

# Aegon Ltd. 'BBB+/A-2' Ratings Affirmed On Revision Of Equity Content Of Hybrid Instruments; Outlook Remains Stable

April 28, 2026

## Overview

- Aegon Funding Co. LLC plans to issue senior unsecured notes guaranteed by Aegon Ltd. and use the proceeds to replace securities that we view as hybrids.
- We no longer view the outstanding hybrid securities as permanent and are removing their equity content in our capital model.
- We assigned a 'BBB+' issue rating to the proposed notes and affirmed our foreign currency 'BBB+/A-2' issuer credit ratings on Aegon Ltd.
- The outlook remains stable and reflects our expectation that Aegon will maintain very strong capital and earnings, despite these anticipated changes in capital structure, and a strong competitive position in the U.S. life business and global asset management.

## Rating Action

On April 28, 2026, S&P Global Ratings affirmed its 'BBB+' long-term and A-2 short-term foreign currency issuer credit ratings on Aegon Ltd. The outlook remains stable.

We also assigned our 'BBB+' debt rating to Aegon Funding Co. LLC's planned senior unsecured guaranteed notes issuance due in 2036.

## Rationale

**The rating on the notes reflects their unsubordinated and unsecured nature, coupled with an unconditional and irrevocable guarantee by Aegon Ltd., the nonoperating holding company.**

The notes will rank at par among themselves and with all other present or future unsecured and unsubordinated obligations of the issuer and the guarantor. The rating is subject to confirmation of the final terms and conditions. The company intends to use the proceeds from this proposed issuance to redeem certain subordinated securities that we classify as hybrids, with the intention of not increasing its financial leverage.

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**We no longer view the outstanding hybrid securities as having intermediate equity content.**

Aegon Ltd. remains in a transitional phase as it advances its relocation of regulatory and legal domicile to the U.S. In line with its transformation into a U.S.-based life and retirement insurance group, the company is actively reviewing its capital structure to better align with U.S. peers, aiming to enhance efficiency and reduce costs. The planned redemption of subordinated securities using proceeds from new senior issuances is consistent with this strategy. Aegon undertook a similar transaction in 2024, which, in our view, raises questions about its commitment to maintaining long-term subordinated securities as a permanent part of its capital structure.

**We believe the group's capital adequacy continues to support its overall creditworthiness.**

Because we no longer consider the hybrid securities as having intermediate equity content, we will exclude these instruments from the company's total adjusted capital. Although this adjustment materially reduces the group's capital redundancy at the 99.99% confidence level in our capital model, we expect the group will maintain a comfortable redundancy at that level through the next two years. We think the group's financial leverage (based on reported shareholders' equity) will stay close to 40% in 2026-2028, and we expect its fixed-charge coverage to stay at 6x-8x. The change in our view of hybrid content does not affect our view of the company's business risk, governance, or liquidity. After the company completes its relocation to the U.S., we believe Aegon Ltd. will continue to uphold a stable capital structure.

**Our issuer credit rating on Aegon Ltd. is three notches below the 'A+' financial strength rating on the 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 do not include Aegon's senior unsecured debt in group capital since senior bonds receive no credit in the company's (current) regulatory risk-based capital ratios. Although we view upstream distributions from operating companies to Aegon as subject to material regulatory constraints, we don't assign capital credit to this instrument class. We will continue to monitor Aegon's efforts to redomicile to the U.S. and the transition to U.S. GAAP and reassess the admissibility of senior debt within our capital framework--subject to our tolerance for debt-funded capital--and any resulting impact on the capital position.

## Outlook

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 will maintain capital adequacy above the excellent (or 99.99%) confidence level through the next two years.

### 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 a level we expect will remain below our 99.99% confidence threshold.

### Upside scenario

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

**Rating Component Scores**

<b>Business Risk Profile</b>	<b>Strong</b>
Competitive position	Strong
IICRA	Low risk
<b>Financial Risk Profile</b>	<b>Very Strong</b>
Capital and earnings	Very strong
Risk exposure	Moderately low
Funding structure	Neutral
<b>Anchor</b>	<b>a+</b>
<b>Modifiers</b>	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
<b>Current Credit Rating</b>	
Local currency financial strength rating	A+/Stable/A-1+
Local currency issuer credit rating	BBB+/Stable/A-2

## Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 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
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Aegon Ltd.](#), April 6, 2026

## Ratings List

**Ratings List**

**Ratings Affirmed**

[Aegon Ltd.](#)

**Ratings List**

Issuer Credit Rating	BBB+/Stable/A-2
Foreign Currency	BBB+/Stable/A-2
Junior Subordinated	BBB-
Junior Subordinated	BB+

**Aegon Ltd.**

**AEGON Funding Co. LLC**

Senior Unsecured	BBB+
Subordinated	BBB-

**New Rating**

**AEGON Funding Co. LLC**

Senior Unsecured	BBB+
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