b>	<b>138,538</b>
Policyholder loans	1,989	11	6	-	2,006
<b>Investments general account</b>	<b>78,134</b>	<b>57,079</b>	<b>5,102</b>	<b>229</b>	<b>140,544</b>
<b>Impairments as bps for the quarter</b>	<b>(1)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Capital generation and excess capital

- Capital generation excluding market impacts and one-time items of EUR 0.3 billion
- Holding excess capital increased to EUR 1.7 billion at the end of the second quarter due to the dividends received from the US and CEE, and special dividend from Asia
  - EUR 500 million of holding excess capital was utilized for the redemption of senior notes on July 18, 2017

## Capital generation

(EUR billion)

	1Q 17	2Q 17
<b>Capital generation</b>	<b>0.5</b>	<b>0.6</b>
Market impacts & one-time items	0.2	0.3
<b>Capital generation excluding market impacts &amp; one-time items</b>	<b>0.3</b>	<b>0.3</b>
Holding funding & operating expenses	(0.1)	(0.1)
<b>Free cash flow</b>	<b>0.2</b>	<b>0.2</b>

## Holding excess capital development

(EUR billion)

	1Q 17	2Q 17
<b>Starting position</b>	<b>1.5</b>	<b>1.4</b>
Net dividends received from units	-	0.6
Acquisitions & divestments	-	-
Dividends & share buyback	-	(0.1)
Funding & operating expenses	(0.1)	(0.1)
Leverage issuances/redemptions	-	-
Other	-	(0.0)
<b>Ending position</b>	<b>1.4</b>	<b>1.7</b>

Note: Numbers may not add up due to rounding

# Updated Solvency II sensitivities

## Solvency II sensitivities

(in percentage points)

	Scenario	Group	US	NL	UK
<b>Capital markets</b>					
<b>Equity markets</b>	+20%	+3%	+2%	+3%	-7%
<b>Equity markets</b>	-20%	-5%	-10%	-6%	+8%
<b>Interest rates</b>	+100 bps	+13%	+3%	+15%	+13%
<b>Interest rates</b>	-100 bps	-19%	-14%	-16%	-17%
<b>Credit spreads*</b>	+100 bps	+3%	0%	+8%	+15%
<b>Longevity**</b>	+5%	-7%	-2%	-13%	-4%
<b>US credit defaults***</b>	~200 bps	-18%	-36%	-	-
<b>Ultimate Forward Rate</b>	-50 bps	-3%	-	-12%	-

- Group Solvency II ratio well within target zone of capital management policy
- Sensitivities updated to reflect amended conversion methodology for US business
- Loss absorbing capacity of deferred taxes set at 75% per the second quarter of 2017

\* Credit spreads excluding government bonds

\*\* Reduction of annual mortality rates by 5%

\*\*\* Additional defaults for 1 year including rating migration

# Main economic assumptions

## Overall assumptions

	US	NL	UK
Exchange rate against euro	1.10	n.a.	0.85
Annual gross equity market return (price appreciation + dividends)	8%	7%	7%

## Main assumptions for financial targets

	US	NL	UK
10-year government bond yields	Develop in line with forward curves per year-end 2015		

## Main assumptions for US DAC recoverability

10-year government bond yields	Grade to 4.25% in 10 years time
Credit spreads	Grade from current levels to 110 bps over four years
Bond funds	Return of 4% for 10 years and 6% thereafter
Money market rates	Remain flat at 0.2% for two quarters followed by a 9.5-year grading to 2.5%

# Investing in Aegon

- **Aegon ordinary shares**
  - Traded on Euronext Amsterdam since 1969 and quoted in euros
- **Aegon New York Registry Shares (NYRS)**
  - Traded on NYSE since 1991 and quoted in US dollars
  - One Aegon NYRS equals one Aegon Amsterdam-listed common share
  - Cost effective way to hold international securities

## Aegon's ordinary shares

Ticker symbol	AGN NA
ISIN	NL0000303709
SEDOL	5927375NL
Trading Platform	Euronext Amsterdam
Country	Netherlands

## Aegon's New York Registry Shares

Ticker symbol	AEG US
NYRS ISIN	US0079241032
NYRS SEDOL	2008411US
Trading Platform	NYSE
Country	USA
NYRS Transfer Agent	Citibank, N.A.

## Aegon NYRS contact details

### Broker contacts at Citibank:

Telephone: New York: +1 212 723 5435  
 London: +44 207 500 2030  
 E-mail: citiadr@citi.com

**AEG**  
 LISTED  
**NYSE**

# 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 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.