



# Global Tax Report 2020

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## 1. Introduction

Welcome to Aegon's first Global Tax Report. Aegon's aim in producing this report is to provide a comprehensive and detailed overview of the Company's approach to tax and its tax contributions on a country-by-country basis.

We have a robust environmental, social, and governance (ESG) foundation in place that underpins our commitment to doing business in a responsible manner. As we continue to strengthen our ESG approach, we seek to do business in a responsible way, taking into account the needs of all our stakeholder groups and catering to individuals, society, and the environment. Good corporate citizenship provides us with a license to operate through meeting our stakeholders' additional expectations of a responsible business.

With regard to Aegon's tax principles, we are firmly committed to make a valuable economic and social contribution to the communities in which we operate, both through our own tax payments and through collection and payments of third-party taxes. For many years we have disclosed substantial information on our tax strategy and tax payments. At the same time, we recognize and value the wish of a number of our stakeholders for us to voluntarily disclose more detailed information about our tax payments in the various countries in which we operate. This is the reason why we have prepared this Global Tax Report in accordance with the 'tax' standard 207 of the Global Reporting Initiative (GRI).

Lard Friese

Matt Rider

CEO and Chairman of the Executive  
and Management Boards of Aegon N.V.

CFO and member of the Executive  
and Management Boards of Aegon N.V.

The Hague, July 2021

## 2. Aegon's approach to tax

### 2.1 Aegon as a responsible taxpayer

Aegon has adopted a Statement of Global Tax Policy and Principles of Conduct (Global Tax Policy) which is derived from Aegon's Code of Conduct, the Core Values, Business Principles, and Rules of Conduct contained therein, and from its Statement of Responsible Business. The principles and objectives of the Global Tax Policy apply to all taxes that Aegon encounters in the course of its business. We publish our Global Tax Policy online.

Acting as a responsible taxpayer is part of the Aegon Value Chain and, in the context of the Global Tax Policy, means that we seek to pay "fair" taxes. In other words, pay the right amount of taxes in the right places. This means we recognize our obligation to pay taxes; however, that obligation does not extend to paying more taxes than required by the law. Thus, our approach to responsible taxpaying will seek to align the long-term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society.

We recognize that the concept of "fair" taxes is inherently challenging for a complex multinational business such as Aegon's and that, in a global business world with global tax competition among nations, it is not always clear where appropriate lines can or should be drawn.

### 2.2 Aegon's tax principles

The Global Tax Policy sets out the principles that guide Aegon's approach to being a responsible taxpayer, such as:

- Aegon is committed to tax compliance that is focused on complete, timely, and accurate tax filings in accordance with the legal requirements of the applicable tax laws and regulations. We will seek to take into account not only the letter but also, when clearly discernible, the spirit of the law.
- We will seek to develop and maintain open, constructive, and cooperative relationships with tax authorities, based on integrity, and mutual trust and respect.
- We value transparency. This principle includes developing and maintaining transparency in our relationships with tax authorities, but also encompasses broader concepts, including public discussion of and public disclosures around tax matters.
- We will manage our tax position to provide sustainable outcomes within the parameters of our strategic and commercial objectives. For these reasons, we will not engage in "artificial" transactions merely to generate tax benefits. We use tax planning to access tax incentives provided for in legislation. For more information about our business activities, we refer to paragraph 4.1 of this report.
- We may operate in low-tax rate or no tax jurisdictions for legitimate and justifiable non-tax business reasons; however, we will endeavour to allocate profits where value is created through commercial business activity. These so-called "tax havens" will not be used merely for tax reduction purposes.
- Our global transfer pricing policy conforms with international best practices and is based on the arm's-length principle as supported by economic analysis and formal documentation of the commercial nature of the transactions.

### 2.3 Tax governance, control and risk management

Aegon's business principles require identification and prudent management of risks. Accordingly, robust governance practices necessary to the management and control of tax affairs and risks are maintained.

Tax risks are monitored through our Tax Control Framework. Our risk response depends on the type of risk, likelihood and impact analysis, and the chance of repetition and reputational exposure. For instance, for tax reporting and compliance risks automated validations and review controls are in place. Specific controls are in place to ensure that tax dilemmas are dealt with in accordance with our Global Tax Policy. On a quarterly basis, local tax teams provide attestation that operations are compliant with the Global Tax Policy. Where deemed necessary, tax authorities' clearance is sought.

The Global Tax Policy is subject to a global oversight and control framework that is administered as follows:

- The Global Tax Policy has been approved by the Management Board and endorsed by the Audit Committee of the Supervisory Board. Implementation and operation of the Global Tax Policy, as well as reports on our global tax position, are reviewed and discussed with the Audit Committee on a regular basis, no less than annually.
- The Corporate Center Tax function reports regularly to the Executive Board and Management Board on day-to-day operations and the status and effectiveness of the function.
- The Corporate Center Tax function has oversight of Business Units/Country Units to ensure that local tax functions do operate in line with the Global Tax Policy.
- A Tax Risk Oversight Committee exercises governance over certain global tax matters and issues.

Breaching laws and regulations, our Code of Conduct, or internal policies and procedures may have serious consequences for our company and our staff, our customers, shareholders and Business Partners, and may also have serious impact on the financial system or the public interest. Effective detection and resolution of such conduct will help sustain our business and ensure long-term value creation for all stakeholders. Aegon has introduced the Aegon Speak Up Policy to demonstrate its commitment to staff and other stakeholders that it encourages escalation of any concerns regarding potential misconduct and will not tolerate reprisal for making a good faith report of information that they believe is unlawful, unethical or otherwise improper conduct. Also, any concerns about suspected or observed tax evasion and questionable or unfair tax avoidance practices are specifically covered by the Aegon Speak Up Policy.

### 2.4 Stakeholder engagement

As mentioned earlier, our Global Tax Policy outlines Aegon's approach to responsible tax, which seeks to align the long-term interests of all our customers, employees, business partners, investors, and wider society. We re-evaluate the subject of tax disclosures and transparency at least annually, based on discussions with and communications by these stakeholders.

We strive to work together with tax authorities in a constructive and transparent manner. We have shared and discussed our Global Tax Policy and our tax governance, control and risk management procedures with the Dutch tax authorities.

We hold regular meetings with non-governmental organisations (NGOs) to discuss Aegon's tax strategy and policies. We actively participate in the annual Tax Transparency Benchmark of the Dutch Association of Investors for Sustainable Development (VBDO).

## 2.5 Training

Aegon's tax function maintains an adequate staff of qualified and trained tax professionals to provide timely and high-quality tax support to our commercial decision-makers. In this regard, proper governance and procedures are in place to ensure that:

- The tax team understands and is engaged in the tax effects of day-to-day business operations and involved in all significant business developments, investments and transactions;
- Tax consequences are considered as part of every major business decision; and
- Aegon's tax control framework is constantly evolving to a higher maturity level.

The Aegon Global Tax team is continuously trained on tax law, jurisprudence and/or other relevant developments.

## 2.6 Automation

Aegon Global Tax focusses on tax technology in setting its strategic targets. We believe that technology could be an effective means of achieving process efficiency and automated control. In the Netherlands, a tax data management system in combination with automated tax reporting is in the process of being built and partly operational. We strive for this technology to make tax reporting and compliance, such as preparation of Dutch corporate income tax - and value added tax returns, as well as country-by-country reporting, more automated.

## 3. Basis of preparation

Aegon supports the objectives of the GRI standards and we continue to use those in defining our non-financial reporting at a granular level. Specifically, this report is published in accordance with standard 207 of the GRI.

International Financial Reporting Standards (IFRS) are the basis of calculation of the corporate income tax amounts and other tax contributions. Therefore, the basis for this report is the same as for our Integrated Annual Report. For more details on the basis of preparation, the materiality principles applied thereto and the "Independent auditor's report" on the financial statements, we refer to the Integrated Annual Report.<sup>1</sup> This Global Tax Report is unaudited. The overview of principal subsidiaries of the parent company Aegon N.V. forms part of Note 49 to the consolidated financial statements.<sup>2</sup>

Other country-by-country non-financial information was collected and reported by the tax function. This information is subject to our internal control procedures and was reviewed by subject matter experts.

The report was reviewed by the Company's Management Board and Supervisory Board before publication. Aegon has obtained internal assurance, as performed by the Group Internal Audit department, for the non-financial information in this report.

## 4. Aegon's tax profile

### 4.1 Business activities

#### Aegon today

Aegon is an integrated, diversified financial services group that offers innovative and effective investment, protection, and retirement solutions to customers. Our purpose is to help people achieve a lifetime of financial security. From our roots at the end of 2020, we have grown to serve 30.4 million customers globally with EUR 921 billion of revenue-generating investments. Our holding company, Aegon N.V., is headquartered in The Hague, the Netherlands.

<sup>1</sup> *Integrated Annual Report 2020, Independent auditor's report, page 330 and Integrated Annual Report 2020, Other non-financial information, Basis of preparation, page 423.*

<sup>2</sup> *Integrated Annual Report 2020, Notes to the consolidated financial statements, Note 49, page 312.*

## Aegon's markets

Aegon has the following five reporting segments:

- Americas
- Aegon the Netherlands
- Aegon UK
- Aegon International
- Aegon Asset Management (AAM)

## Main brands

- **Aegon:** The Netherlands, UK, Spain, China, Hong Kong, Indonesia, Japan, Thailand, Hungary, Poland, Romania and Turkey.
- **Transamerica:** US.
- **Transamerica Life Bermuda Ltd.:** Bermuda, Hong Kong, Singapore.
- **Aegon Asset Management:** Germany, Hong Kong, Hungary, Japan, the Netherlands, Spain, UK, US.

## Joint ventures and associates

Brazil, China, France, Hong Kong, India, Indonesia, Malaysia\*, the Netherlands, Philippines\*, Portugal, Singapore, Spain, Thailand and Vietnam\*.

## Aegon's products and services

Aegon's products and services include:

Insurance	Long-term savings related	Banking & mortgages	Asset management
<ul style="list-style-type: none"> <li>• Life (indexed universal life, whole life, and term)</li> <li>• Accident and health</li> <li>• Property and casualty</li> </ul>	<ul style="list-style-type: none"> <li>• Retirement plan services</li> <li>• Annuities</li> <li>• Mutual funds</li> <li>• Stable value solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Digital banking services</li> <li>• Residential mortgages</li> </ul>	<ul style="list-style-type: none"> <li>• Retail and institutional investment management solutions</li> <li>• Retirement savings vehicles and strategies</li> </ul>

## Ownership

Aegon N.V. is a Dutch public limited liability company. Our shares are listed on both Amsterdam (Euronext) and New York (NYSE) stock exchanges. Approximately three-quarters of our shareholders are from our three core markets: the United States, the Netherlands, and the United Kingdom.

## Sources of revenues and earnings

Aegon derives revenues and earnings from insurance premiums, investment returns, fees, and commissions received. We are well diversified across these sources, which is important for our ability to pay attractive dividends and to invest in future growth.

## Capital position

We carefully manage our capital position to protect Aegon and our customers against fluctuations in global financial markets and changing business conditions. At the end of 2020, our Solvency II ratio – measuring our capital strength – stood at 196%. The capital ratios of our three main units ended 2020 above their respective operating levels. We hold significant capital buffers, both within the operating entities and at group level, to safeguard the interests of our policyholders, pay attractive dividends to shareholders, and take advantage of future business opportunities.

\* In early 2021, Aegon ceased funding of its GoBear joint venture, an independent insurance and banking comparison website.

### Diversified distribution channels

Aegon offers both direct and intermediary-assisted access to our products and services throughout all our divisions. In this way, we bring our customers the very best of the solutions offered by Aegon and our partners. We offer simple solutions as well as more sophisticated ones. For simpler types of solutions, we are growing our direct distribution capabilities so we can engage with customers directly – for example, via our Dutch digital bank, Knab. For more complex services and products, we use our network of business partners, including brokers, agents, banks, employee benefit consultants, and independent financial advisors. Our multichannel approach to intermediary distribution serves a diverse array of customers, allowing us to provide tailored advice and advanced solutions.

Some of our distribution channels are owned by Aegon. For example, we serve customers through Origen Financial Services in the United Kingdom and through World Financial Group in the United States and Canada. We also develop e-commerce partnerships, for example in China.

### 4.2 Key tax characteristics

Like all businesses, Aegon is subject to various national, federal, state, and local taxes. Many countries and/or states levy special premium taxes on insurance premiums written. Additionally, insurance companies are often subject to special rules for calculating their income. Aegon's insurance businesses are based locally, and are subject to local tax rules.

Aegon not only withholds income tax and social premiums for its employees in many countries, but also withholds such taxes and premiums on many claim payments to its policy policyholders worldwide. These kind of taxes and premiums are the most material amounts of tax payments Aegon makes to governments.

Finally, as a financial services provider, Value Added Tax (VAT) results in a cost for doing business as VAT is often non-refundable.

### 4.3 Tax regimes and incentives

The materially relevant tax regimes/incentives applicable to Aegon are:

**The Dutch participation exemption:** Aegon N.V. is the ultimate parent company of the Aegon Group and the Dutch participation exemption regime applies to income derived from its domestic and foreign subsidiaries. The Dutch participation exemption regime aims to eliminate economic double corporate taxation of profit distributions paid by a subsidiary to its parent company. A corporate taxpayer is exempt from Dutch corporate income tax on all benefits, such as dividends and capital gains, connected with a qualifying shareholding.

**United States Low-Income Housing Tax Credits:** In the United States, substantial investments are made through the government's Low-Income Housing Tax Credit (LIHTC) program, which encourages private sector investment in affordable housing for low-income families. The LIHTC program is a tax credit program and it is widely viewed as one of the most effective federal housing programs in the United States.

**United States dividends-received deduction:** The dividends-received deduction (DRD), under United States federal income tax law, is a tax deduction received by a corporation on the dividends it receives from other corporations in which it has an ownership stake. This deduction is designed to partially reduce the consequences of multiple levels of corporate taxation. Otherwise, corporate profits would be taxed to the corporation that earned them, then to the corporate shareholder(s), and then to the individual shareholder and/or policyholder.



## 4.4 Tax developments

The frequency with which new anti-abuse tax legislation is enacted has created an environment where 'change' is the new normal. This is driven by the need for governments to ensure that companies are paying their fair share of taxes and to combat perceived abuse. So far, Aegon has not been financially impacted in any material way by this kind of tax legislation as – based on our Global Tax Policy – we do not engage in tax abusive transactions.

COVID-19 tax measures have not had any material impact on Aegon so far, but we expect that this crisis will have a major impact in the near future as governments will likely be introducing new means of raising revenues to balance their budgets.

## 5. Group tax positions and taxes per country

### 5.1 Income tax in annual accounts

In this section we explain in detail how the income tax for the period and our deferred tax position has been calculated. This information is also part of the Integrated Annual Report 2020.

#### Income tax

	2020	2019	2018
<b>Current tax</b>			
Current year	(105)	118	53
Adjustments to prior years	(205)	(14)	(36)
	<b>(310)</b>	<b>103</b>	<b>17</b>
<b>Deferred tax</b>			
Origination / (reversal) of temporary differences	(29)	162	32
Changes in tax rates / bases	9	25	(42)
Changes in deferred tax assets as a result of recognition / write off of previously not recognized / recognized tax losses, tax credits and deductible temporary differences	12	4	(35)
Non-recognition of deferred tax assets	7	17	17
Adjustments to prior years	171	(8)	48
	<b>171</b>	<b>200</b>	<b>19</b>
<b>Income tax for the period (income) / charge</b>	<b>(139)</b>	<b>303</b>	<b>36</b>

Adjustments to prior years include shifts between current and deferred tax.

<b>Reconciliation between standard and effective income tax:</b>	2020	2019	2018
Income/(loss) before tax	(84)	1,828	777
Income tax calculated using weighted average applicable statutory tax rates	(29)	385	184
<b>Difference due to the effects of:</b>			
Non-taxable income	(46)	(76)	(78)
Non-tax deductible expenses	22	22	28
Changes in tax rate/base	9	25	(42)
Tax credits	(57)	(67)	(68)
Other taxes	(2)	57	29
Adjustments to prior years	(33)	(22)	11
Changes in deferred tax assets as a result of recognition / write off of previously not recognized / recognized tax losses, tax credits and deductible temporary differences	12	4	(35)
Non-recognition of deferred tax assets	7	17	17
Tax effect of (profit) / losses from joint ventures and associates	(17)	(11)	(9)
Other	(4)	(32)	(1)
	<b>(110)</b>	<b>(82)</b>	<b>(148)</b>
<b>Income tax for the period (income) / charge</b>	<b>(139)</b>	<b>303</b>	<b>36</b>

The weighted average applicable statutory tax rate for 2020 is 34.0% (2019: 21.1%, 2018: 23.7%). The weighted average applicable statutory tax rate increased compared to 2019 due to relatively high income in 2020 from equity accounted joint ventures and associates - compared to the total consolidated income - which is presented net of tax in the consolidated income statement.

Non-taxable income in 2020 is comprised of the regular non-taxable items such as the dividend received deduction in the United States and the participation exemption in the Netherlands. Compared to 2019 non-taxable income decreased due to less exempt income in the Netherlands and the United Kingdom.

In the Netherlands, the enacted future corporate income tax rate will remain 25% (instead of the earlier enacted 21.7% as from January 1, 2021), thereby reversing the beneficial tax rate impact of 2018 and 2019. In the United Kingdom, the previously enacted reduction in tax rate was also repealed leading to an increase of corporate income tax rate from 17% to 19% which resulted in a beneficial tax rate impact.

Tax credits mainly include tax benefits from United States investments that provide affordable housing to individuals and families that meet median household income requirements.

Other taxes are lower than previous years, due to unfavorable equity markets which yielded lower policyholder taxes in the United Kingdom and state tax benefits in the United States due to negative income.

Adjustments to prior year mainly consist of a shift between current and deferred tax in the Netherlands due to the recalculation of the technical insurance provisions for tax purposes.

In 2019 'Other' mainly relates to the one-off tax benefit in the United Kingdom due to the release of the historic deferred tax balances held in respect of the pension scheme deficit when the defined benefit pension scheme moved to surplus.

The following tables present income tax related to components of other comprehensive income and retained earnings.

	2020	2019	2018
<b>Items that will not be reclassified to profit and loss:</b>			
Changes in revaluation reserve real estate held for own use	(2)	1	7
Remeasurements of defined benefit plans	140	90	(15)
	<b>138</b>	<b>92</b>	<b>(8)</b>
<b>Items that may be reclassified subsequently to profit and loss:</b>			
(Gains) / losses on revaluation of available-for-sale investments	(666)	(726)	531
(Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments	2	94	(17)
Changes in cash flow hedging reserve	54	3	1
Movement in foreign currency translation and net foreign investment hedging reserve	(7)	(5)	(20)
	<b>(616)</b>	<b>(634)</b>	<b>494</b>
<b>Total income tax related to components of other comprehensive income</b>	<b>(479)</b>	<b>(542)</b>	<b>487</b>
	2020	2019	2018
<b>Income tax related to equity instruments and other</b>			
Income tax related to equity instruments	18	51	38
Other	1	(1)	(12)
<b>Total income tax recognized directly in retained earnings</b>	<b>19</b>	<b>50</b>	<b>26</b>

## Deferred tax

	2020	2019
Deferred tax assets	101	193
Deferred tax liabilities	1,681	1,396
<b>Total net deferred tax liability / (asset)</b>	<b>1,580</b>	<b>1,203</b>

<b>Deferred tax assets comprise temporary differences on:</b>	2020	2019
Real Estate	-	(520)
Financial assets	13	76
Insurance and investment contracts	(5)	440
Deferred expenses, VOBA and other intangible assets	(110)	(112)
Defined benefit plans	-	7
Tax losses and credits carried forward	321	183
Other	(118)	119
<b>At December 31</b>	<b>101</b>	<b>193</b>

<b>Deferred tax liabilities comprise temporary differences on:</b>	2020	2019
Real estate	663	124
Financial assets	2,426	1,717
Insurance and investment contracts	(1,539)	(1,030)
Deferred expenses, VOBA and other intangible assets	1,323	1,662
Defined benefit plans	(206)	(249)
Tax losses and credits carried forward	(502)	(551)
Other	(484)	(279)
<b>At December 31</b>	<b>1,681</b>	<b>1,396</b>

The following table provides a movement schedule of net deferred tax broken-down by those items for which a deferred tax asset or liability has been recognized.

	Real estate	Financial assets	Insurance and investment contracts	Deferred expenses, VOBA and other intangible assets	Defined benefit plans	Tax losses and credits carried forward	Other	Total
At January 1, 2020	644	1,641	(1,470)	1,774	(256)	(734)	(397)	1,203
Acquisitions / Additions	-	-	-	2	-	-	-	2
Charged to income statement	20	379	(102)	(213)	169	(13)	(67)	171
Charged to OCI	2	597	-	-	(140)	-	4	464
Net exchange differences	(3)	(204)	105	(130)	21	56	27	(128)
Transfer (to)/from current income tax	-	-	-	-	-	(132)	-	(132)
Transfer (to) /from other headings	-	-	(66)	-	-	-	66	-
<b>At December 31, 2020</b>	<b>663</b>	<b>2,413</b>	<b>(1,533)</b>	<b>1,433</b>	<b>(206)</b>	<b>(823)</b>	<b>(366)</b>	<b>1,580</b>
At January 1, 2019	519	894	(1,433)	1,913	(269)	(314)	(837)	474
Charged to income statement	125	111	(20)	(176)	108	63	(12)	200
Charged to OCI	(8)	629	-	-	(90)	-	(9)	521
Net exchange differences	1	9	(17)	37	(5)	(9)	(17)	(2)
Disposal of a business	-	-	-	-	-	-	2	2
Transfer (to)/from other headings	-	-	-	-	-	(473)	473	-
Other	7	(3)	-	-	-	-	3	7
<b>At December 31, 2019</b>	<b>644</b>	<b>1,641</b>	<b>(1,470)</b>	<b>1,774</b>	<b>(256)</b>	<b>(734)</b>	<b>(398)</b>	<b>1,203</b>

In 2020, the increase of deferred tax liability primarily related to an increase of unrealized profits in respect of financial assets mainly due to market movements.

Transfer to or from current income tax relates to the deferred tax asset for the loss carry forward position of the Dutch fiscal unit in 2020.

Deferred corporate income tax assets are recognized for tax losses and credits carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. For an amount of gross EUR 1,346 million; tax EUR 230 million related to tax losses carried forward (2019: gross EUR 1,379 million; tax EUR 236 million) and an amount of tax EUR 405 million related to tax credits carried forward (2019; tax EUR 391 million) the realization of the deferred tax asset is dependent on the projection of future taxable profits. In addition, the realization of the deferred tax asset is also dependent on income from existing business in excess of the profits arising from the reversal of existing taxable temporary differences. The amount of deferred corporate income tax assets considered probable could change in the near future if future estimates of projected taxable income during the carry forward period are revised. The recognition of the deferred tax assets is based on Aegon's long-term projections including sensitivities and tax planning strategies.

For the following amounts, arranged by loss carry forward periods, the deferred corporate income tax asset is not recognized:

	Gross amounts <sup>1)</sup>		Not recognized deferred tax assets	
	2020	2019	2020	2019
< 5 years	71	79	18	20
≥ 5 – 10 years	12	18	4	4
≥ 10 – 15 years	18	27	57	51
≥ 15 – 20 years	4	1	-	-
Indefinitely	514	488	114	107
<b>At December 31</b>	<b>619</b>	<b>613</b>	<b>192</b>	<b>182</b>

<sup>1)</sup> The gross value of state tax loss carry forward is not summarized in the disclosure, due to the fact that the United States files in different state jurisdictions with various applicable tax rates and apportionment rules.

Deferred corporate income tax assets in respect of deductible temporary differences are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. For an amount of gross EUR 31 million; tax EUR 5 million (2019: gross EUR 406 million; tax EUR 99 million) the realization of the deferred corporate income tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

Aegon did not recognize deferred corporate income tax assets in respect of deductible temporary differences relating to 'Financial assets' and 'Other items' for the amount of gross EUR 20 million; tax EUR 4 million (2019: gross EUR 32 million; tax EUR 6 million).

Deferred corporate income tax liabilities have not been recognized for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. The unremitted earnings totaled gross EUR 1,769 million; tax EUR 441 million (2019: gross EUR 1,774 million; tax EUR 383 million calculated at the enacted rates). All deferred corporate income taxes are non-current by nature.

## 5.2 Country-by-country information

Region and country	Unrelated party revenue	Related party revenue	Profit (loss) before income tax	Income tax (paid) on cash basis	Income tax accrued - Current year	Number of employees	Tangible assets other than cash and cash equivalents	Effective tax rate
<b>Europe</b>								
• The Netherlands	8,103.9	68.9	485.8	(33.4)	(127.0)	4,340	174.7	28.3%
• United Kingdom	12,378.6	50.6	47.4	(30.1)	17.7	2,652	129.1	4.3%
• Jersey	1.8							
• Ireland	2.6		2.1	(0.4)	0.3			12.4%
• Germany		2.2	0.1		0.1	4		41.5%
• Spain	191.4	0.8	(23.9)		(0.1)	463	9.9	3.4%
• Hungary	420.7	9.3	40.3	(0.8)	2.4	1,113	32.6	7.0%
• Poland	106.8		1.8	(1.4)	1.4	205	2.4	50.6%
• Romania	39.7		4.2			138	1.2	21.3%
• Turkey	177.3		5.0			1,194	2.6	0.4%
<b>Europe total</b>	<b>21,422.8</b>	<b>131.9</b>	<b>562.7</b>	<b>(66.0)</b>	<b>(105.3)</b>	<b>10,109</b>	<b>352.5</b>	<b>27.1%</b>
<b>Americas</b>								
• United States	29,364.0	90.5	(980.9)	67.0	(15.4)	7,650	321.4	33.3%
• Canada	80.1	112.7	21.5	(4.6)	5.6	58	1.1	26.7%
• Brazil			0.3					0.0%
• Mexico	0.8		(0.4)					(3.2)%
• Puerto Rico	0.6		(0.1)					0.0%
• Bermuda	0.4	0.5	(0.5)			3		0.0%
• Cayman Islands								
<b>Americas total</b>	<b>29,445.9</b>	<b>203.8</b>	<b>(960.1)</b>	<b>62.4</b>	<b>(9.7)</b>	<b>7,711</b>	<b>322.5</b>	<b>33.4%</b>
<b>Asia</b>								
• Hong Kong	296.2	13.3	19.0	(3.2)	9.9	208	6.4	52.4%
• Singapore	196.2		21.0	(0.1)		25	0.1	7.5%
• India	0.7		(0.5)			5		0.0%
• Japan	0.8	1.2	(13.3)	(0.3)		2	0.1	(0.6)%
• Indonesia	0.2		(3.1)			26	0.2	0.0%
• Thailand	0.2		(3.6)			17	0.1	0.0%
• Australia	4.4		(1.8)			26	0.7	0.0%
• China								
<b>Asia total</b>	<b>498.7</b>	<b>14.5</b>	<b>17.8</b>	<b>(3.6)</b>	<b>9.9</b>	<b>309</b>	<b>7.6</b>	<b>65.2%</b>
<b>Total</b>	<b>51,367.4</b>	<b>350.2</b>	<b>(379.6)</b>	<b>(7.1)</b>	<b>(105.1)</b>	<b>18,129</b>	<b>682.7</b>	

- Reference to presentation of the financial data in this table:
  - All amounts are in EUR million, except for number of employees
  - 'Blank' represents "amounts are less than EUR 50,000" or "not applicable"
  - Amounts may not add up due to rounding
- The following data as included in the table above reconciles with the data stated in the consolidated financial statements of the Integrated Annual Report 2020 as specified below:
  - Unrelated party revenue reconciles with "Total income" as presented in the Consolidated income statement of Aegon N.V. (page 152 of the Integrated Annual Report 2020).
  - Profit/(loss) before income tax reconciles with income before share in profit / (loss) of joint ventures, associates and tax as presented in the Consolidated income statement of Aegon N.V. (page 152 of the Integrated Annual Report 2020).
  - Income tax paid on cash basis reconciles with Income tax (paid) / received as included in the Consolidated cash flow statement of Aegon N.V. (page 158 of the Integrated Annual Report 2020).
  - Income tax accrued reconciles with the income tax accrued as presented in Note 18 of the Integrated Annual Report 2020.
  - Tangible assets other than cash and cash equivalents reconcile with the amounts included in 'Real estate held for own use and equipment' of EUR 472 million and 'Right-of-use assets' of EUR 211 million (in total EUR 683 million) as presented in Note 28 of the Integrated Annual Report 2020.
- Income tax paid: There is often no direct correlation between tax reported on earnings for any given year and tax amounts paid or received. Part of the explanation for this is that certain tax-deductible items are not recognized in the Company's profit & loss statement but directly in equity. Additionally, payments and refunds for prior years can impact the amounts paid or received in the current year. The United States corporate income tax refund is related to refundable minimum tax credits generated in prior years. Furthermore, the 2020 United States tax liability will be satisfied entirely by losses carryforwards and tax credits, including LIHTC.
- Number of employees: Generally, in jurisdictions that do not show employee numbers no local personnel is required, as local entities are dormant or local activities concern closed down activities and/or closed books of business.
- Effective tax rate is calculated per country taking into account exempt income, non-deductible items, use of tax credits and/or tax losses, changes in recognition of deferred tax assets and any other adjustments to the statutory rate. The main items determining the effective tax rate on a consolidated basis are originated from the United States, the United Kingdom and the Netherlands (see paragraph 5.1 of this report for more details). No effective tax rate has been reported, if a country has no taxation amount.
- Bermuda: Aegon has a number of (re-)insurance companies incorporated under Bermuda law. Income of these companies is reported in and subject to tax in Hong Kong, Singapore, the United States or the Netherlands.
- Cayman Islands: All entities were established as part of canceled fund/investment platform initiatives and have remained dormant since their establishment. These entities are planned to be dissolved or in the process of being dissolved.
- Jersey: The activity relates to the interest of a General Partner in an investment fund.

### 5.3 Main markets and principal subsidiaries

The table below provides additional information on principal subsidiaries and the nature of the main activities of these subsidiaries. The overview of principal subsidiaries is also part of the Integrated Annual Report 2020.

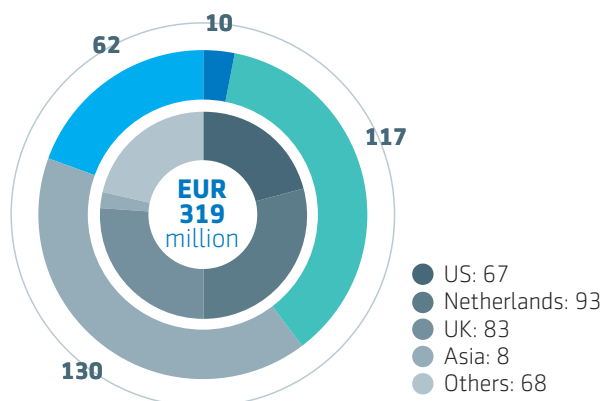
United States	Main activity/activities
Transamerica Corporation, Wilmington, Delaware (United States)	Intermediate holding
Transamerica Casualty Insurance Company, Cedar Rapids, Iowa (United States)	Insurance
Transamerica Financial Life Insurance Company, Harrison, New York (United States)	Insurance
Transamerica Life Insurance Company, Cedar Rapids, Iowa (United States)	Insurance
The Netherlands	
Aegon N.V.	Holding / Internal Group Finance / Support services
Aegon Bank N.V., The Hague	Regulated financial services
Aegon Cappital B.V., Groningen	Regulated financial services
Aegon Hypotheken B.V., The Hague	Regulated financial services
Aegon Levensverzekering N.V., The Hague	Insurance
Aegon Schadeverzekering N.V., The Hague	Insurance
Aegon Spaarkas N.V., The Hague	Insurance
Nedasco B.V., Amersfoort	Regulated financial services
Robidus Groep B.V., Zaandam	Intermediate holding for income protection service activities
TKP Pensioen B.V., Groningen	Provision of services
United Kingdom	
Aegon Investment Solutions Ltd., Edinburgh	Regulated financial services
Aegon Investments Ltd., London	Regulated financial services
Scottish Equitable plc, Edinburgh	Insurance
Cofunds Limited, London	Regulated financial services
International	
AEGON Magyarország Általános Biztosító Zártkörűen Működő Részvénytársaság, Budapest	Insurance
AEGON Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna, Warsaw	Insurance
AEGON Powszechnie Towarzystwo Emerytalne Spółka Akcyjna, Warsaw	Regulated financial services
AEGON Emeklilik ve Hayat A.S., Istanbul	Insurance
AEGON PENSII - Societate de Administrare a Fondurilor de Pensii Private S.A., Cluj	Regulated financial services
AEGON España, S.A.U. de Seguros y Reaseguros, Madrid	Insurance
Transamerica Life (Bermuda) Ltd., Hamilton (Bermuda)	Insurance
Asset Management	
Aegon USA Investment Management, LLC, Cedar Rapids (United States)	Regulated financial services
Aegon USA Realty Advisors, LLC, Des Moines (United States)	Regulated financial services
Aegon Asset Management Holding B.V., The Hague	Intermediate holding / Support services
Aegon Investment Management B.V, The Hague	Regulated financial services
Aegon Asset Management UK plc, Edinburgh	Regulated financial services
AEGON Magyarország Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság, Budapest	Regulated financial services

## 5.4 Tax contribution per country

In the charts below we provide details of our total tax contribution company-wide and by region. This information is also part of the Integrated Annual Report 2020. Taxes borne are a cost of business and affect our financial results. Taxes collected are not a direct cost of business but are collected on behalf of governments from others. The reported numbers are on cash payment or accrual basis. In the table on the following page we provide additional information on our tax contributions for each jurisdiction in which Aegon operates.

### Taxes borne by Aegon, 2020

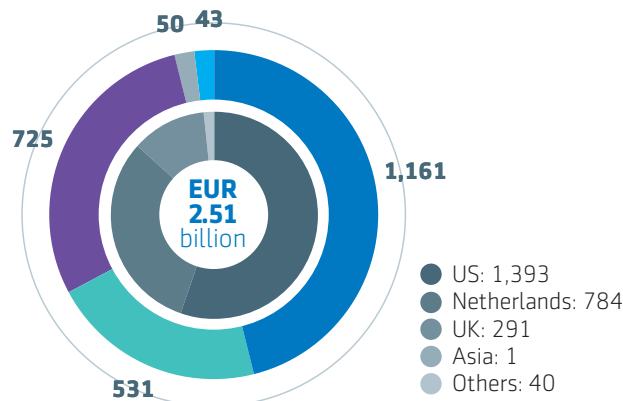
(in EUR million)



- Corporate income tax<sup>1</sup>
- Irrecoverable VAT or GST
- Insurance premium tax
- Other taxes

### Taxes collected on behalf of others, 2020

(in EUR million)



- Withholding tax<sup>2</sup>
- Wage taxes related to own personnel<sup>3</sup>
- Wage taxes related to policyholders<sup>3</sup>
- Insurance premium taxes
- Other taxes

<sup>1</sup> Includes state and withholding tax

<sup>2</sup> Includes dividends, interest, royalties and others

<sup>3</sup> Includes social security tax

Region and country	Corporate income tax	Irrecoverable VAT/GST	Insurance premium tax	Taxes withheld and paid on behalf of employees	Taxes collected from customers on behalf of a tax authority	Other	Total
<b>Europe</b>							
• The Netherlands	32.6	60.3	46.7	169.4	533.6	33.8	876.4
• United Kingdom	13.9	45.4	3.6	63.3	218.3	29.2	373.7
• Ireland	0.3						0.3
• Germany	0.1			0.6			0.6
• Spain		4.9	0.2	14.2	1.0	3.0	23.4
• Hungary	0.9	7.8	34.4	10.1		13.7	66.9
• Poland	1.3	0.5		2.7	0.7	1.1	6.2
• Romania		0.2		2.1		1.4	3.8
• Turkey		0.3		5.7	0.6	0.7	7.3
<b>Europe total</b>	<b>49.0</b>	<b>119.4</b>	<b>84.9</b>	<b>268.0</b>	<b>754.2</b>	<b>83.0</b>	<b>1,358.6</b>
<b>Americas</b>							
• United States	(52.7)	(3.0)	94.1	260.3	1,131.7	18.0	1,448.3
• Canada	4.6			1.0		0.1	5.7
• Brazil	4.7						4.7
• Mexico							
• Puerto Rico	0.1		1.1				1.2
• Bermuda				0.2			0.2
• Cayman Islands							
<b>Americas total</b>	<b>(43.4)</b>	<b>(3.0)</b>	<b>95.1</b>	<b>261.5</b>	<b>1,131.7</b>	<b>18.2</b>	<b>1,460.1</b>
<b>Asia</b>							
• Hong Kong	3.7					3.2	6.9
• Singapore		(0.2)					(0.2)
• India					0.1		0.1
• Japan	0.2			0.2			0.4
• Indonesia	0.1	0.6		0.4			1.0
• Thailand				0.4			0.4
• Australia		0.2		0.5			0.7
• China							
<b>Asia total</b>	<b>4.0</b>	<b>0.7</b>		<b>1.4</b>	<b>0.1</b>	<b>3.2</b>	<b>9.4</b>
<b>Total</b>	<b>9.6</b>	<b>117.0</b>	<b>180.1</b>	<b>531.0</b>	<b>1,886.1</b>	<b>104.4</b>	<b>2,828.1</b>

- This table provides additional information on a country-by-country basis and is based on the same IFRS data as for the pie charts (see above) as published in the Integrated Annual Report 2020. In addition to the comments made to the pie-charts before we note the following:
  - Reference to presentation of the financial data in this table:
    - All amounts are in EUR million
    - "Blank" represents "amounts are less than EUR 50,000" or "not applicable"
    - Amounts may not add up due to rounding
  - Insurance premium tax: insurance premium tax born and collected have been combined in this table.
  - Taxes collected from customers: this includes wage taxes reported to policyholders and withholding taxes (US Form 1099 related to pension, life, and annuity along with an other non-wage related type products/services) collected as reported in the pie charts.



## 6. Disclaimer

### 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.

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.

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