

# Capturing opportunities

**Maarten Edixhoven**

CEO Aegon the Netherlands

December 1, 2017

*Helping people achieve a lifetime of financial security*



# Summary

## Delivering on commitments

- Aegon the Netherlands has a new and experienced leadership team in place
- On track to deliver on ambitious run-rate expense savings target for insurance business
- Improved Solvency II ratio at high-end of 150-190% capital target zone

## Strong market positions

- Well positioned to compete in rapidly changing industry
- Capturing top positions in growth markets through increased efficiency, innovation and partnering
- Market leadership in life, pensions, savings and mortgages with focus on new-style solutions

## Clear strategy to create value

- Accelerated portfolio optimization and shift towards more fee-based businesses
- Maximizing value heritage businesses via cost savings and alternative investments
- Strategic actions support growing capital generation
- EUR 100 million dividend in 1H 2018; resuming regular pattern of interim and final dividends

# Aegon NL at a glance

## Highlights



~3,100 employees  
11% of group



€ 300 million capital generation  
21% of group



€ 385 million underlying earnings  
24% of group YTD



188% Solvency II ratio

## Key market positions



Life & pension insurer



Pension administrator

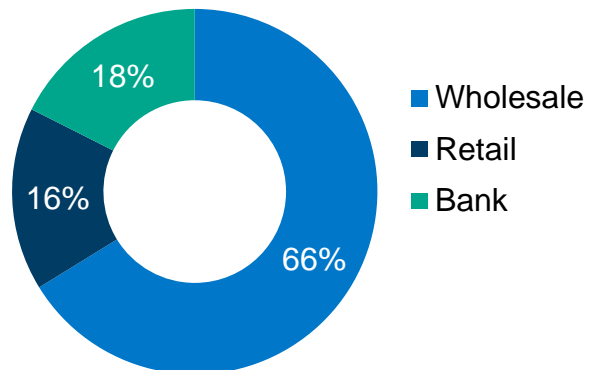


Mortgage originator

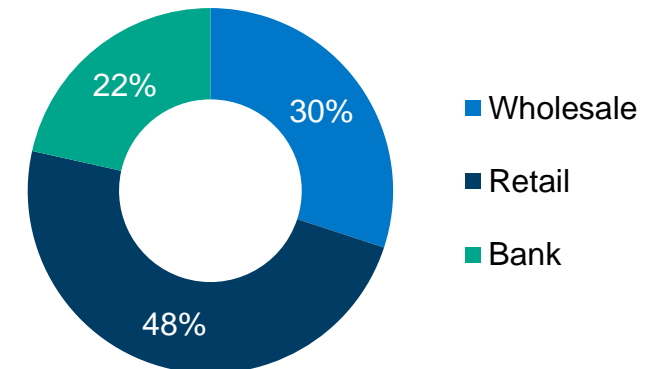


Player in savings

## EUR 74 billion balance sheet



## 2.4 million customers



Notes: Employees excluding UMG; Customer numbers based on unique customers (average customer has 1.2 products), and excludes over 3 million pension participants for which TKP provides administration; Capital generation assuming interest rates move in line with forward curves at end of 2Q17, otherwise stable market conditions. Excluding one-time items, lowering of the UFR by 15bps and strain from alternatives, and with SCR release at mid-point of target range

# A new and experienced leadership team



**Maarten  
Edixhoven**

(46)

*CEO*



**Rutger  
Zomer**

(47)

*CFO*



**Ingrid  
de Graaf**

(48)

*Retail*



**Wim  
Hekstra**

(47)

*Wholesale*



**Willem  
Horstmann**

(50)

*CRO*



**Eric  
Rutten**

(55)

*CEO Bank*

With Aegon since:

2014

2008

2017

2016

2016

1992

In this role since:

2017

2015

2017

2016

2017

2010

*Note: Executive board members plus CEO of Aegon Bank.*



# Delivering on our commitments



Loyal  
Customers

- Rolled out state-of-the-art platforms to better fulfill customer promise
- NPS score improved by 10-points since end 2015



Operational  
Excellence

- On track for EUR 50 million expense savings by 2018 for insurance business
- Use of robotics reduces expenses & process times, while improving customer experience



Optimized  
Portfolio

- Turnaround loss-making traditional businesses; sale UMG & non-core non-life business
- Increased scale of new initiatives with focus on capital-light products



Empowered  
Employees

- Award-winning analytical team and industry leader in digital innovation
- Improved 10 spots in 2016 Best Employer Survey to number 15



Note: Relational Net Promoter Score improvement across Aegon NL from -46 in 2015 to -36 in 3Q 2017. Best Employer Survey in the category companies with >1,000 employees

# Solid capital position

**Solvency II ratio**      **188%**

- Improved Solvency II ratio at high-end of 150-190% capital target zone
- Allows for absorption of shocks and alternative investment program

**Capital generation**      **€ 300m**

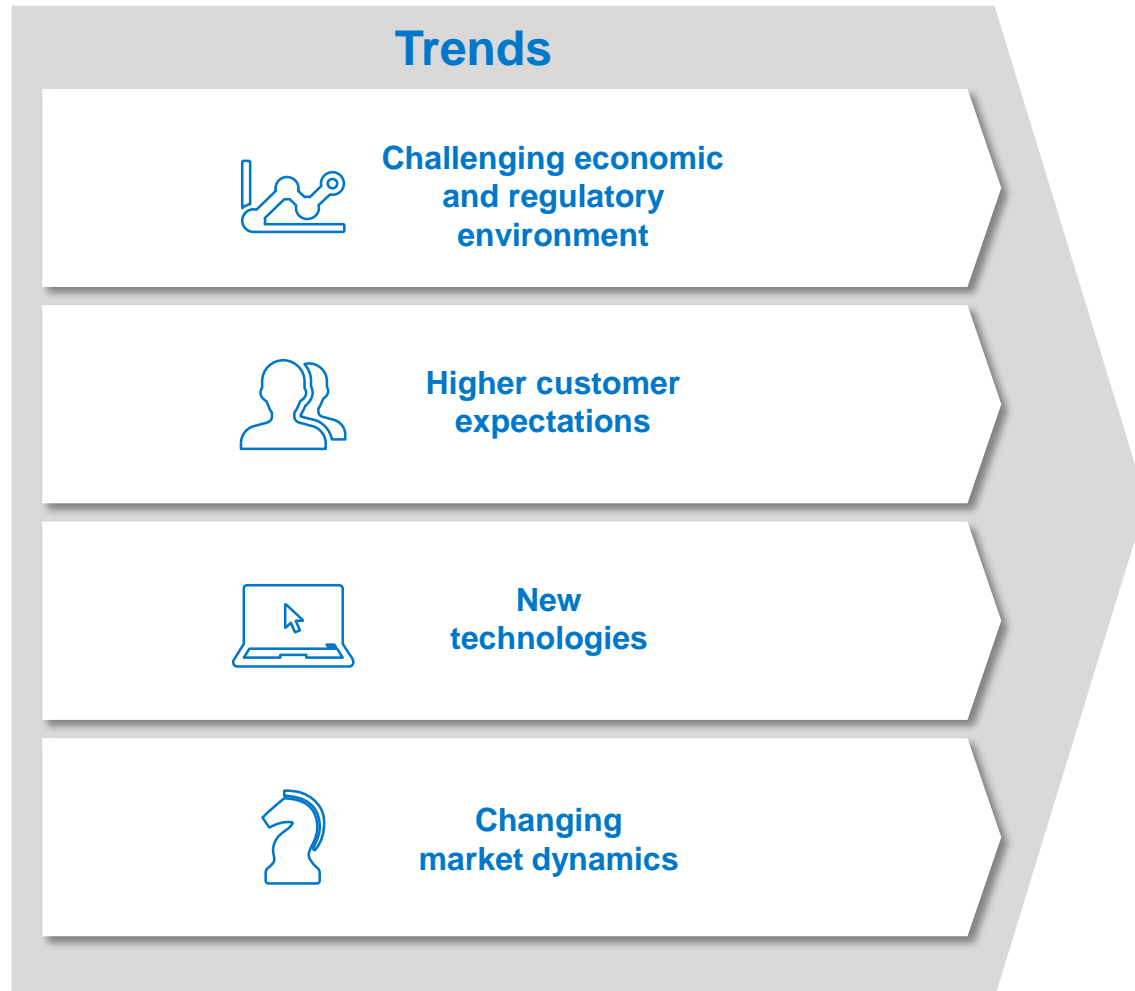
- Capital generation supported by maximization of value of backlog and shift to capital-light sales
- Alternative investments drive step-up in excess spread from 2017–2020

**Dividend in 1H 2018**      **€ 100m**

- Dividend payments based on solid capital position and capital generation
- Resuming interim and final dividend payments to the group

*Notes: Solvency II ratio for Aegon the Netherlands as of September 30, 2017; Capital generation guidance for 2018 assuming interest rates move in line with forward curves at end of 2Q17, otherwise stable market conditions. Excluding one-time items, lowering of the UFR by 15bps and strain from alternatives, and with SCR release at mid-point of target range. Dividend subject to market conditions and regular governance in line with capital management policy*

# Key trends shaping financial services



## Impact on industry

1. **Unbundling** of the value chain
2. Substitution of traditional insurance products with **capital-light** alternatives
3. Higher demand for individual and flexible **solutions**
4. Increased importance to maintain **competitive cost levels**
5. Big data and service levels as differentiators for a distinctive **customer experience**

# Creating a modern, digital ecosystem



## Data lakes

- Allows Aegon to provide timely and relevant information to key stakeholders
- Unique portals for employers, intermediaries and individual customers



## Data analytics

- Deep analysis of data and artificial intelligence create value across entire value chain
- More granular pricing, increased fraud case detection and higher NPS scores



## Cognitive robotics

- Saves costs, reduces error rates and produces a complete audit trail
- Examples: processing divorces in pensions, unit-linked and mortgage processes



## Partnerships

- New partnerships and investments in FinTech companies to drive innovation
- Strategic alliances with six partners to invest in consumer and SME<sup>1</sup> loans

<sup>1</sup> Small and medium-sized enterprises



# Focused partnerships and investments in FinTech

Proprietary

Online lending

Pensions, mortgages and other

**knab**<sup>®</sup>



Insurance



Knab Mortgages

auxmoney



you**u**nited credit.

*dynamic credit*



**NEWEST  
INDUSTRY**

**ROMEO.**

# Optimizing the portfolio

## Fix / Reduce

Focusing on optimizing capital while managing risks to reduce volatility

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

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

## Run

Improving returns and capital efficiency with selected new products

- (Bank) Savings
- Income protection (underwriting)
- Pension annuities

- Property & Casualty
- Term life

## Grow

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

- Alternative investments (3<sup>rd</sup> party)
- Individual investment solutions
- Knab
- Mortgage origination

- 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

# Maximize value heritage life and pension business

## Increasing investment returns

- Matching illiquid assets and liabilities to increase spread
- Origination of assets through existing partnerships
- EUR ~50 million step-up in capital generation by 2020

## Disciplined expense management

- On track to significantly lower insurance expense base
- Increased variability of expenses to manage declining backbook

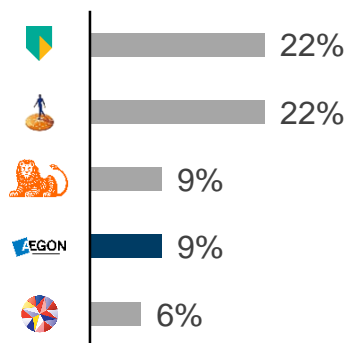
## Retain customers in new-style solutions

- Retaining life service book expirations via banking and investment solutions
- Pension renewals mainly retained in capital-light solutions

# Leading positions based on distinct competitive advantage

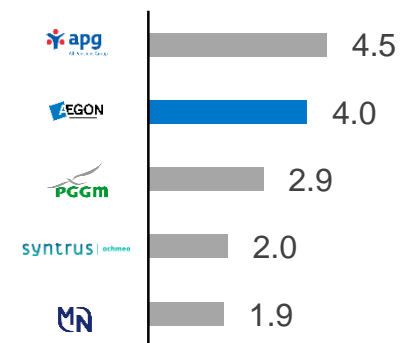
- Increased efficiency and product innovation enabling Aegon to maintain top positions in key markets
- Largest insurance company in terms of mortgage origination, pension administration and PPI participants
- Leveraging number 2 position in traditional insurance, including know-how and distribution network

## Mortgage origination



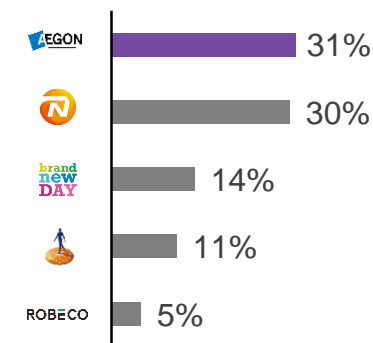
Market share in 9M 2017  
Source: Dutch Land Registry

## Pension administration



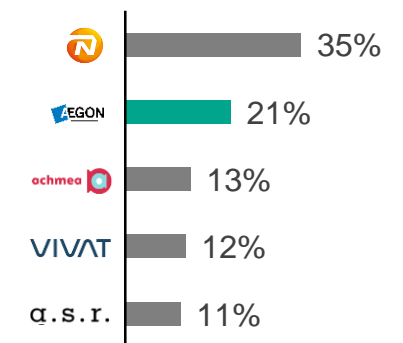
Participants administered in mln as of end 2016  
Source: company data

## PPI participants



Market share as of end 2015  
Source: company data

## Life & pension insurance



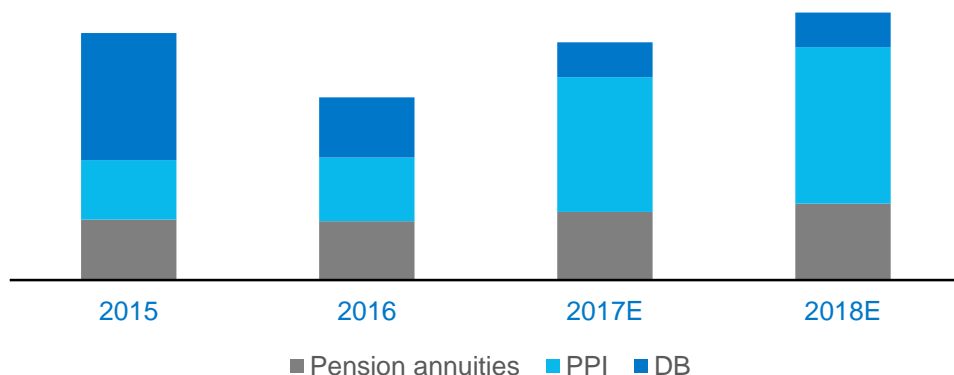
Share of reserves of total in 2015  
Source: DNB

# Sales show impact of successful new business models

- Pension sales and renewals are rapidly shifting to new-style, capital light products
  - Leading position in PPI drives strong growth of new-style defined contribution solutions
  - Majority of defined benefit renewals to new-style defined benefit products and defined contribution propositions
- Aegon the Netherlands is an important growth driver for Aegon Asset Management
  - Strong mortgage origination capabilities utilized to serve third-party demand through Dutch Mortgage Fund
  - Number 1 general pension funds (APF) with EUR 2 billion AuM and EUR 3 billion in commitments

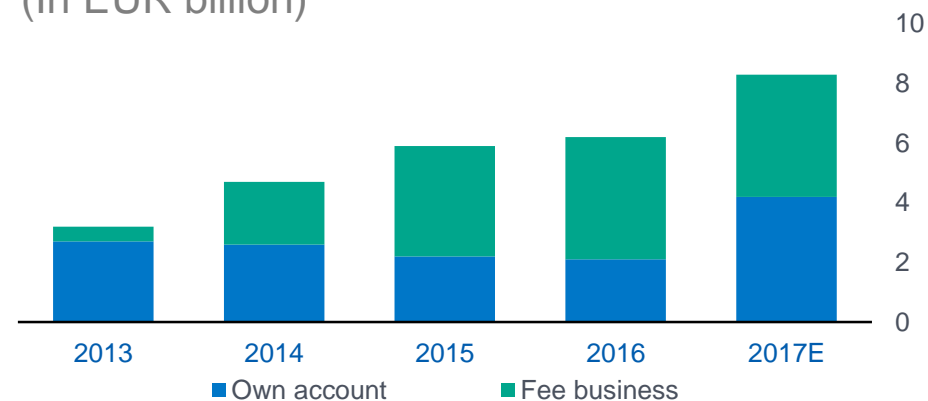
## Pension production

(In EUR million)



## Aegon's mortgage origination

(In EUR billion)



Note: APF ranking based on AM Magazine November 2017. Commitments are subject to conditions, incl. DNB approval for asset transfer

# Conclusion



**Attractive and sustainable  
capital generation**



**For questions please contact  
Investor Relations**

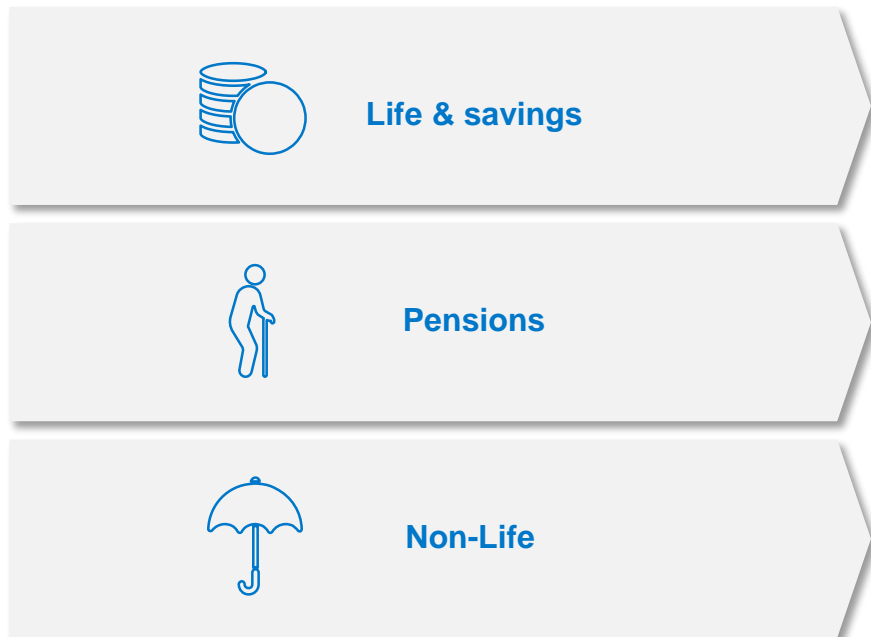
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2501 CB The Hague  
The Netherlands



# Business responsibilities



- Life & Savings → Ingrid de Graaf
- Bank → Eric Rutten



- Pensions → Wim Hekstra



- Protection & Casualty → Ingrid de Graaf
- Income protection → Wim Hekstra



## *Management responsibilities*

- Wholesale
- Retail
- Bank

# Speakers' biographies



**Maarten  
Edixhoven**  
(46)  
*CEO*

**2017–present** CEO Aegon NL  
**2014–2017** Director Pensions  
**2010–2014** Executive Chairman  
 Zwitterleven / Reaal / SRLEV &  
 Management Committee SNS  
 Reaal  
**2008–2010** Head of Compliance  
 Business Services ING Group  
**2004–2008** Director individual  
 pensions NN Group



**Rutger  
Zomer**  
(47)  
*CFO*

**2015–present** CFO Aegon NL  
**2011–2015** Director Financial  
 Information Management & Reporting  
**2008–2011** Director Service Center  
 Pensions  
**2007–2008** Director Optas



**Ingrid  
de Graaf**  
(48)  
*Retail*

**2017–present** Aegon Retail  
**2014–2016** Member of the board  
 of Delta Lloyd  
**2013–2016** Director Commercial  
 division Delta Lloyd  
**2009–2013** Director ABN AMRO  
 Insurance  
**2008–2009** Director Operations  
 Delta Lloyd Life



**Wim  
Hekstra**  
(47)  
*Wholesale*

**2016–present** Aegon Wholesale  
**2013–2016** CEO Sun Life Financial  
 Hong Kong  
**2007–2013** ING  
 Head of Strategy & Business  
 Development Asia & China  
 and various other functions  
**1995–2006** Heineken



**Eric  
Rutten**  
(55)  
*CEO Bank*

**2010–present** CEO Aegon Bank  
**2009–2010** Member of the board of  
 Aegon Asset Management  
**2005–2009** CEO Aegon NL  
 Asset Management  
**2003–2004** CEO Aegon  
 Individual Life  
**1992–2002** Various other roles within Aegon  
**1986–1991** Partner & Co-founder  
 consultancy firm



# Management team members not presenting



**Willem  
Horstmann**  
(50)

*CRO*



**Anke  
Schlichting**  
(48)

*CTO*



**Rob  
Spuijbroek**  
(51)

*HR*



**Bert-Jaap  
Brons**  
(50)

*Strategy*



**Edgar  
Koning**  
(65)

*CIO*



**Robbert  
Bakker**  
(45)

*Chairman Knab*

With Aegon since:	2016	2017	2009	1996	1981	2013
In this role since:	<b>2017</b>	<b>2017</b>	<b>2015</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>

# 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 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.