



Q2 2016 Results

Alex Wynaendts

CEO

Darryl Button

CFO

The Hague – August 11, 2016

Helping people achieve a lifetime of financial security



Solid capital ratio despite volatile markets

Net loss of EUR 385 million mainly due to divestment of UK annuity book

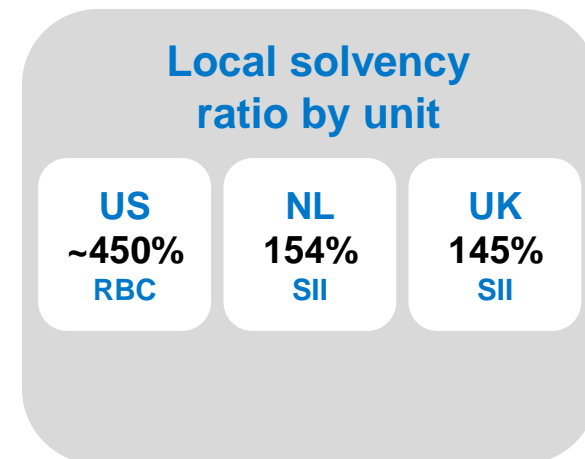
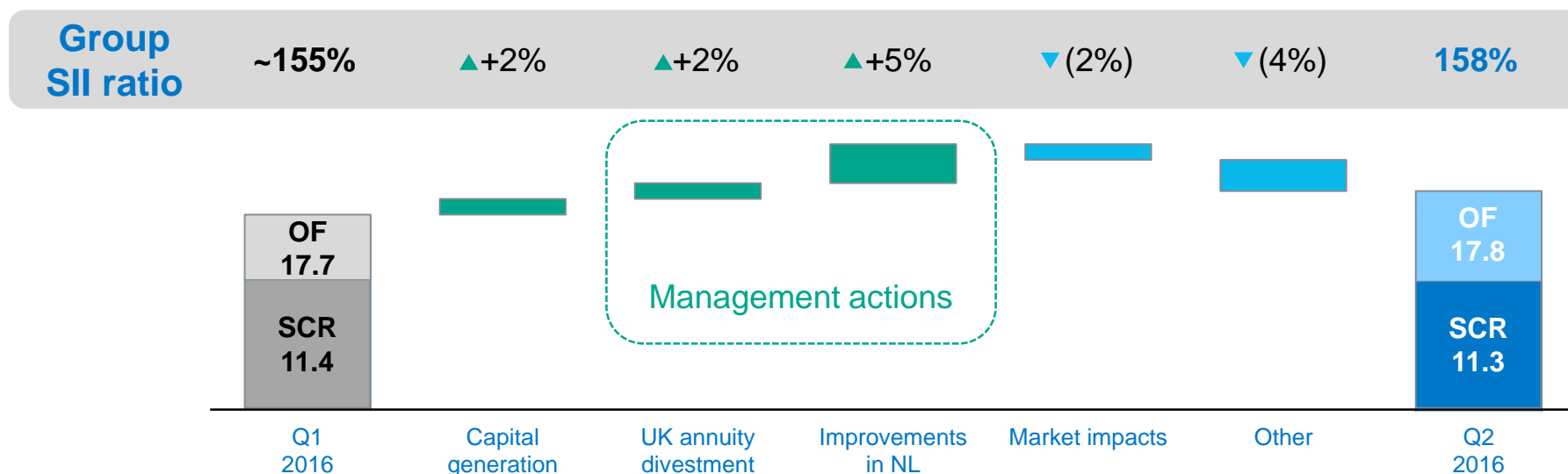
- Solvency II ratio increased to an estimated 158% as capital generation and management actions more than offset adverse market impacts
- Underlying earnings before tax impacted by adverse claims experience, low interest rates and lower variable annuity earnings
- Continued strong sales from deposit businesses; new life sales reflects focus on profitability
- Interim dividend increased by 8% to EUR 0.13 per share



Note: Earnings = underlying earnings before tax; Solvency II ratio is management best estimate

Increased Solvency II ratio

Management actions drive Solvency II ratio up



- Estimated group Solvency II ratio increased to 158% mainly due to management actions
- NL management actions include a more thorough application of the volatility adjuster, additional interest rate hedges and lower risk margin related to future expense levels
- Market impacts relating to declining interest rates were partly offset by spread tightening in NL
- Other movements include tiering capacity limits, diversification and FX impacts

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

Netherlands Solvency II refinements

Management actions improve Solvency II ratio

What changed?

- Additional interest rate hedges have been implemented pre-Brexit
- More thorough application of our methodology regarding the Volatility Adjuster
- Appropriately reflect actions that could be taken to manage expenses in stressed conditions
- Other model and data refinements

Why change?

- Reduce the sensitivity of the ratio for changes in market conditions and volatility in staff pension plan in NL
- As a result of a deep dive into our models, areas were identified where methodology could be applied more rigorously
- The previous approach did not fully reflect expenses and actions that could be taken in the long-term in stressed conditions
- Previous prudent approach replaced with more granular data

Impact on ratio?

$$\frac{\text{Higher own funds}}{\text{Lower SCR}} = \text{Higher SII ratio}$$

Solvency II sensitivities updated

Group sensitivities updated for NL hedging changes and UK divestment

Solvency II sensitivities

(In percentage points)

	Scenario	Group	US	NL	UK
Capital markets					
Equity markets	+20%	Negligible (+/- 2%)			
Equity markets	-20%	Negligible (+/- 2%)			
Interest rates	+100 bps	+4%	0%	+14%	+6%
Interest rates	-100 bps	-14%	-14%	-20%	-8%
Credit spreads*	+100 bps	+5%	0%	+14%	+6%
US credit defaults**	~200 bps	-18%	-32%	-	-
Dutch mortgage spreads***	+50 bps	-3%	-	-10%	-
Ultimate Forward Rate	-50 bps	-7%	-	-19%	-

- Changes in ALM and hedging programs in the Netherlands reflected in updated sensitivities
- UK annuity portfolio divestment fundamentally changed the risk profile of the business; sensitivity for lower interest rates decreased also due to implementation of new hedges
- Sensitivity to interest rates reflects lower level of rates

* Credit spreads excluding government bonds

** Additional defaults for 1 year including rating migration

*** Assumes no effect from the volatility adjuster

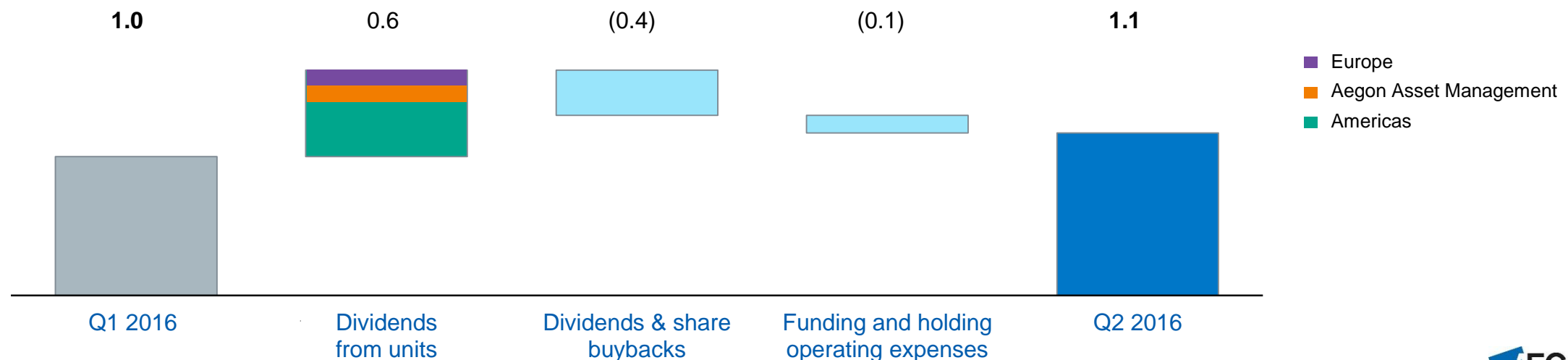
Holding excess capital at EUR 1.1 billion

Net dividends from the units offset capital return and holding expenses

- Regular dividends supported by capital generated at the units
- Dividends received from the Americas, CEE, Spain and Aegon Asset Management
- Expected total 2016 capital return to shareholders of EUR 950 million

Excess capital development

(EUR million)



Underlying earnings before tax

Results impacted by adverse claims experience in the US

- Lower Americas earnings mainly due to adverse claims experience, low interest rates and lower earnings from Variable Annuities
- Higher earnings from Europe as a result of lower DPAC amortization in the UK and normalization of surrenders in Poland
- Aegon Asset Management earnings decreased, mainly resulting from lower performance fees

Underlying earnings before tax comparison

(EUR million)



Note: DPAC = Deferred policy acquisition costs

Addressing underperformance in the US

5 part plan to enhance earnings and improve returns

1

Address deterioration of profitability in Life & Health businesses

- Implementing increases on monthly deduction rates
- Requesting LTC rate increases
- Assess other blocks to identify ways to improve RoC

2

Strategic overhaul of business lines and product offerings

- Rigorous review of product portfolio
- Pivot from multi-channel, to simpler & customer friendly products
- Easier product administration to support cost savings

3

Disposition of non-core assets

- Review options for BOLI/COLI & Payout annuities
- Other closed blocks being assessed for disposal potential
- Exploring sale of non-core legal entities

4

Rationalized location strategy in light of ONE Transamerica restructure

- US geographic footprint under evaluation
- Further improve operational excellence
- Leverage synergies and improve group collaboration

5

Focused and disciplined expense management

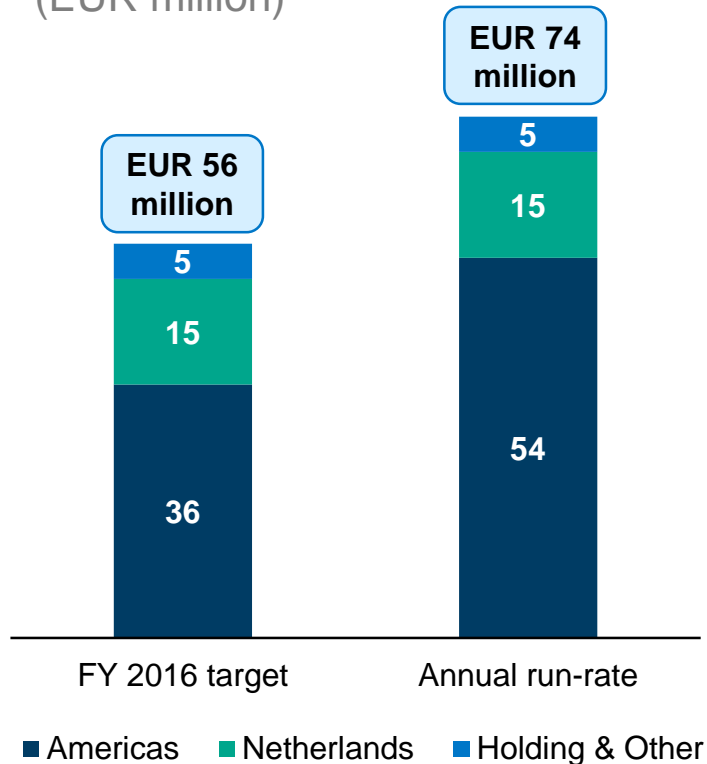
- Implementation of One Recordkeeping system
- Mercer business integration and digitize transactions
- Further measures being identified

Expense savings on track

Americas ahead of planned expense savings

Expense savings vs target

(EUR million)



Americas

- Reducing complexity by transforming to ONE Transamerica
- Completed voluntary separation incentive plan
- Reducing consulting related costs
- Rationalize location strategy

The Netherlands

- Continuing to reduce legacy systems
- Simplifying products
- Streamlining existing book and support functions
- Reducing Solvency II costs after implementation

Holding & Other

- Aligning reporting structure with business units
- Reducing complexity and streamlining processes
- Continuing to reduce legacy systems
- Improving procurement across organization

2018 target

USD
150 million

EUR
50 million

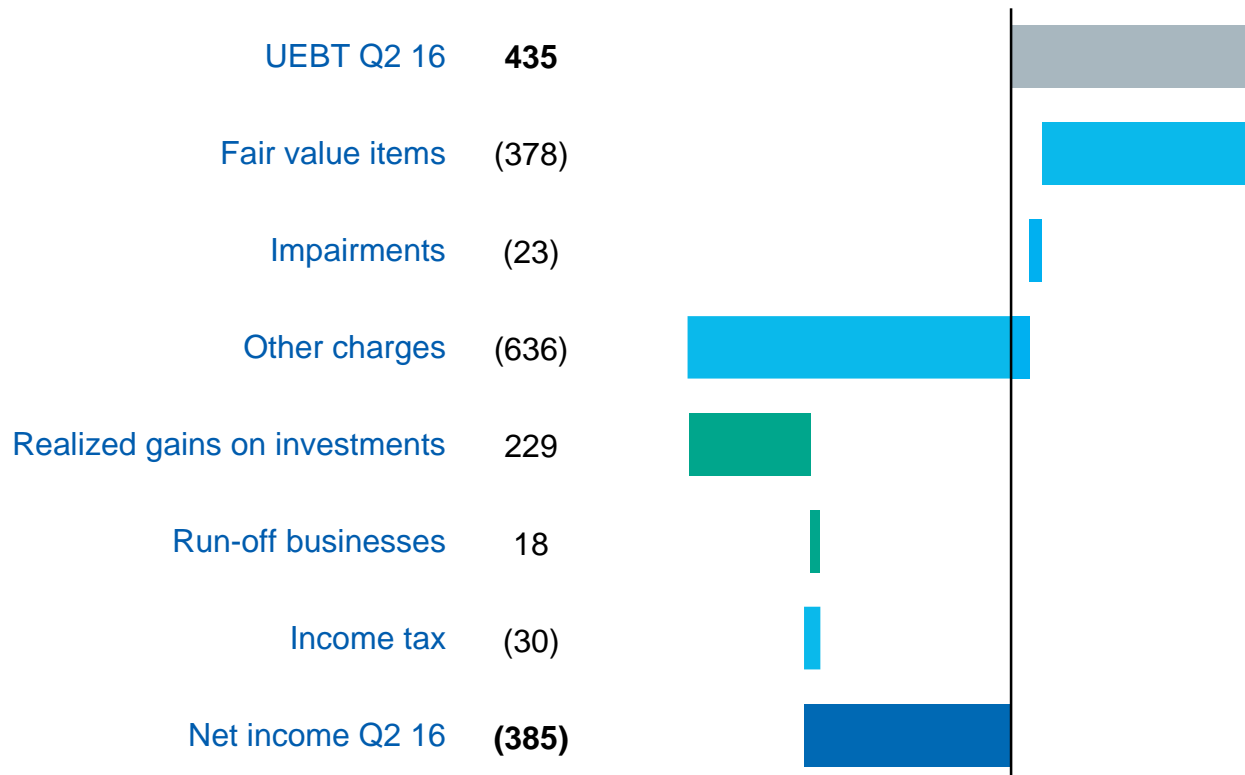
EUR
10 million

Net loss mainly due to Other charges

UK annuity divestments and fair value items offset realized gains

Underlying earnings to net income development in Q2 2016

(EUR million)



Fair value items

Americas:

- Alternative investments
- Equity and interest rate volatility

Netherlands:

- Interest rate hedges due to mismatch on IFRS basis
- Tightened credit spreads

Other charges

United Kingdom:

- Book loss on annuity portfolio divestments

Americas:

- Book gain on divestment of certain assets of TFA

Realized gains on investments

United Kingdom:

- Gains from rebalancing investment portfolio following divestments

Netherlands:

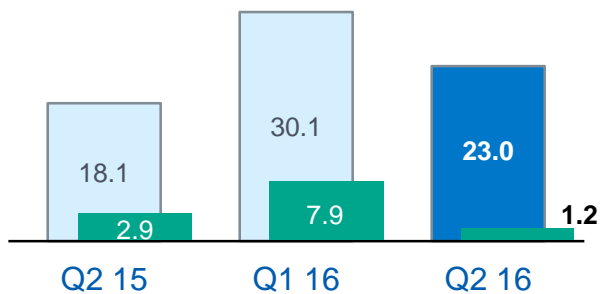
- Asset and liability adjustments

Continued strong gross deposits

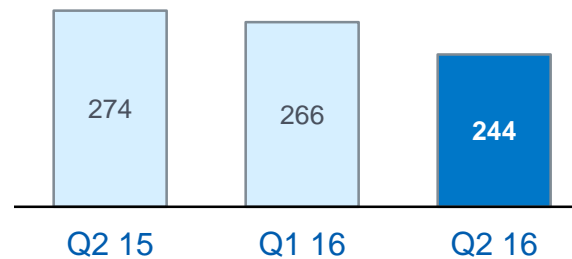
Life sales reflects focus on profitability

- Higher gross deposits driven by US retirement plans, asset management, savings deposits in NL and external growth of the platform business in the UK
 - Net deposits amounted to EUR 1.2 billion
- New life sales declined due to maintaining a strict pricing policy in the current low interest environment
- New premium production for accident & health was down as product exits and lower portfolio acquisitions more than offset higher sales in Spain and Hungary

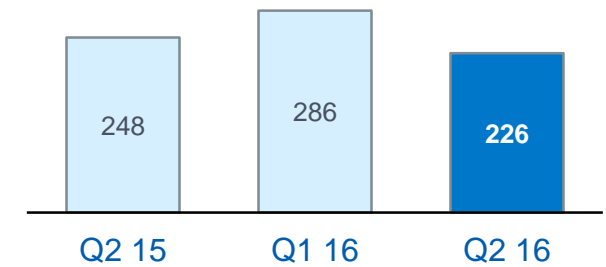
Deposits (EUR billion)



New life sales (EUR million)



A&H and general insurance (EUR million)



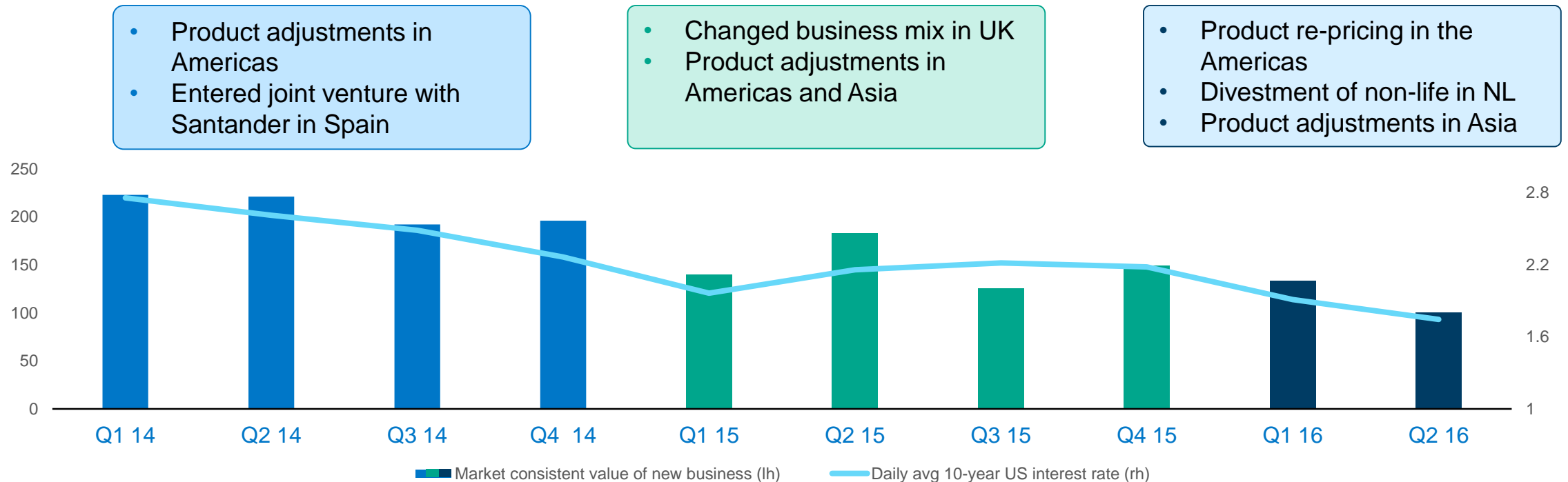
Note: Total sales consists of new life sales plus 1/10th of gross deposits plus new premiums for accident & health and general insurance; gross and net deposits exclude run-off businesses and stable value solutions

Actively managing profitability of sales

MCVNB being impacted by low interest rates

Development of MCVNB and US 10-year interest rate

(in EUR million and %)



Progress on financial targets

Capital return, excess capital and expense savings on track

Commitment	Year-end 2018 target	Half-year 2016 results
Strong sales growth	CAGR of 10%	>10%
Reduce operating expenses	EUR 200 million	EUR 74 million
Increase RoE	10%	7.1%
Excess capital at Holding	EUR 1.0 – 1.5 billion	EUR 1.1 billion
Return capital to shareholders	EUR 2.1 billion	EUR 0.6 billion

A photograph of an older man and woman on a sailboat. The man is at the helm, and the woman is smiling next to him. They are both wearing light blue shirts. The background is a vast blue sea under a clear sky.

Aegon acquires Cofunds and becomes the leading UK platform business

Unique opportunity to accelerate execution of strategy



Market leadership

- Number 1 retail platform
- Number 3 in workplace savings market



Leveraging technology

- Becoming a pure play digital provider
- Leveraging state-of-the-art technology



Achieving cost efficiency

- GBP ~60 million cost savings
- Reducing combined digital cost base by ~25%¹



Expanding distribution and value chain

- Complementary distribution footprints
- New business relationship with Nationwide
- Open architecture for investment solutions

Creating the leading UK platform

1. Cost savings against 2015 actual cost base for Digital Solutions and acquisitions announced in 2016

Becoming a pure play digital provider

Accelerating strategic transformation of Aegon UK

From insurance to platform business

2011-2015

- Built market leading platform
- Launched propositions for all parts of the market
- Over 200,000 customers upgraded with around GBP 4 billion assets

Transformational M&A transactions

2016

- Divestment of non-core annuity portfolio
- Acquisition of BlackRock's DC business provides trust and large scheme expertise
- Access to additional platform capabilities and large customer & advisor base through Cofunds acquisition

Completing strategic transformation

2017 and future

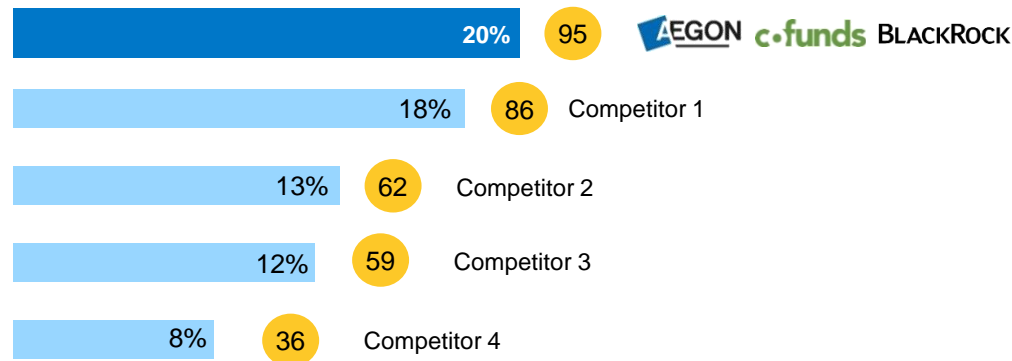
- Digital provider across the value chain
- Leadership in key markets
- Leveraging unique capabilities to achieve RoC improvement

Clear leader in fast-growing market

- Achieving leadership positions in fast-growing markets following Cofunds acquisition
 - Number 1 retail platform
 - Number 3 in workplace savings market

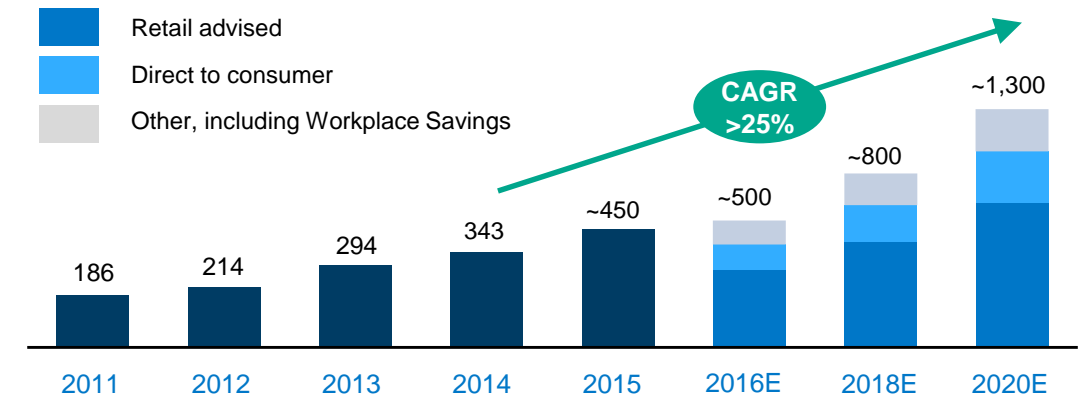
Leading market position¹

(4Q15, market share in %, assets in GBP billion)



Continued platform market growth

(in GBP billion)



Sources: Fundscape, Platform, Spence Johnson, company estimates

1. Pro forma for announced acquisitions by Aegon and competitors. Includes both retail and workplace platform businesses

Attractive synergies from acquisition

- GBP ~60 million of cost synergies within two years representing ~25% of digital cost base¹
 - Cost synergies will be realized by leveraging Aegon’s existing state-of-the-art platform
 - Building on Aegon UK’s strong track record in cost savings programs
- Complementary distribution footprints and product suites allow for cross-selling opportunity
 - Only five of the top-40 Cofunds advisors are among Aegon’s top-200 new business firms

Digital cost base to be lowered significantly¹

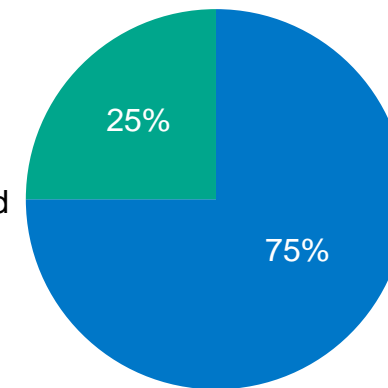
(in GBP billion)



Cost savings split

Realigning overlap

- Remove duplication
- Shared services
- Reduction in overhead



Leveraging technology

- Moving to one single retail platform
- Increased straight-through processing

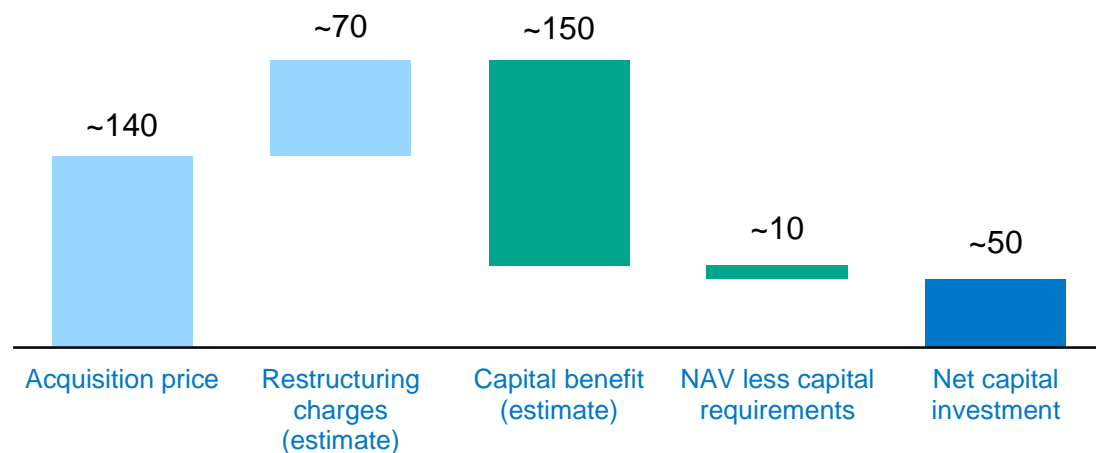
1. Cost savings against 2015 actual cost base for Digital Solutions including acquisitions announced in 2016

Modest investment drives cash flow growth

- Capital benefit from cost savings limits net investment for Cofunds acquisition
- Aegon will recognize GBP ~150 million Solvency II benefit as a result of cost savings¹
 - Cost synergies will be equally split between Aegon’s existing insurance business and Cofunds
- Annual capital generation post-integration of GBP ~70 million
 - Cofunds contributes GBP ~50 million of capital generation, which reflects net underlying earnings

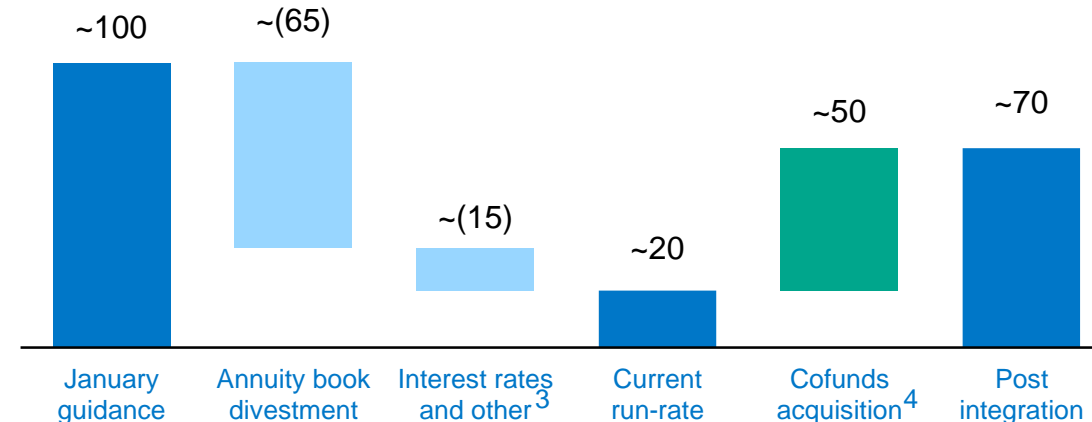
Net capital investment until end-2017²

(in GBP million)



Updated capital generation guidance

(in GBP million)



1. Capital benefit from reallocating expenses from Scottish Equitable Plc (SE) to Cofunds, of which the renewal expenses are fully capitalized under Solvency II
 2. Restructuring charges (net of tax) and capital benefit will arise between completion and the end of 2017
 3. Includes impact on MCVNB from annuity distribution deal with Legal & General
 4. Capital generation from the deal in SE and Cofunds post-integration

Appealing financial rationale

Cofunds acquisition to deliver substantial value



Modest investment



Capital benefit of GBP ~150 million resulting from cost savings

Net capital investment for acquisition and restructuring of GBP ~50 million¹



Attractive returns



Payback period of acquisition of 3 years

Transaction will contribute to achieving the group return on equity target



Solid capital position



Solvency II ratio of Aegon UK remains within target range

Aegon UK expected to resume dividend payments to the group in 2017

1. See slide 19 for details

Thank you!

**For questions please contact
Investor Relations**

+31 70 344 8305
ir@aegon.com

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



Upcoming events

September

London, Sep 6
Roadshow following
Q2 results



The Netherlands, Sep 7
Roadshow following Q2 results

+

London

Bank of America Merrill Lynch
EU Credit Conference

Edinburgh, Sep 14
Roadshow following
Q2 results



London, Sep 13
KBW UK
Conference

+

New York

Barclays Global Financial
Services Conference

Paris, Sep 16
Kepler Cheuvreux
Autumn Conference



New York, Sep 15
Barclays Fixed
Income Conference

London, Sep 27-28
Bank of America
Merrill Lynch
Conference



Analyst & Investor conference

Hosted in New York on Thursday December 8, 2016

- Please **mark** in your calendar
- Invitation to follow in **September**



Index

Click subject to go directly to the section

**Acquisition
Cofunds**

Slide 25-27

**Strategy
support**

Slide 28-30

**Q2 2016
Asset portfolio**

Slide 31-33

**Q2 2016
Financials**

Slide 34-43

Profile of the Cofunds business

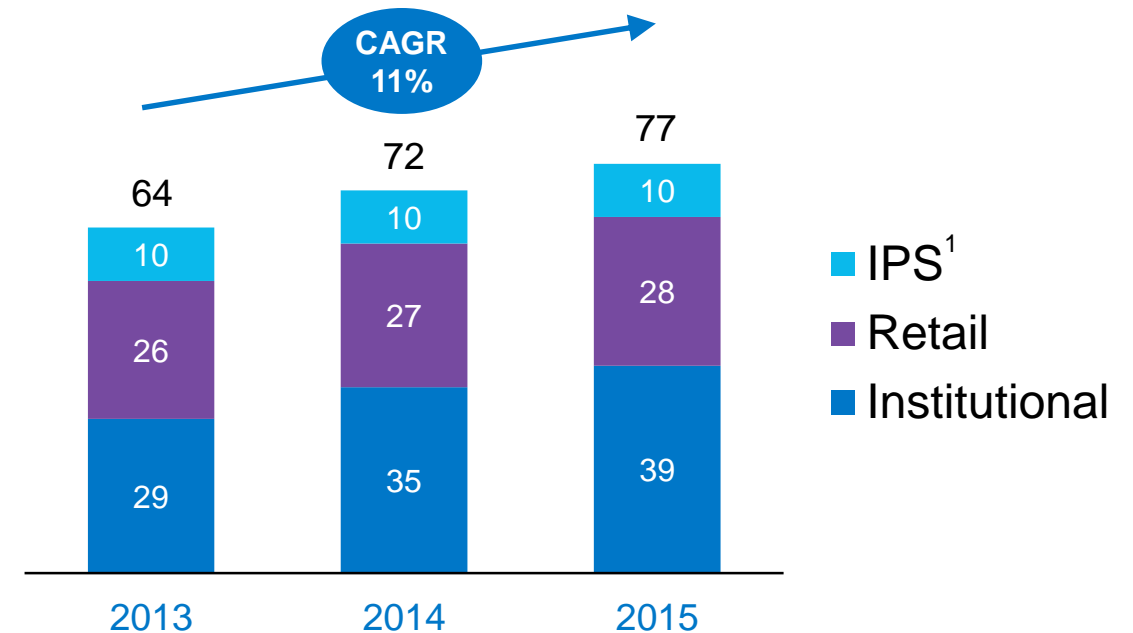
Cofunds provides platform services to advisors charging fees over assets

Offering

- Cofunds, founded in 2001 as a first mover in the UK Platform Market and currently the market leader with GBP 77 billion in assets, provides investment platform services to advisors and institutional clients who manage assets for their customers
- Cofunds' investment platform enables advisors to place a selection of funds from many different fund providers into one consolidated portfolio. Portfolios can be constructed and managed in one place using the Cofunds website

Asset development

(in GBP billion)



Building on complementary strengths

Leveraging strong existing skillset

c•funds

BLACKROCK

AEGON

Profile

- | | |
|--|---|
| <ul style="list-style-type: none"> • Assets: GBP 77bn (GBP 28bn retail) • Customers: 750,000 (retail) • Locations: London, Witham | <ul style="list-style-type: none"> • Assets: GBP 12bn • Customers: 350,000 • Locations: London, Peterborough |
|--|---|

- Assets: GBP 8bn Platform, GBP 46bn Traditional (GBP 21bn to be upgraded)
- Customers: 2 million
- Locations: Edinburgh, London

Key products

- | | |
|--|--|
| <ul style="list-style-type: none"> • Individual savings account (ISA) • General investment account (GIA) | <ul style="list-style-type: none"> • Trust-based products • Investment-only products |
|--|--|

- Self invested personal pension (SIPP)
- Protection, and with profits

Core capability

- | | |
|--|---|
| <ul style="list-style-type: none"> • Distribution reach • Large customer base on retail platform | <ul style="list-style-type: none"> • Expertise in large schemes • Strong footprint in workplace solutions |
|--|---|

- Modern technology
- Integrated platform for workplace, advised and retail business

Note: AuM per end-2015. Aegon AuM based on pension business only

Advisor and customer benefits

Substantially enhancing adviser proposition and distribution capability

Superior proposition

- Continuous platform enhancement leads to better user experience
- More straight-through processing
- Broader investment range

Minimal disruption

- No requirement for an advisor transaction
- Advisor forum created to support integration process

Enhanced distribution

- Cofunds and Aegon focus on mass affluent market
- Limited overlap of top new business firms
- Significant cross-sell opportunity

Major new business relationship

- New business relationship with Nationwide
- Nationwide is the UK's leading mutual
- Aegon to support relaunched investment service

Aegon at a glance



Focus

Life insurance, pensions & asset management for **30 million customers**



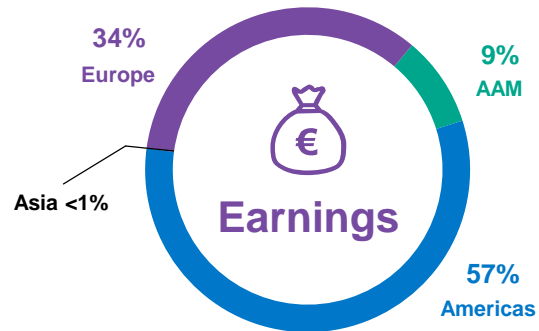
History

Our roots date back to the first half of the **19th century**



Employees

Over 29,000 employees
(June 30, 2016)



Earnings

Underlying earnings before tax of **EUR 897 million**
(2016 YTD)



Investments

Revenue-generating investments are **EUR 717 billion**
(June 30, 2016)



Paid out

in claims and benefits **EUR 43 billion**
(2015)

Responsible business

Embedded in our operations

Our commitment: “To act responsibly and to create positive impact for all our stakeholders”

Putting our customers at the center of what we do

- Deliver products and services customers can trust (market conduct standards)
- Take value for the customer into account at every step of the product development process

Having a responsible investments approach

- Extend Responsible Investment approach to externally managed assets where possible
- Investigate the risks represented by climate change, and adapt our investment strategy if required
- Investigate the investment opportunities in the transition to a low-carbon economy as part of the Impact Investment program

Empowering our employees

- Invest in our workforce by providing training and development opportunities related to the strategic direction of the company
- Create a positive, open working environment that stimulates diversity and inclusion

Promoting retirement readiness

- Educate our customers, employees and society at large on issues surrounding retirement security, longevity and population aging
- Explore opportunities for product and services that improve our customers' Retirement Readiness and promote healthy aging

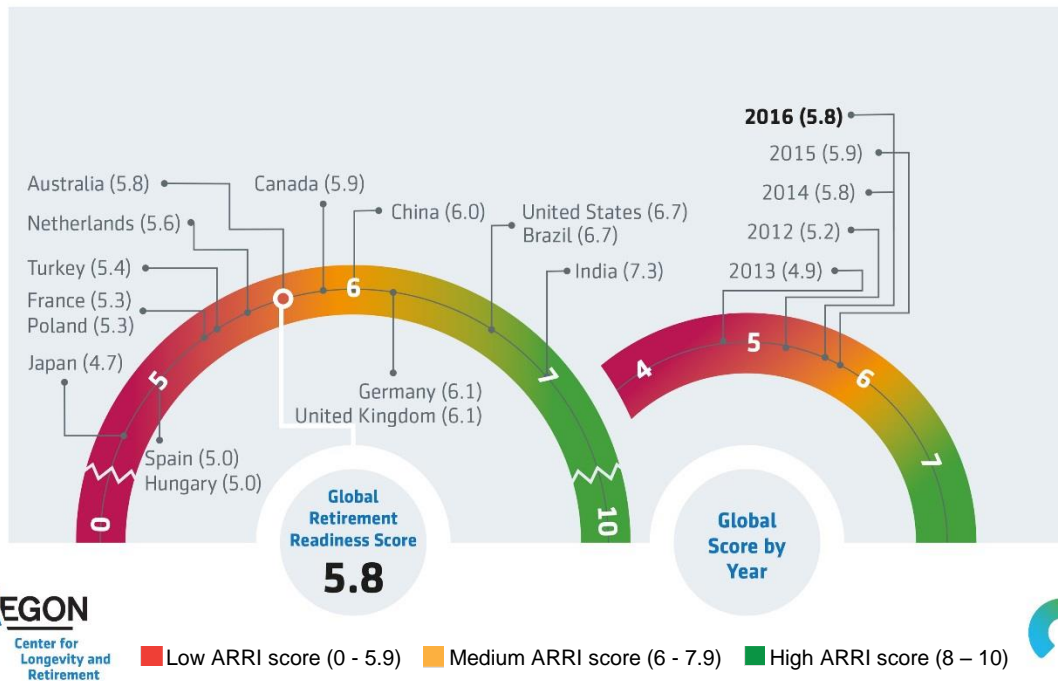
Aegon's approach to sustainability is recognized externally



Raising awareness

Second quarter retirement research highlights

Aegon Retirement Readiness Index (ARRI) 2016



Research publication

Published the 5th Aegon Retirement Readiness survey covering 16,000 people in 15 countries.



Global presence

Launched new longevity institute in Brazil collaborating with the Aegon Center for Longevity and Retirement in Europe and the Transamerica Institute in the US



Contributing to debate

Presented research at OECD Forum 2016 and testified before US Senate's Special Committee on Aging

General account investments

By geography

June 30, 2016

amounts in EUR millions, except for the impairment data

	Americas	Europe	Asia	Holding & other	Total
Cash/Treasuries/Agencies	20,731	18,415	280	221	39,647
Investment grade corporates	42,015	5,808	3,401	-	51,223
High yield (and other) corporates	2,944	260	110	-	3,313
Emerging markets debt	1,586	1,220	117	-	2,924
Commercial MBS	4,956	246	540	-	5,741
Residential MBS	4,131	741	85	-	4,957
Non-housing related ABS	3,142	2,349	346	-	5,837
Housing related ABS	-	65	-	-	65
Subtotal	79,504	29,104	4,879	221	113,708
Residential mortgage loans	23	26,018	-	-	26,041
Commercial mortgage loans	7,709	62	-	-	7,771
Total mortgages	7,732	26,080	-	-	33,812
Convertibles & preferred stock	294	2	-	-	296
Common equity & bond funds	486	712	-	90	1,289
Private equity & hedge funds	1,856	110	-	2	1,968
Total equity like	2,636	825	-	92	3,552
Real estate	1,304	1,164	-	-	2,469
Other	792	3,480	-	7	4,279
General account (excl. policy loans)	91,969	60,652	4,879	321	157,820
Policyholder loans	2,086	9	17	-	2,113
Investments general account	94,054	60,661	4,896	321	159,933
Impairments as bps (Q2 2016)	2	1	-	-	1

Structured assets and corporate bonds

By rating

June 30, 2016

amounts in EUR millions

	AAA	AA	A	BBB	<BBB	NR	Total
Structured assets by rating							
Commercial MBS	4,322	946	254	88	132	-	5,741
Residential MBS	2,208	329	197	214	2,010	-	4,957
Non-housing related ABS	3,215	902	1,154	317	250	-	5,837
Housing related ABS	-	20	18	26	-	-	65
Total	9,745	2,196	1,622	645	2,392	-	16,600
Credits by rating							
IG Corporates	882	4,336	22,537	23,468	-	-	51,223
High yield corporate	-	-	2	3	3,308	-	3,313
Emerging markets debt	53	95	931	1,076	766	3	2,924
Total	935	4,430	23,471	24,547	4,074	3	57,461
Cash/Treasuries/Agencies							39,647
Total	10,680	6,626	25,094	25,192	6,466	3	113,708

US energy & commodity exposure

Direct and indirect by rating

June 30, 2016

amounts in EUR millions

	AAA	AA	A	BBB	<BBB/NR	Total	Unrealized gain / (loss)
Independent	-	3	364	721	151	1,238	69
Oil field services	-	-	195	41	145	382	(19)
Midstream	-	-	251	1,107	98	1,457	82
Integrated	2	552	471	400	164	1,588	134
Refining	-	-	-	127	43	170	1
Total energy related	2	553	1,281	2,397	600	4,835	267
Metals and mining	-	-	254	336	188	778	(14)
Total corporate bonds	2	555	1,535	2,732	788	5,613	253
Commercial paper	-	-	-	77	-	77	-
Real estate LP	-	-	-	-	-	180	-
Total general account exposure	2	555	1,535	2,809	788	5,870	253
					% of US general account	6.2%	
CDS exposure (notional)	-	-	33	224	23	280	

Note: Amounts are fair value per June 30, 2016; 104.7% fair value to amortized cost for corporate bonds

Fair value items

Impacted by alternative investments and hedge programs

Total of EUR (378) million

FV investments

EUR (14) million

FV hedging with
accounting match

EUR (283) million

Derivatives Δ : EUR 1,217m
Liability Δ : EUR (1,500)m

FV hedging without
accounting match

EUR (74) million

Derivatives Δ : EUR (139)m
Liability Δ : EUR 65m

FV other

EUR (7) million

Americas: (47)

- Alternative investments (-)
- Real estate (-)
- Credit derivatives (+)

Netherlands: 33

- Real estate (+)

US GMWB: (58)

- Interest rates (-)
- Equity (-)
- Other (-)

Netherlands guarantees: (225)

- Accounting mismatch on interest rate hedges (-)
- Tightened credit spreads (-)
- Other (+)

US macro hedging: (2)

- Equity (-)
- Interest rate hedges (+)
- Other (+)

Netherlands: (10)

- Longevity swap (-)
- Duration management (-)
- Other (+)

Holding: (46)

- Perpetual securities and LT debt (-)

UK: (16)

- Equity (-)

Other: (7)

- Chinese equity portfolio (-)
- VA Europe FX and hedge result (+)
- Other FV items (-)

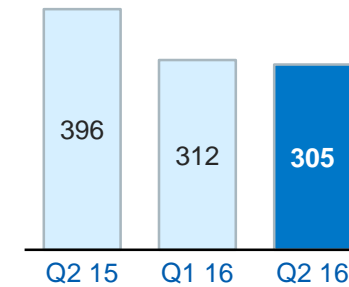
Underlying earnings

Declined to EUR 435 million

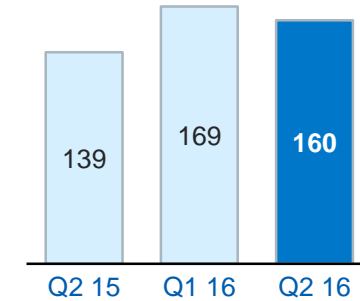
- Lower earnings in Americas as a result of adverse claims experience, lower earnings from VA due to reduction of closed block and lower margins and the recurring impact following assumption changes and model updates implemented in Q3 2015
- Earnings in Europe increased as a result of the write down of DPAC in the UK and normalization of surrenders in Poland
- Asia earnings declined due to increase in Aegon's strategic partnership in India from 26% to 49%
- Earnings in asset management decreased resulting from lower performance fees and adverse currency movements

Underlying earnings before tax

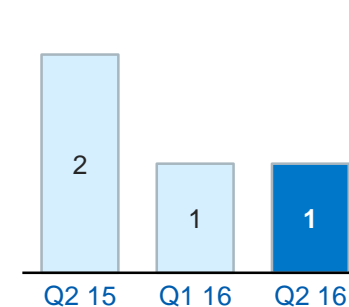
Americas
(USD million)



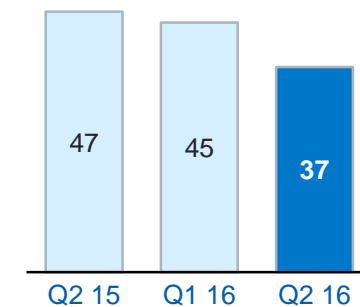
Europe
(EUR million)



Asia
(USD million)



Asset management
(EUR million)



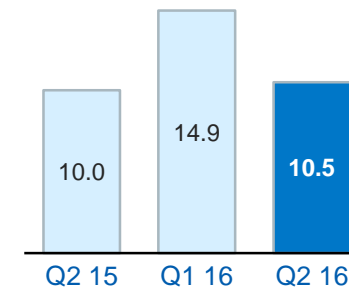
Gross deposits

Increased to EUR 23.0 billion

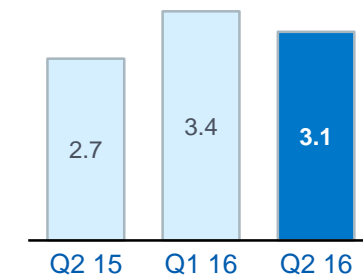
- Higher gross deposits in the Americas as a result of the acquisition of Mercer's DC business, partially offset by lower deposits in Variable Annuities
- Gross deposits in Europe up 13% due to continued strong performance from Knab and external growth of the platform business in the UK
- Gross deposits in Asia increased mainly driven by favorable currency movements
- Growth in third party gross flows in asset management increased by 68% as a result of higher recognized gross flows in AIFMC, higher gross inflows in the US and proportional inclusion of LBPAM

Gross deposits

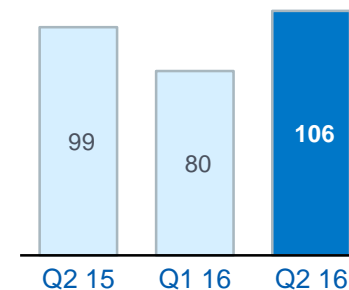
Americas
(USD billion)



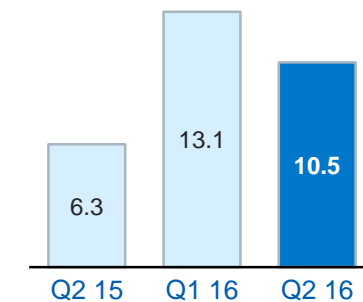
Europe
(EUR billion)



Asia
(USD million)



Asset management
(Third party; EUR billion)



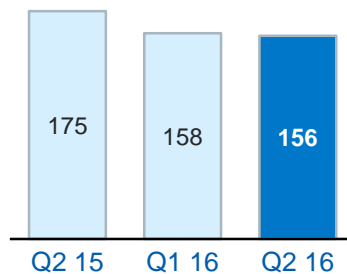
New life sales

Amounted to EUR 244 million

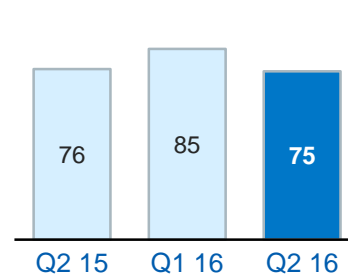
- New life sales in the Americas decreased, driven by all product categories
- New life sales in Europe were stable as higher sales in Turkey, Hungary and Spain were offset by lower sales in Poland and pensions in the Netherlands
- New life sales in Asia declined, as higher sales in strategic partnerships were more than offset by lower High Net Worth sales

New life sales

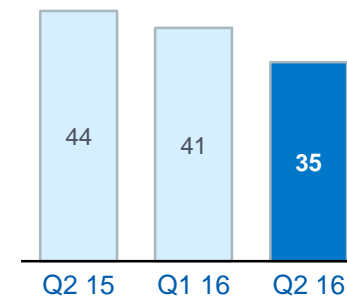
Americas
(USD million)



Europe
(EUR million)



Asia
(USD million)

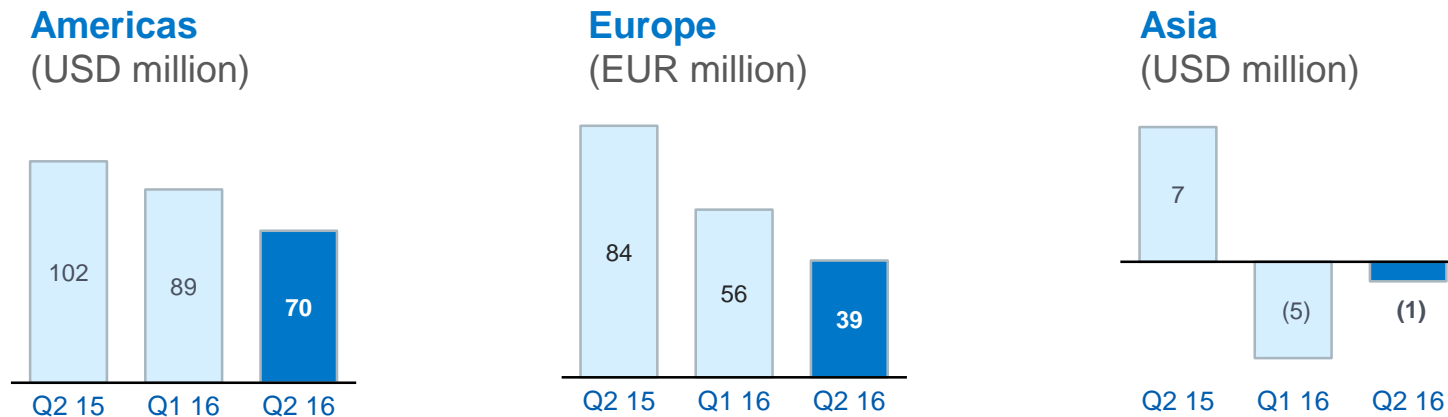


MCVNB of EUR 100 million

Impacted by margin pressure, low interest rates and methodology change

- Lower MCVNB in the Americas as a higher contribution from life insurance was more than offset by a lower contribution from Variable Annuities
- MCVNB in Europe down due to the exclusion of Aegon Bank in the Netherlands as of 2016
- MCVNB in Asia declined, driven by lower life sales and lower interest rates

Market consistent value of new business



Note: There is no MCVNB recognized on new Asset Management business

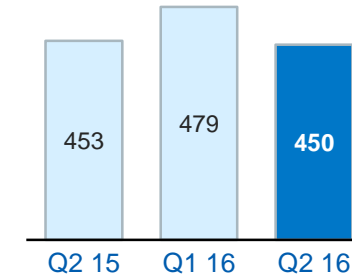
Operating expenses

Stable at EUR 926 million

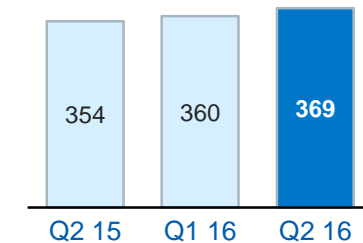
- Operating expenses in the Americas decreased, as the benefit of cost savings programs was partly offset by the Mercer acquisition and restructuring expenses
- Operating expenses in Europe were up due to higher Solvency II expenses in NL, higher IT costs and investment in growth of the business
- Increase in operating expenses in Asia driven by the increase in Aegon's stake in its strategic partnership in India from 26% to 49%
- Operating expenses in asset management declined as business growth investments and elevated employee expenses were more than offset by favorable currency movements

Operating expenses

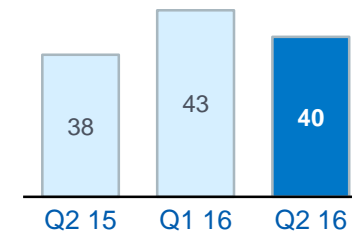
Americas
(USD million)



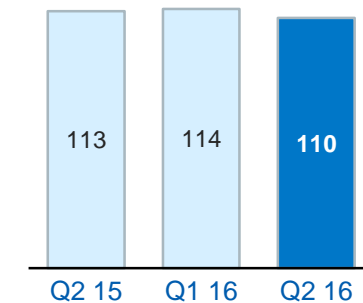
Europe
(EUR million)



Asia
(USD million)



Asset management
(EUR million)



Capital generation and capital buffer

Impacted by adverse financial markets

- Capital generation of EUR 0.3 billion, excluding market impacts of EUR (0.2) billion and one-time items of EUR 0.8 billion
- Capital buffer in the holding increased to EUR 1.1 billion driven by net dividends received from the units, partly offset by the second tranche of the share buyback and 2015 final cash dividend payment

Capital generation

(EUR billion)

Q2 16

Capital generation	0.9
Market impacts & one-time items	0.6
Capital generation excluding market impacts & one-time items	0.3
Holding funding & operating expenses	(0.1)
Free cash flow	0.2

Holding capital buffer development

(EUR billion)

Q1 16

Q2 16

	Q1 16	Q2 16
Starting position	1.4	1.0
Net dividends received from units	(0.1)	0.6
Acquisitions & divestments	-	-
Dividends & share buyback	(0.2)	(0.4)
Funding & operating expenses	(0.1)	(0.1)
Leverage issuances/redemptions	-	-
Other	(0.0)	0.0
Ending position	1.0	1.1

Capital allocated to run-off businesses

Further reduced in 2016

- Current capital allocated to run-off businesses of USD 1.3 billion
- Capital intensive run-off businesses negatively impact return on equity
 - Capital allocated to run-off businesses included in RoE calculations, but earnings are excluded
- Reduction of USD 0.3 billion of capital due to accounting change announced in January 2016
 - Part of the ambition to reduce capital allocated to run-off businesses by USD 1 billion by 2018

Allocated capital to run-off businesses

(USD billion)

	2012	2013	2014	2015	Q2 2016
▪ Payout annuities	0.5	0.5	0.4	0.4	0.4
▪ Institutional spread-based business	0.6	0.4	0.3	0.3	0.3
▪ BOLI/COLI	0.5	0.5	0.6	0.4	0.4
▪ Life reinsurance	1.1	0.7	0.6	0.6	0.3
	2.7	2.1	2.0	1.7	1.3

Main economic assumptions

Overall assumptions

	US	NL	UK
Exchange rate against euro	1.10	n.a.	0.71
Annual gross equity market return (price appreciation + dividends)	8%	7%	7%

Main assumptions for financial targets

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

Main assumptions for US DAC recoverability

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

Investing in Aegon

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

Aegon's ordinary shares

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

Aegon's New York Registry Shares

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

Aegon NYRS contact details

Broker contacts at Citibank:

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

AEG
 LISTED
 NYSE

Disclaimer

Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS financial measures: underlying earnings before tax, income tax, income before tax and market consistent value of new business. These non-IFRS 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 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, which are used to report Aegon's primary financial statements and should not be viewed as a substitute for IFRS financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Aegon believes that these non-IFRS measures, together with the IFRS information, provide meaningful information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business. In addition, return on equity is a ratio using a non-IFRS measure and is calculated by dividing the net underlying earnings after cost of leverage by the average shareholders' equity excluding the preferred shares, the revaluation reserve and the reserves related to defined benefit plans.

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 private sector securities and the resulting decline in the value of sovereign 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 also 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; and
- 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.

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.