



# Turning customer satisfaction into value

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CEO Aegon the Netherlands

December 12, 2019

*Helping people achieve a lifetime of financial security*



# Translating growth opportunities into valuable businesses

## Underlying earnings before tax

1H19 annualized

MONGERAL AEGON

knab

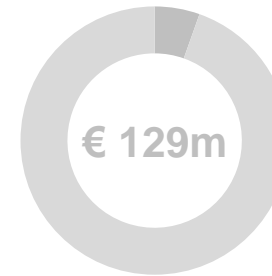
AEGON

Asia<sup>2</sup>

Santander  
Liberbank

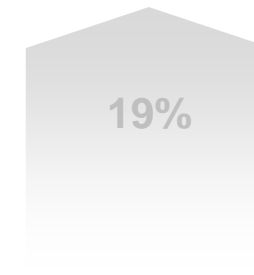
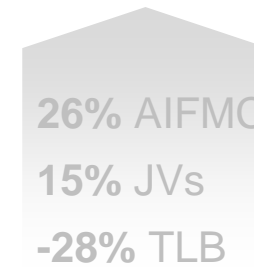
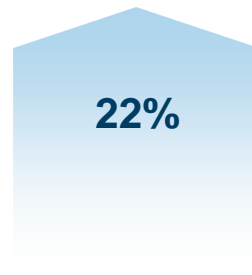
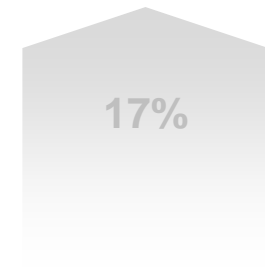
Joint ventures in Spain & Portugal<sup>3</sup>

- Scale-up for the Future
- Drive for growth



## Sales CAGR<sup>4</sup>

2017-1H19



1. Underlying earnings based on segment reporting used in results press releases. Remainder of this presentation based on statutory reporting

2. Consists of High Net Worth businesses, insurance joint ventures in China and India (combined as JVs for sales CAGR), and the asset management joint venture AIFMC in China

3. Excludes expenses for services shared with own channels in Spain

4. Based on i) gross deposits for asset management and banking businesses, ii) sum of Life APE, and new premiums (A&H and P&C) for insurance businesses, iii) local currency for Mongeral Aegon

# Knab is Aegon's innovative online bank



## Daily banking:

*Have a firm grip on your daily finances*

- Payment Account
- Credit Card
- Overview & Insights
- Insurance Products for Self-employed<sup>1</sup>
- Work Related Services for Self-employed<sup>2</sup>



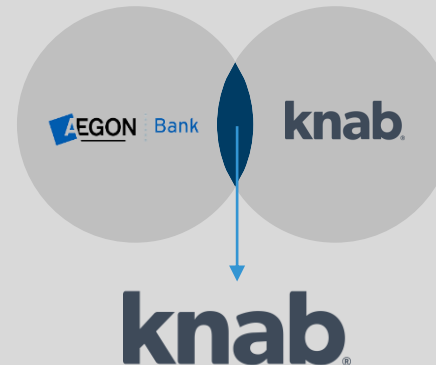
## Wealth accumulation:

*Build wealth for a financially secure future*

- Saving Accounts
- Bank Savings<sup>3</sup>
- Managed Investments
- Crowdfunding Services
- Financial Planning



## Integration:

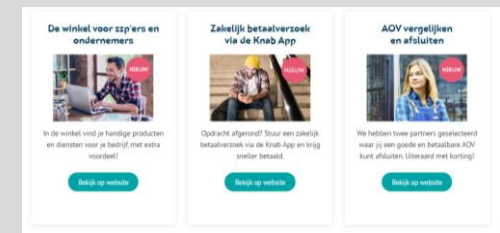


**Simplifying operation and using Knab brand going forward**



## Knab lab:

*Innovate together with our customers*



**Becoming the one-stop shop for entrepreneurs**

1. Offered via strategic partners

2. E.g. attractive prices on laptops or lease-cars and accounting system integration services via strategic partners

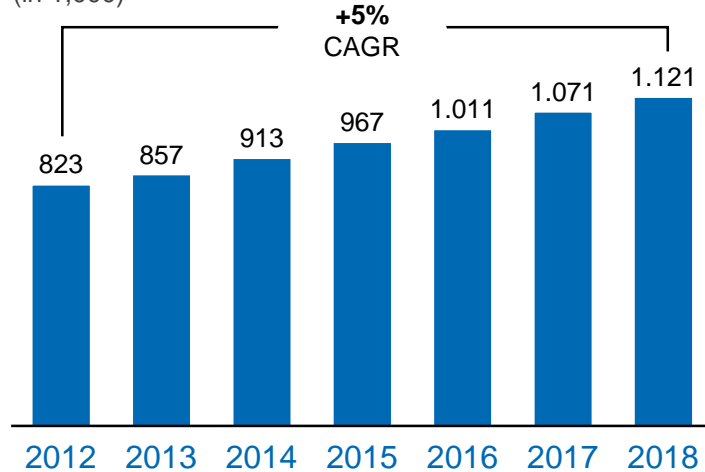
3. Bank savings are fiscally attractive method to save for pensions and other purposes via designated savings account currently offered under Aegon label, which will be migrated to Knab label

# Knab is well positioned in self-employed and individual wealth accumulation markets

## Growth drivers for Knab

### Growth in self-employed market

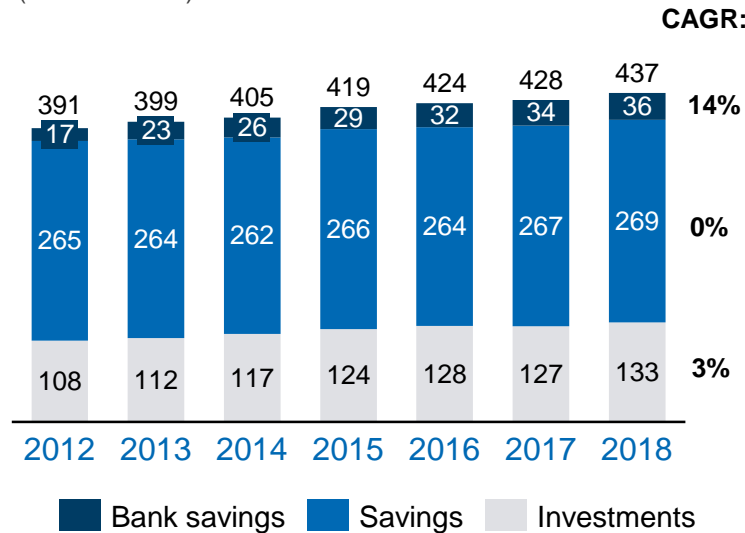
Number of Dutch self-employed<sup>1</sup>  
(in 1,000)



Self-employed market is strategic focus point

### Demand for individual wealth accumulation

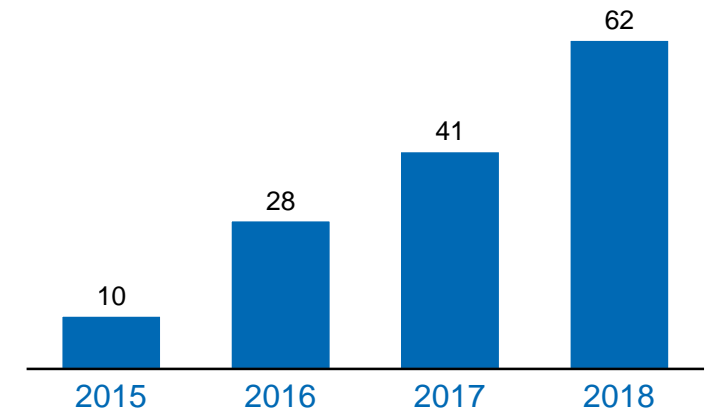
Dutch retail savings and investment AuM<sup>2</sup>  
(in EUR billion)



Broad product offering to help clients accumulate wealth

### Growing demand for online banking

Mobile banking adoption in the Netherlands<sup>3</sup>  
(in %)



Knab is a fully online bank

1. Source: Dutch Central Bureau of Statistics (CBS)

2. Source: IPSOS; DNB

3. Source: GfK Netherlands research. Adoption is defined as the number of mobile banking customers divided by number of banking customers

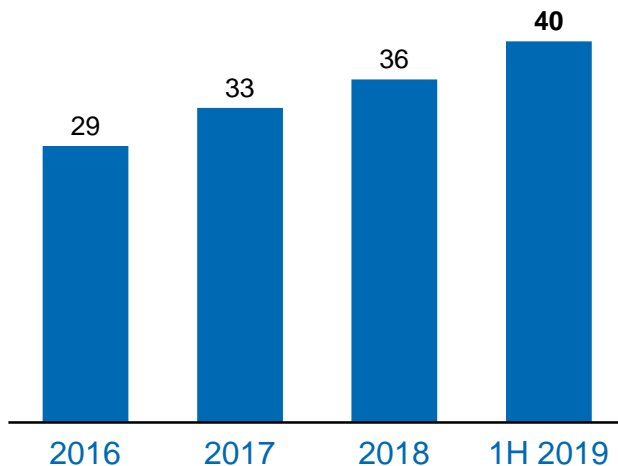
# Growth is driven by high customer satisfaction

“ I'm a big fan -  
What a good service! ”

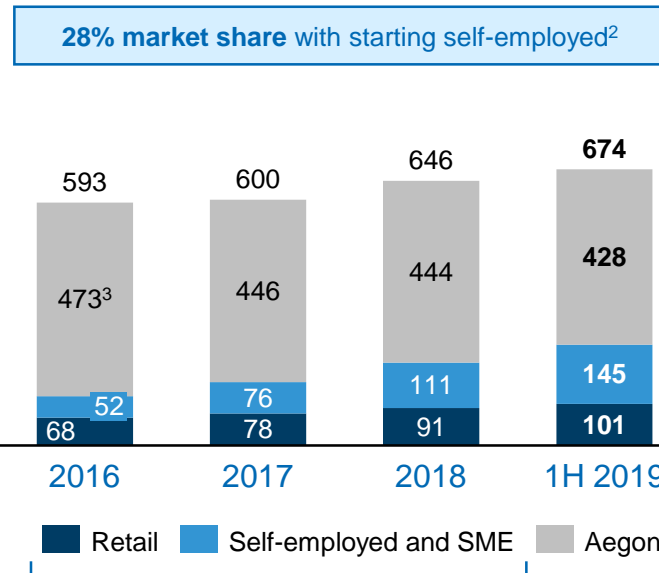
“ Definitely the best  
bank in my opinion. ”

“ I have never been so  
happy with a bank! ”

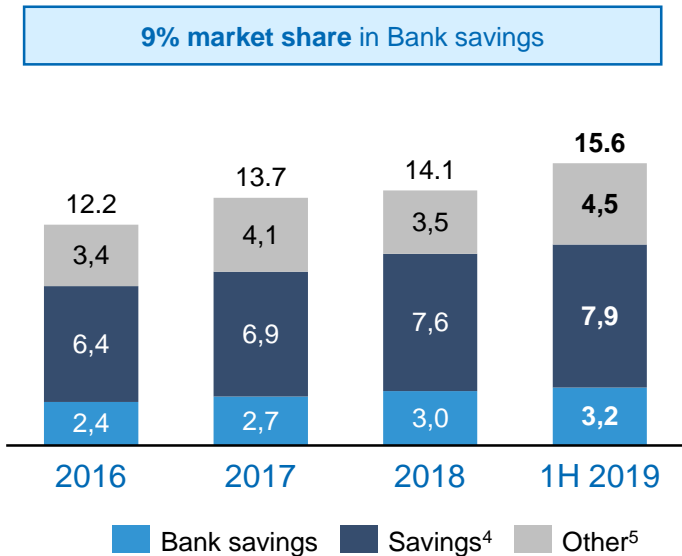
We keep our customers happy...  
(r-NPS<sup>1</sup>)



...to increase our customer base...  
(in thousands)



...and support balance sheet growth  
(in EUR billion, liability side)



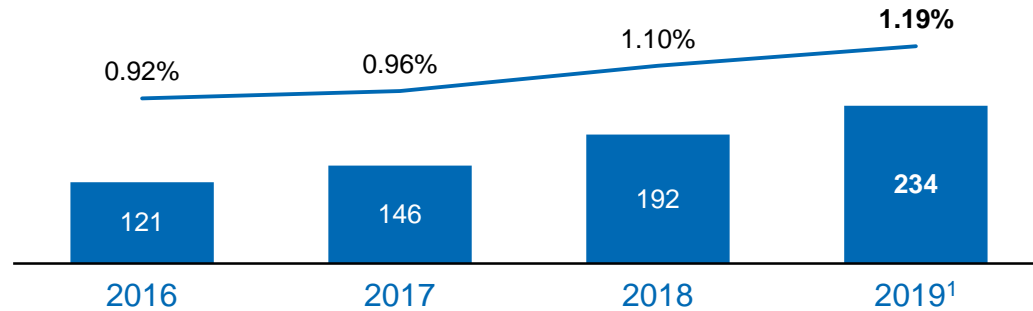
knab.

1. For Knab label  
 2. Source: ZZP Barometer 2018  
 3. Netted for 52k customers with a product discontinued in 2017  
 4. Savings are regular savings deposits, i.e. excluding the fiscal friendly Bank savings  
 5. Includes mainly wholesale funding, equity and derivatives

# Financial performance is consistently improving

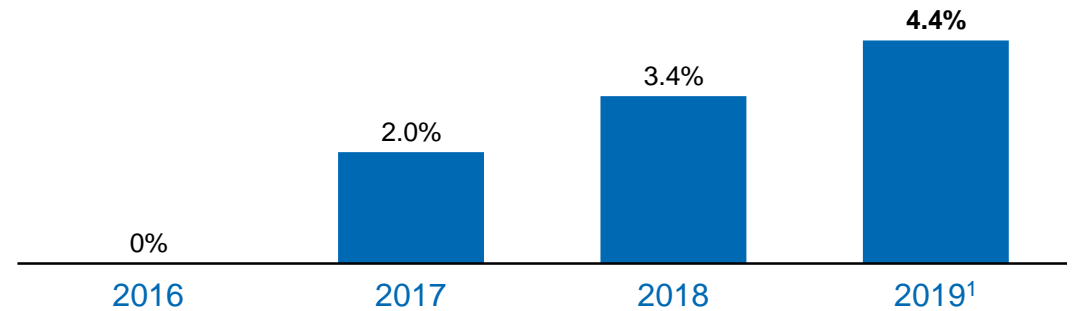
## Net interest income and net interest margin

(in EUR million, in %)



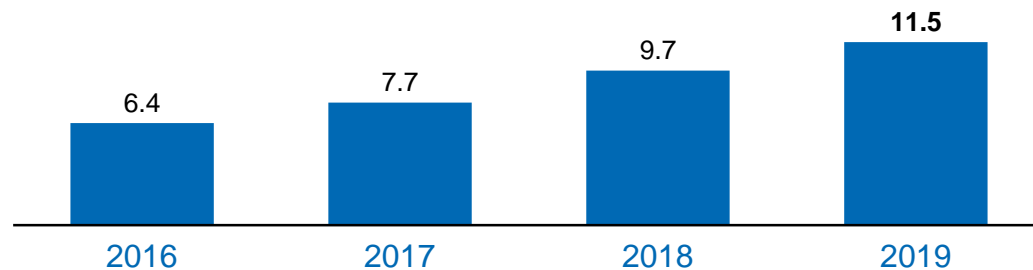
## Return on Capital<sup>2</sup>

(in %)



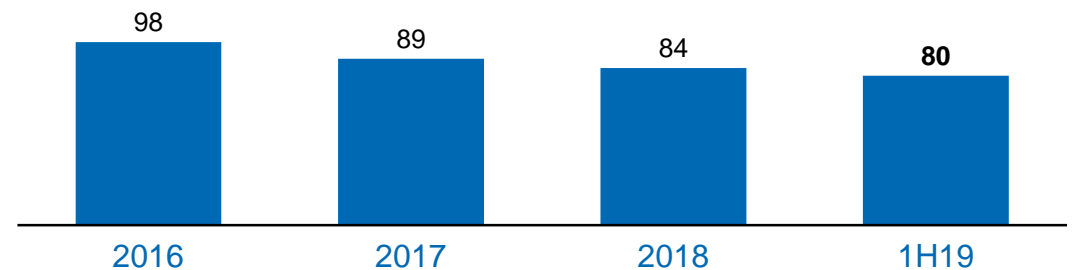
## Gross deposits

(in EUR billion)



## Cost / Income ratio

(in %)



1. 1H19 figures are annualized

2. Note that the RoC is defined as underlying earnings before tax divided by average allocated IFRS capital. Financial leverage is held at group level and downstreamed as equity into the operating entities



# Clear goals and targets for the future



## Customer growth and high NPS

- Maintain excellent service and high NPS
- Continue growth in self-employed and entrepreneurial retail customers
- Integrate our daily banking and wealth accumulation offerings under the Knab label



## Sustainable profitability

- Grow the balance sheet to scale of EUR ~20 billion
- Further increase fee business
- Realize cost synergies from integration of labels
- Ensure regulatory compliance with explicit focus on KYC/CDD and AML<sup>1</sup>
- Absorb additional investments in IT and compliance

### KPI

### Medium term target

Net promotor score (NPS)

Maintain +40 points among Knab clients

Net customer growth

+ ~70k clients per year

Cost / Income ratio

60%

Return on Capital

9%

1. KYC: know your customer; CDD: customer due diligence; AML: anti money-laundering

# Translating growth opportunities into valuable businesses

## Strong foundation

- High customer satisfaction scores
- Strong position in fast growing self-employed market



## Growth opportunities

- Growing demand for individual wealth accumulation products
- Rapid adoption of online banking



**Value creation**



# Appendix

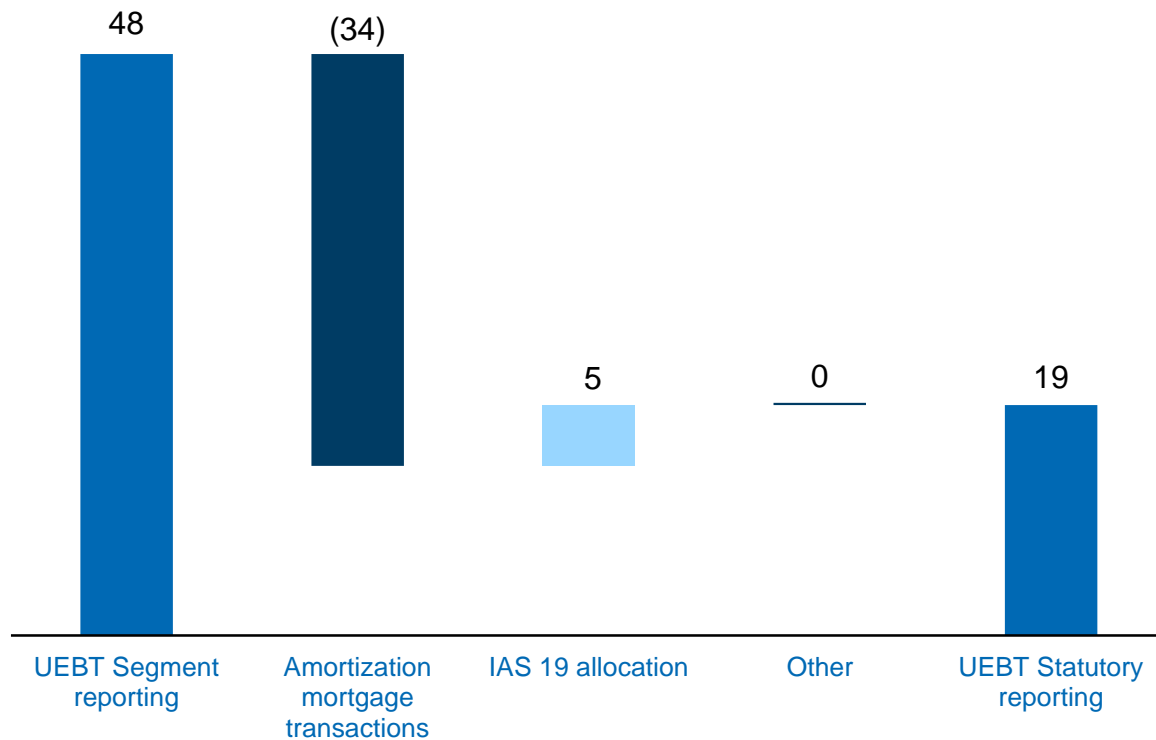
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*Helping people achieve a lifetime of financial security*

# Bridging statutory and segment reporting

1H19 Underlying earnings before tax (UEBT) reconciled  
(in EUR million)



- Difference between statutory view and segment reporting driven by intra-group mortgage transactions
- Fair value of mortgages acquired is higher than nominal value. This premium above par is amortized through net income over the duration of the mortgages
- Next to that, statutory reporting is different for pensions (cash basis versus IAS 19)

# Key ratios per 1H19



**Core Tier 1  
Ratio**

**21.9%<sup>1</sup>**



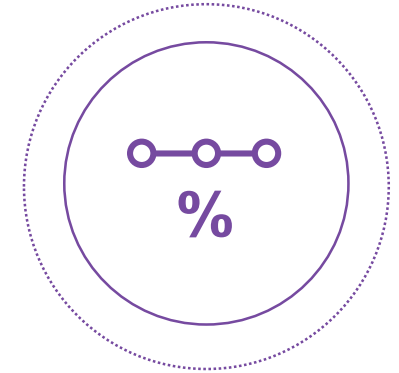
**Leverage  
Ratio**

**4.4%**



**Liquidity Coverage  
Ratio**

**161%**



**Net Stable Funding  
Ratio**

**148%**

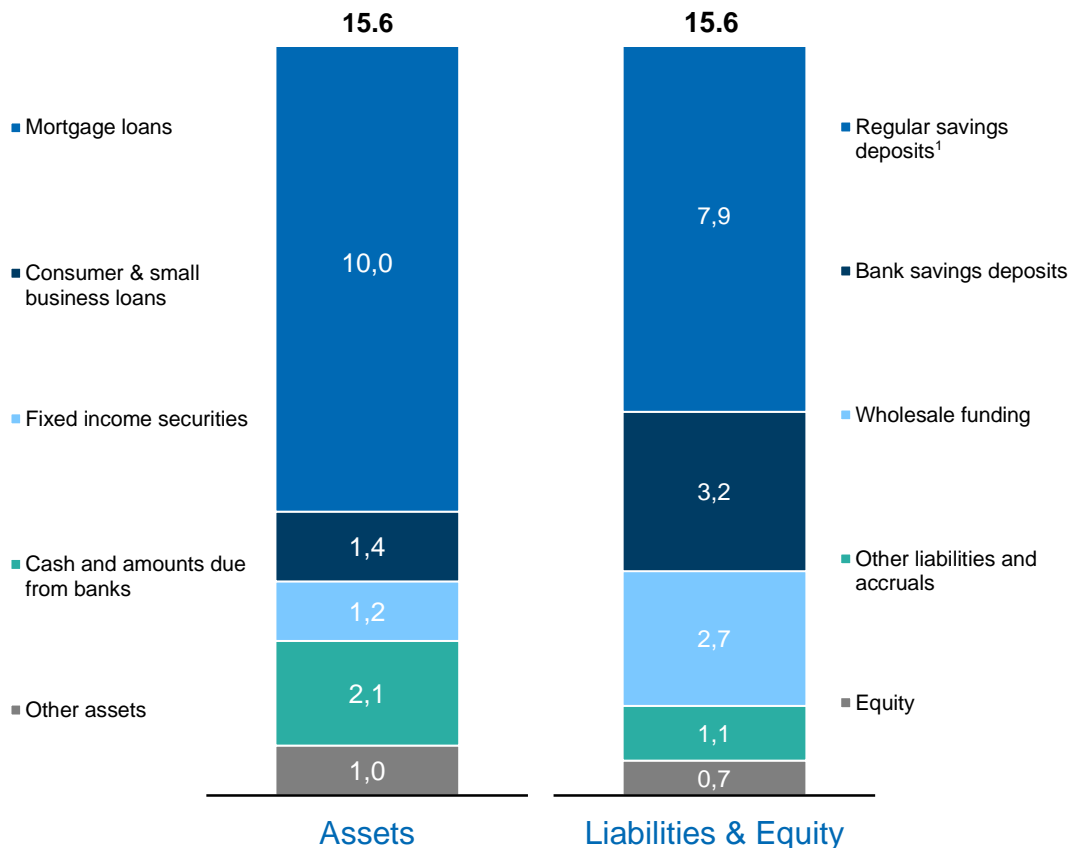
1. This is based on Core Tier 1 capital of EUR 672 million and Total Risk Exposure Amount EUR 3,071 million under the standard model

# Balance sheet composition

## Over 65% of total assets allocated to prime Dutch residential mortgage portfolio

### Balance sheet<sup>1</sup>

(per 1H 2019, EUR billion)



### Mortgage loans

- Low-risk, high-quality mortgage portfolio, with low LtV and high NHG coverage<sup>2</sup>
- Prime Dutch residential mortgage portfolio with an average LtV of approx. 70% per 1H 2019
- Roughly 70% of Aegon Bank's mortgage portfolio is guaranteed by Dutch state through NHG scheme per 1H 2019

### Wholesale funding

- Covered bonds, collateralized by prime Dutch residential mortgage portfolio
- Per 1H 2019 the wholesale funding consists of:
  - EUR 750 million covered bond maturing in 2020
  - Three covered bonds of EUR 500 million each, maturing in 2023, 2024 and 2027 respectively
  - EUR 500 million Senior Non-Preferred bond maturing in 2024

1. Regular savings deposits exclude the fiscal friendly bank savings deposits

2. LtV: Loan-to-Value ratio. NHG: Nationale Hypotheek Garantie; this is a government guarantee scheme for retail mortgage debt

# Disclaimer

## Cautionary note regarding non-IFRS-EU 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 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 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, 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 cost saving and excess cash and leverage ratio management initiatives;
- 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 anticipated 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.

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.