

Aegon Ltd.

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| Anchor | a+ | + | Modifiers | 0 | = | SACP | a+ | |
| | ▲ | | | ▲ | | + | | |
| Business Risk | Strong | | | | | | | A+ / Stable / NR |
| Competitive position | Strong | | Governance | Neutral | | Support | 0 | Financial strength rating |
| IICRA | Low | | | | | | | |
| Financial Risk | Very Strong | | Liquidity | Exceptional | | Group support | 0 | |
| Capital and earnings | Very strong | | | | | | | BBB+ / Stable / A-2 |
| Risk exposure | Moderately low | | Comparable ratings analysis | 0 | | Government support | 0 | Holding company ICR |
| Funding structure | Neutral | | | | | | | |

IICRA--Insurance Industry And Country Risk Assessment.
SACP--Stand-alone credit profile.

Credit Highlights

| Overview | |
|--|--|
| Key strengths | Key risks |
| A strong presence in the U.S. that is aided by a well-recognized brand and is further fortified by an expanding presence in international markets. | A historically material difference between the aftertax operating result and the net result, due to restructuring costs and one-off items. |
| A very strong capital position under our capital model, accompanied by solid solvency ratios. | Weaker operating performance than peers', hindered by the current geopolitical backdrop. |
| An extensive hedging program, reinsurance transactions, and declining general account investments, with increasing resilience to market shocks. | Additional volatility from the equity stake in ASR Nederland N.V. and from high reliance on equity-like life reserves and hybrid capital. |

Aegon Ltd. will continue to benefit from its strong brand in its core markets and its wide product diversification, though its geographic diversity has weakened. Aegon holds a top-10 position in the U.S., via the Transamerica brand. In our view, Aegon's sale of much of its Netherlands operations to ASR Nederland N.V. weakened its geographic diversity and increased its overall business risk. Most of the group's business is now concentrated in the U.S., while its earnings from Europe are now limited to the U.K., Spain, an asset management business, and an equity stake in ASR. However, this was in line with the group's strategy to streamline its operations and sharpen its focus.

Aegon's diverse product segments and well-established retail distribution network differentiate it from its peers in the U.S. Through its subsidiaries, Aegon offers protection products, retirement solutions, and investments in the U.S. As part of its focused operating strategy announced in December 2020, the company discontinued new sales of some traditional variable annuities, long-term care, and fixed annuities. The company's well-entrenched distribution capabilities--because of its partnership and ownership in World Financial Group (WFG)--are pivotal to its aspiration of achieving leading positions in its target markets and product offerings.

Volatile operating performance weakens the company's competitiveness. The company's reported operating performance over the past few years has remained volatile and weaker than that of its similarly rated peers. However, the group has made strategic changes and continues to implement restructuring plans and risk management initiatives to improve its operating performance and strengthen its balance sheet.

Aegon maintains very strong capital and earnings. We expect Aegon to maintain its capital redundancy at the 99.99% confidence level of our risk-based capital model, and we don't see it adopting an aggressive capital, growth, or investment strategy. Offsetting our view of the group's capital strength is the potential capital volatility that can be induced by its strategic stake in ASR and the subdued operating performance.

Outlook: Stable

The stable outlook reflects our expectation that Aegon will maintain its strong competitive position with a balanced product portfolio, continued business growth, and stable operating capital generation. We also expect it to maintain capital adequacy above the excellent (or 99.99%) confidence level.

Downside scenario

We could lower the ratings over the next 12-24 months if, contrary to our expectations:

- Aegon has a sustained decline in operating performance or a significant loss of market position or brand strength that ultimately hurts its competitive edge; or
- The group adopts a more aggressive financial policy, causing capital adequacy to deteriorate to less than our 99.99% confidence threshold.

Upside scenario

We could raise our ratings on Aegon if the company demonstrates consistent and material improvement in its profitability relative to its higher-rated peers while maintaining its capital adequacy and effective risk management.

Assumptions

- Global GDP growth of 3.0% in 2025 and 3.1% in 2026
- U.S. GDP growth of 2.0% in 2025 and 2.0% in 2026
- Eurozone GDP growth of 1.2% in 2025 and 1.3% in 2026

Source: "Economic Research: Global Economic Outlook Q1 2025: Buckle Up," Nov. 27, 2024

| Aegon Ltd.--Key metrics | | | | | |
|--------------------------------------|-----------|-----------|------------|-----------|-----------|
| | 2026f | 2025f | 2024 | 2023 | 2022 |
| Insurance revenue (mil. €) | >11,000 | >11,000 | 9,841 | 10,386 | 11,251 |
| Net income (mil. €) | 850-1,000 | 750-850 | 676 | (199) | (990) |
| Return on shareholders' equity (%) | >8 | >8 | 8.9 | (2.4) | (9.6) |
| S&P Global Ratings' capital adequacy | Excellent | Excellent | Excellent* | Excellent | Excellent |

Aegon Ltd.--Key metrics (cont.)

| | 2026f | 2025f | 2024 | 2023 | 2022 |
|-------------------------|-------|-------|------|-------|-------|
| Fixed-charge coverage | >5 | >5 | 3.9 | (0.2) | (2.6) |
| Financial leverage (%)§ | <45 | <45 | 44.0 | 42.3 | 40.6 |

*Expected. §The calculation of the IFRS 17 leverage ratio doesn't include any benefit from the aftertax contractual service margin.
IFRS--International Financial Reporting Standards. f--S&P Global Ratings' forecast.

Business Risk Profile: Strong

Bermuda-based Aegon Ltd. is one of the world's largest insurance groups--with fully owned operations in the U.S. and U.K. as well as a global asset manager. Its sound reputation with respect to its life and pension products underpins its distribution power. The company also has insurance joint ventures in Spain, Portugal, China, and Brazil.

In the U.S., the Aegon group operates through Transamerica Life subsidiaries. Transamerica benefits from its diverse products, wide geographic footprint, and strong distribution capabilities. Its offerings include employee benefits, retirement plans, indexed universal life, term life, and whole life.

The company relies on its well-diversified distribution network, which includes career agencies, banking channels, and independent brokers. Its strategic alliance with WFG, an Aegon-owned multilevel marketing organization, has been instrumental in growing its indexed universal life business.

Over the past few years, the company has made investments to improve the customer service experience and the competitiveness of its products. This supported an increase in its products' market share at the WFG distribution level, to over 63% in fourth-quarter 2024.

The company also actively manages blocks of its legacy business (closed for new business), which are capital-intensive. They include fixed annuities, individual long-term care, and variable annuities with significant interest-rate-sensitive living and death benefit riders. The group classifies all of them as "financial assets."

In the U.K., Aegon is a leading investment platform, offering a diverse array of investment and retirement solutions for individuals, advisers, and employers. Aegon UK serves its clients through a blend of workplace and retail financial advisers. We believe the earnings contribution from the U.K. will keep increasing; in recent years, Aegon has invested heavily to transform its market position in the U.K. to that of a digital solutions provider.

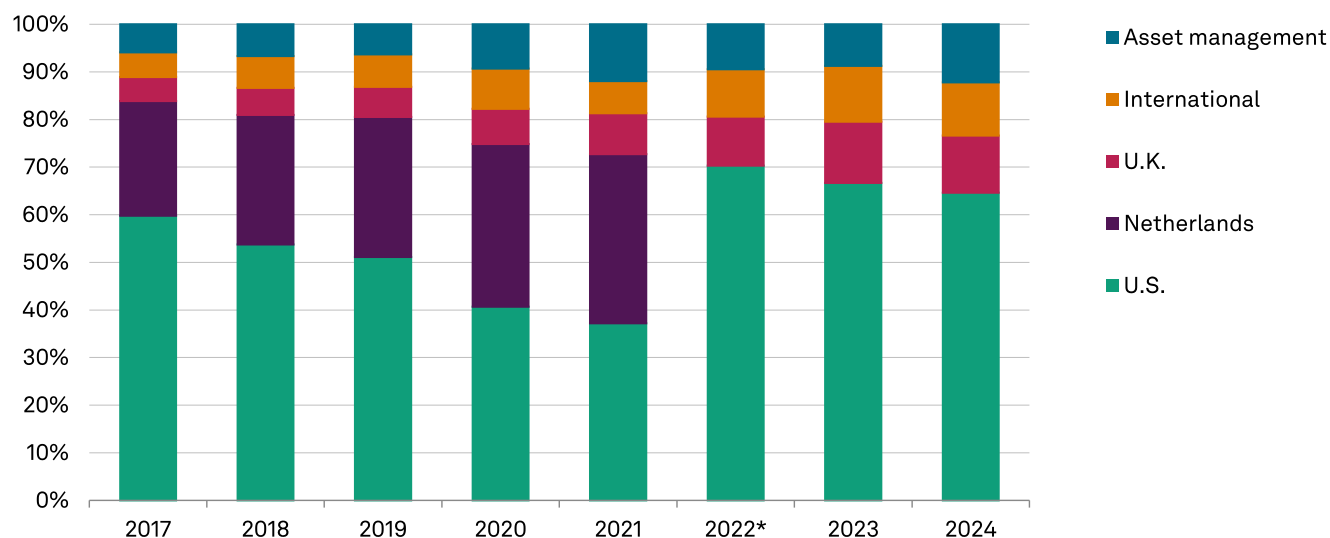
Aegon Asset Management (AAM) is a global investment management firm serving a diverse client base, including pension plans, public funds, insurance companies (including Aegon's subsidiaries and partners), banks, wealth managers, family offices, and foundations. AAM holds a 49% stake in Aegon-Industrial Fund Management Co. (a Shanghai-based asset manager) and a 25% stake in La Banque Postale Asset Management in France.

Over the past few years, as part of a strategic effort to streamline operations and refocus prospective growth, Aegon Ltd. sold noncore businesses and shrank its operating footprint. In 2023, the company completed the sale of its Dutch insurance and banking operations to ASR, as well as the sale of its Central and Eastern European business to Vienna Insurance Group AG. As part of its transaction with ASR, Aegon also acquired a 29.99% strategic stake in ASR and

provides it additional cashflows (as dividends).

Chart 1

The contribution to operating results from Aegon Ltd.'s U.S. operations was declining before the sale of its Dutch business



*Restated IFRS 17 numbers after the sale of the Dutch business. IFRS--International Financial Reporting Standards.

Source: S&P Global Ratings.

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In the past, Aegon was not able to convert its widely diversified market position into consistently strong earnings commensurate with its apparent market strength. However, significant competition, macroeconomic uncertainty, market volatility, and several one-off initiatives and expenses over past few years have hurt the company's profitability; its profitability remains subpar when compared with that of its similarly rated peers. For full-year 2024, Aegon reported a net profit of €676 million, an improvement from its net loss of €199 million in 2023.

We expect that Aegon's strategic initiatives--including a cost-saving program, the introduction of new products, a widening of distribution, and efforts to raise customer satisfaction--will support its prospective operating performance.

While higher interest rates give Aegon an opportunity to reduce reinvestment risk and improve profitability, they also increase the competitiveness of products. We expect the group to maintain its strong record of underwriting and pricing discipline in all of its products, and we expect it to take any corrective pricing actions that it needs to take to manage business viability and long-term profitability.

Financial Risk Profile: Very Strong

According to our risk-based capital model for 2023, Aegon's capital adequacy was redundant at the 99.99% confidence level, and we expect the group to maintain capital at this level in 2025-2027 while it prudently manages its shareholders' expectations. Our forecast doesn't assume any management actions like divestitures of business segments, reinsurance of blocks classified as financial assets, or acquisitions or new partnerships.

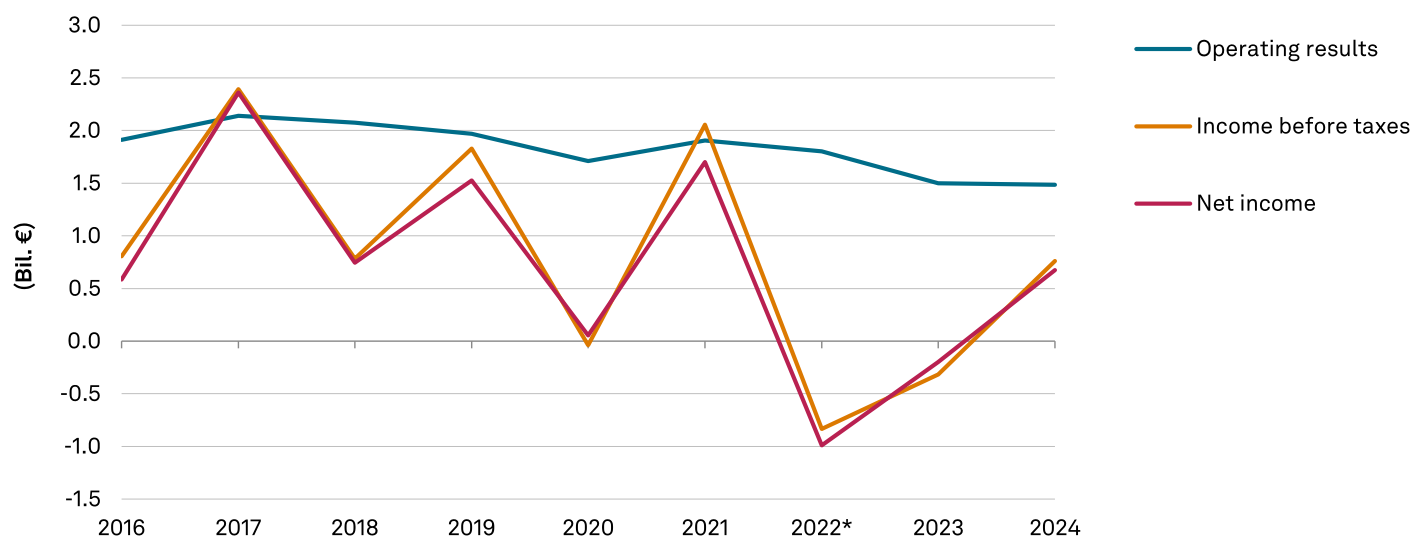
We continue to moderate our capital and earnings assessment by one category to reflect the potential volatility in Aegon's capital from the equity stake in ASR, as well as Aegon's historically subdued performance compared with peers'.

In September 2023, the group completed its re-domiciliation to Bermuda. The announced group supervision transfer to the Bermuda Monetary Authority in itself doesn't impact Aegon's credit strength, in our view (which is independent from the domicile of the insurer). The EU considers Bermuda's regulatory regime as equivalent to its own, a status granted under the Solvency II regime, as does the U.K. under its own Solvency U.K. regime.

Bermuda has also been designated a qualified jurisdiction and reciprocal jurisdiction by the National Assn. of Insurance Commissioners in the U.S.

Chart 2

A wide gap between operating results and net income makes Aegon Ltd.'s operating earnings volatile compared with those of its peers



*Restated IFRS 17 numbers after the sale of the Dutch business. IFRS--International Financial Reporting Standards.

Source: S&P Global Ratings.

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Aegon has managed its investment portfolio conservatively. Sector concentration is balanced, and exposures to individual counterparties are based on the rating on the counterparty. We assess the weighted-average quality of the fixed-income portfolio as being in the 'A' range.

The group's material obligations under its staff pension scheme, which create the potential for capital volatility, have been substantially de-risked. Aegon has extensive interest-rate and equity hedge programs to mitigate risks relating to general account products and products outside the general account with guarantees (such as variable annuities in the U.S.).

We consider foreign exchange risk to be low and limited primarily to translation risk in the income statement and balance sheet.

We think the group's financial leverage (based on reported shareholders' equity) will stay close to 40% in 2025-2027, and we expect its fixed-charge coverage to stay in the 6x-8x range. Our view of the group's funding structure, with stable operating cash flow and proven access to capital markets, is neutral to our rating. The group has gradually reduced its financial leverage, consistent with its leverage target, using the proceeds of recent sale transactions.

Other Credit Considerations

Governance

We believe the group's governance results in well-constructed financial policies and clear strategic priorities. Aegon has comprehensive financial standards and a wide-ranging, sophisticated set of risk-appetite statements. The granular operating plan implemented in 2020 and 2023 reflects the group's significant efforts to address the inherent volatility and capital intensiveness associated with some of its product offerings.

We continue to monitor the execution and implementation of the strategy, as well as the achievement of the consequent financial and strategic goals.

Liquidity

The group manages its liquidity position well by applying severe stress tests. Aegon also operates with a large cash balance and highly liquid Treasuries and agency securities in the U.S. to meet its liability requirements. In addition, Aegon maintains backup liquidity facilities in the form of committed credit lines.

Factors specific to the holding company

Irrespective of the group's domicile in the Bermudas, our issuer credit rating on Aegon Ltd. is three notches below the 'A+' financial strength rating on the Aegon group's core operating entities. This reflects the holding company's structural subordination to policyholders and the holding company's dependence on dividends from its U.S.-based operating subsidiaries to meet its financial obligations.

We generally see a high likelihood of regulatory restrictions in the U.S. We do not see a significant diversity of dividend sources from Aegon's subsidiaries, and we do not see a widespread contribution from different geographies globally, which would be a consideration for narrower holding-company notching.

We don't expect a change in the Solvency II treatment of Aegon's Solvency I hybrids, which have been grandfathered

in until year-end 2025, or in the treatment of its Solvency II hybrids. This is because Aegon expects its group solvency ratio and surplus under the Bermuda solvency framework to be broadly in line with those under the Solvency II framework during a transition period until the end of 2027. The regular Bermudian solvency framework applies thereafter.

The senior debt doesn't qualify for inclusion as part of the group's capital under our revised capital model criteria despite our view that regulatory restrictions to payments from operating companies to Aegon Ltd. are high. This is because Aegon does not receive any capital credit in its solvency calculations for its senior bonds.

Environmental, social, and governance

We consider Aegon's exposure to environmental and social risks to be in line with that of the insurance sector globally.

Accounting considerations

We base our analysis primarily on audited financial data prepared in accordance with the International Financial Reporting Standards (IFRS).

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Appendix

| Aegon Ltd.--Credit metrics history | | | |
|---|------------|-----------|-----------|
| | 2024 | 2023 | 2022 |
| S&P Global Ratings' capital adequacy | Excellent* | Excellent | Excellent |
| Total invested assets (mil. €) | 301,810 | 274,792 | 259,757 |
| Total shareholder equity (mil. €)§ | 7,436 | 7,678 | 9,058 |
| Insurance revenue (mil. €) | 9,841 | 10,386 | 11,251 |
| EBIT (mil. €) | 959 | (124) | (660) |
| Net income, attributable to all shareholders (mil. €) | 676 | (199) | (990) |
| Return on revenue (%) | 9.7 | (1.2) | (5.5) |
| Return on assets, including investment gains/losses (%) | 0.3 | 0.0 | (0.2) |
| Return on shareholders' equity, reported (%) | 8.9 | (2.4) | (9.6) |
| EBITDA fixed-charge coverage (x) | 3.9 | (0.2) | (2.6) |

Aegon Ltd.--Credit metrics history (cont.)

| | 2024 | 2023 | 2022 |
|---|------|---------|--------|
| EBIT fixed-charge coverage (x) | 3.6 | (0.5) | (2.9) |
| Financial obligations/EBITDA, adjusted | 5.5 | (106.6) | (10.3) |
| Financial leverage, including pension deficit as debt (%) | 44.0 | 42.3 | 40.6 |
| Net investment yield (%) | 0.2 | (0.2) | 0.4 |

*S&P Global Ratings' estimate. §Excludes hybrids included in equity.

Business And Financial Risk Matrix

| Business risk profile | Financial risk profile | | | | | | | |
|-----------------------|------------------------|-------------|----------|--------------|----------|----------|--------|------------|
| | Excellent | Very Strong | Strong | Satisfactory | Fair | Marginal | Weak | Vulnerable |
| Excellent | aa+ | aa | aa- | a+ | a- | bbb | bb+ | b+ |
| Very Strong | aa | aa/aa- | aa-/a+ | a+/a | a-/bbb+ | bbb/bbb- | bb+/bb | b+ |
| Strong | aa-/a+ | a+/a | a/a- | a-/bbb+ | bbb+/bbb | bbb-/bb+ | bb/bb- | b+/b |
| Satisfactory | a | a/a- | a-/bbb+ | bbb+/bbb | bbb/bbb- | bb+/bb | bb-/b+ | b/b- |
| Fair | a- | a-/bbb+ | bbb+/bbb | bbb/bbb- | bbb-/bb+ | bb/bb- | b+/b | b- |
| Weak | bbb+/bbb | bbb/bbb- | bbb-/bb+ | bb+/bb | bb/bb- | bb-/b+ | b/b- | b- |
| Vulnerable | bbb-/bb+ | bb+/bb | bb/bb- | bb-/b+ | b+/b | b/b- | b- | b- |

Note: Where table indicates two possible outcomes, we determine the anchor as follows: For financial risk profiles that we assess as satisfactory or stronger, we consider the relative strength of both the business risk and financial risk profiles within the cell. This is based on a holistic assessment of the relative strengths of the rating factors of the business risk profile and financial risk profile. For financial risk profiles that we assess as fair or weaker, we typically place more weight on the relative strength of the rating factors of the financial risk profile.

Ratings Detail (As Of March 28, 2025)***Aegon Ltd.**

| | |
|----------------------|-----------------|
| Issuer Credit Rating | BBB+/Stable/A-2 |
| Junior Subordinated | BB+ |
| Junior Subordinated | BBB- |
| Senior Unsecured | BBB+ |
| Subordinated | BBB- |

Related Entities**Scottish Equitable PLC**

| | |
|---------------------------|--------------|
| Financial Strength Rating | |
| Local Currency | A+/Stable/-- |

Transamerica Financial Life Insurance Co.

| | |
|---------------------------|--------------|
| Financial Strength Rating | |
| Local Currency | A+/Stable/NR |

| | |
|----------------------|--------------|
| Issuer Credit Rating | |
| Local Currency | A+/Stable/NR |

Transamerica Life (Bermuda) Ltd.

| | |
|---------------------------|--------------|
| Financial Strength Rating | |
| Local Currency | A+/Stable/-- |

Ratings Detail (As Of March 28, 2025)*(cont.)

Issuer Credit Rating

Local Currency

A+/Stable/--

Transamerica Life Insurance Co.

Financial Strength Rating

Local Currency

A+/Stable/NR

Issuer Credit Rating

Local Currency

A+/Stable/A-1+

Domicile

Bermuda

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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