

# Strong foundations for growth



Helping people take responsibility for their financial future

Analyst & Investor Conference  
New York City – June 25, 2014

**Alex Wynaendts**

CEO



[aegon.com](http://aegon.com)

# Strong foundations for growth

- Well positioned to capture growth opportunities in all our markets
- Strong financial position enables Aegon to be on the front foot
- On track to achieve 2015 financial targets



# Well positioned to benefit from global trends



## Economic environment

- Reduced social benefits
- Changing demographics
- Volatile financial markets
- High growth of financial assets

**Helping people take responsibility for their financial future**

## Customer behavior

- Disintermediation, shift to do-it-yourself (UK, NL)
- Rising demand for transparent products
- Using workplace for insurance and savings
- Increasing awareness of retirement needs

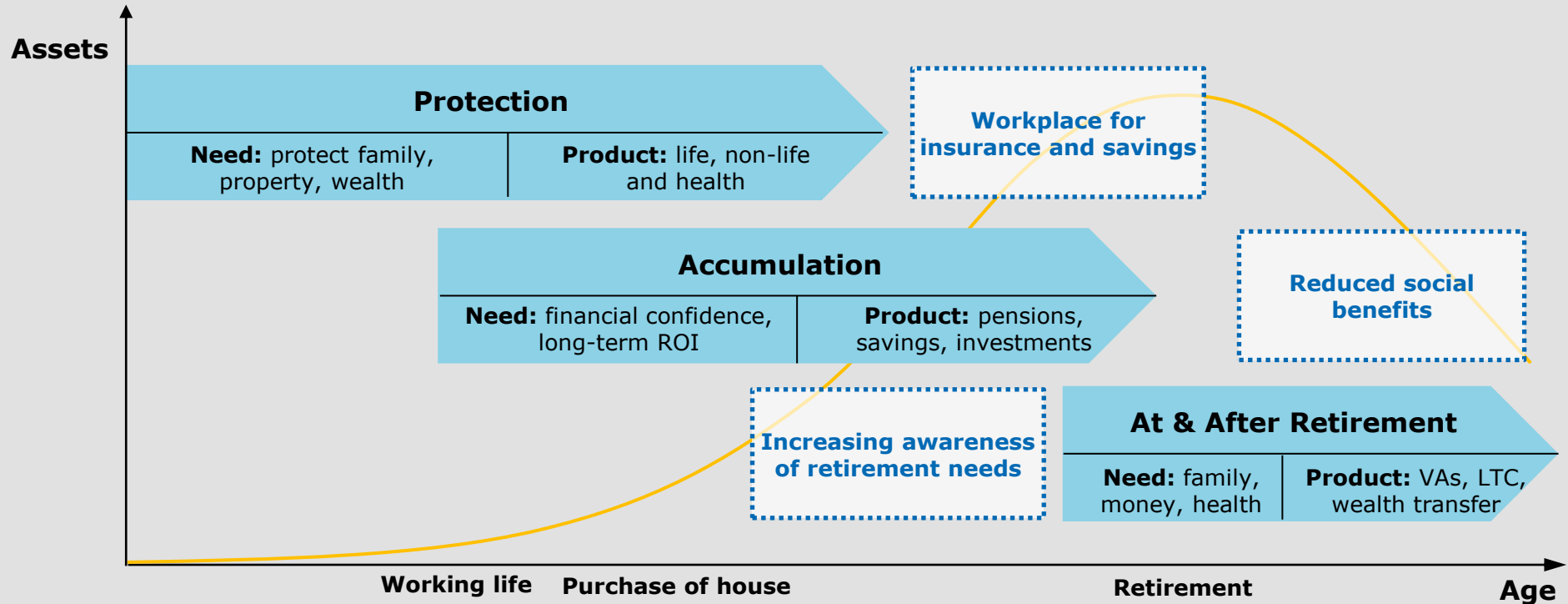
**Attractive propositions for customers**

## Regulatory changes

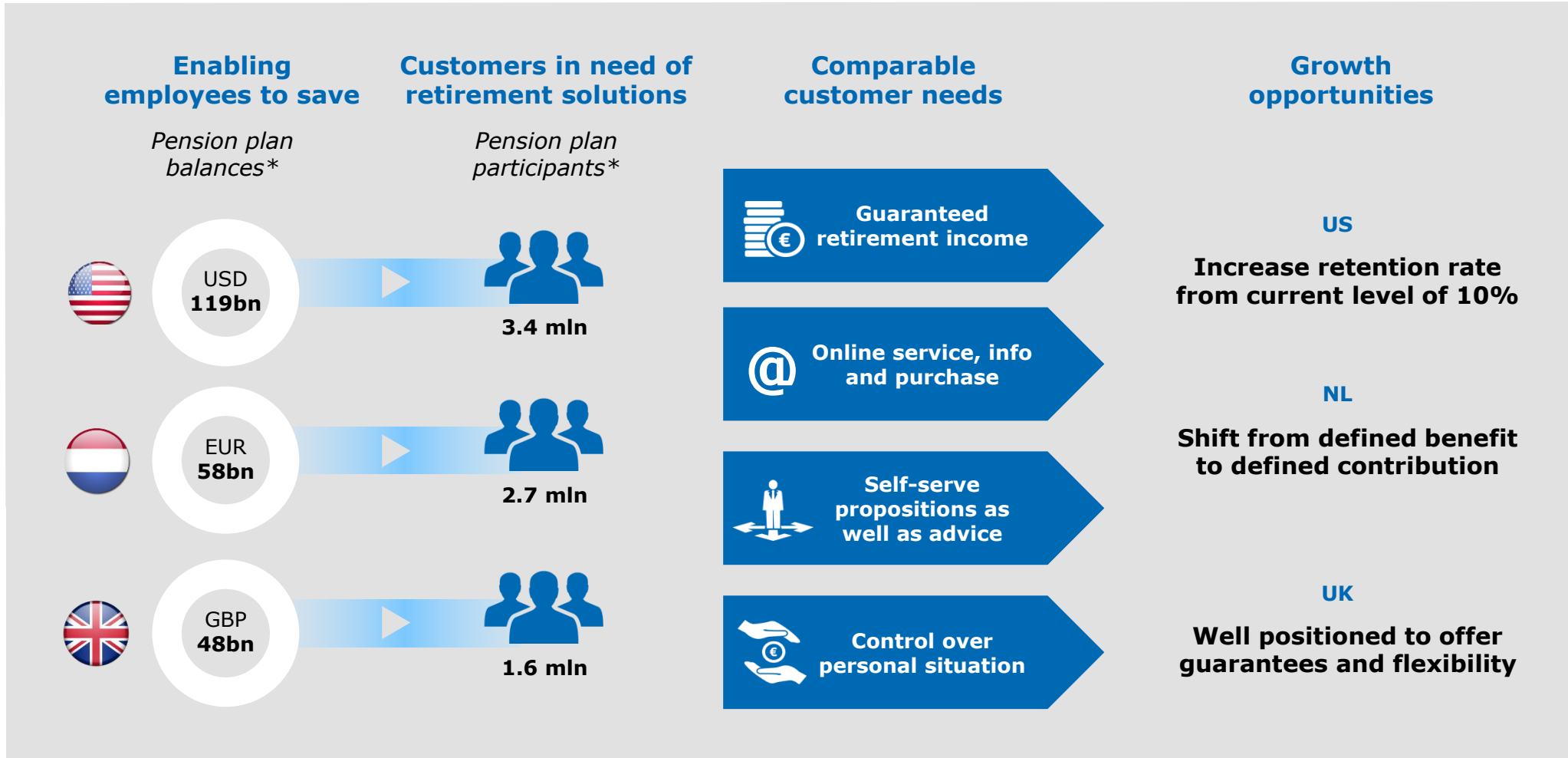
- Changing frameworks, including Solvency II
- Increased consumer protection
- Changes to fiscal incentives
- Ban on commissions in certain markets

**Diversified distribution and optimized product offering**

# Attractive propositions across the customer life cycle



# Focusing on pension participants to drive growth in established markets



\* Data per end 2013. The Netherlands data including TKP account balances and pension participants. Americas data excluding Stable Value Solution balances  
 Note: Retention rate is percentage of participant withdrawals retained through Aegon retirement products

# New Markets' strategy driving continued growth

Asia

Central &  
Eastern  
Europe

Latin  
America

Spain

- Focus on protection
  - ▶ Leadership in risk/rider products in key CEE markets
  - ▶ Strong growth in high-net-worth segments in Hong Kong and Singapore
- Expanded distribution
  - ▶ Successful Spanish joint-ventures with Santander
  - ▶ Continued growth of tied agent networks in CEE
- Direct propositions
  - ▶ Developing new online propositions in CEE following success in Hungary
  - ▶ Leader in Indian online term life insurance market

Asset  
Management

- Successfully growing share in US fund flows
- Expanding our third-party business

# Stepping up investments to accelerate execution of strategy

- Similar customer-centric investments across our markets
  - ▶ Creating awareness of retirement needs through retirement apps
  - ▶ Diversifying distribution through self-serve propositions
  - ▶ Enabling customers to access their products and transact online
- Investments enable Aegon to retain pension customers and their assets when they retire
  - ▶ Retiready (UK)
  - ▶ Your Financial Life (US)
  - ▶ Speel je toekomst (NL)



**US**  
**>800k participants created retirement outlooks**



**NL**  
**350k customers registered for MijnAegon.nl**



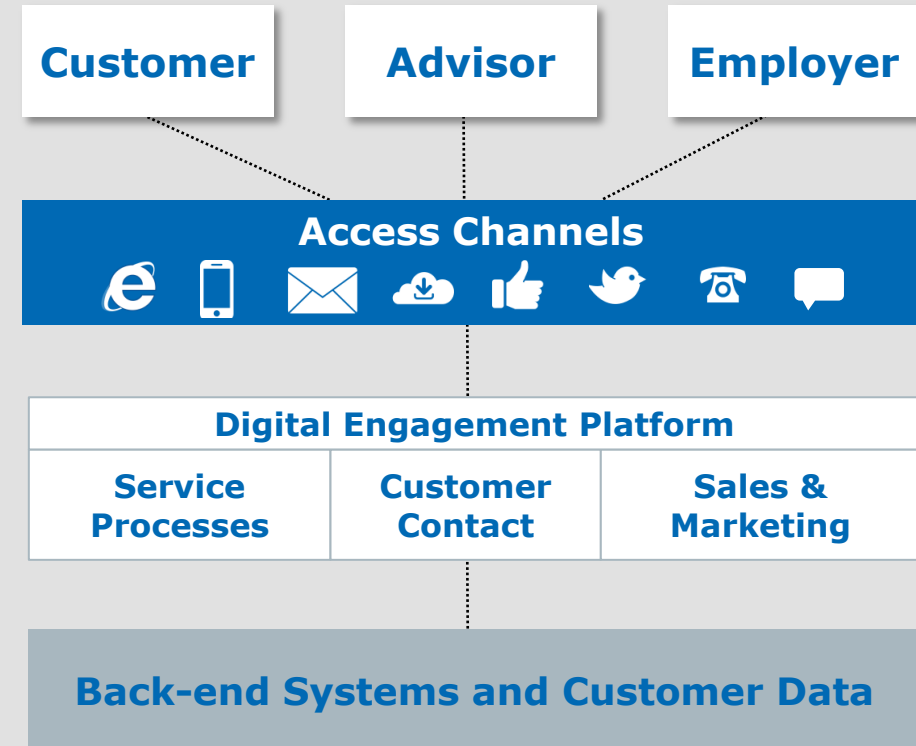
**UK**  
**Customers who consolidate assets have on average 80% higher AuM**



**India**  
**24% market share in online term life insurance**

# Digitizing from front to back office

- Digitizing platforms, processes and systems
  - ▶ Platforms to service all key counterparties
  - ▶ Digital processes allow for self-service
  - ▶ Enhanced data quality as a result of system improvements
  - ▶ Improving data analytics supplemented with big data
- Improved accessibility will lead to higher satisfaction and commercial effectiveness
  - ▶ Enabling customers to choose how they do business with us
  - ▶ Competing effectively with both existing players and new entrants
  - ▶ Improving customer satisfaction and retention



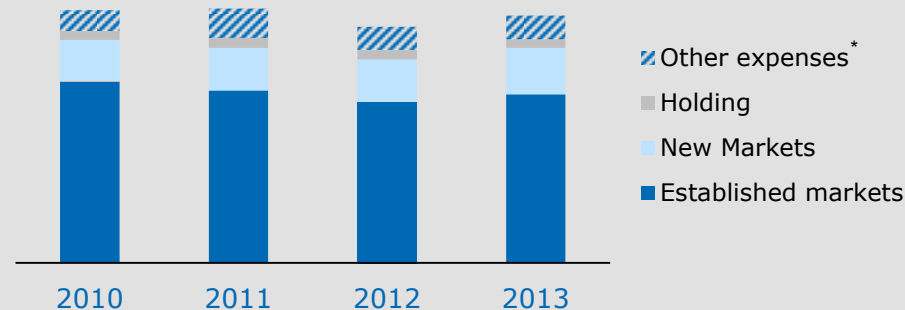


# Reducing expenses while growing and investing in our businesses

- Expense reduction primarily realized in established markets
  - Expenses increase in New Markets driven by business growth
- Expense savings create room to accelerate execution of strategy
  - Efficiency improved due to cost control and growth of our businesses

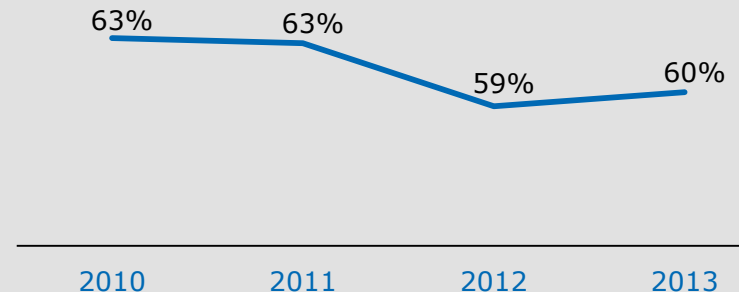
## Operating expenses reduced by 3%...

Established markets expenses down 7%



## ...while efficiency improved

OpEx / (OpEx + UEBT)

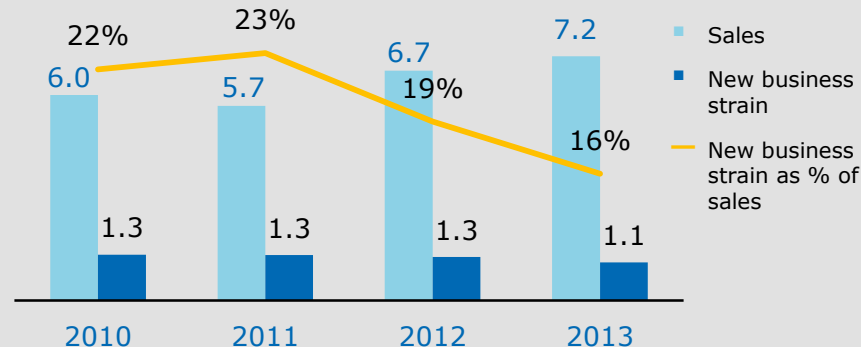


\* Other expenses include defined benefit expenses, restructuring charges, exchange rate impacts and expenses from run-off businesses  
Note: Operating expenses exclude 'other expenses' unless stated otherwise

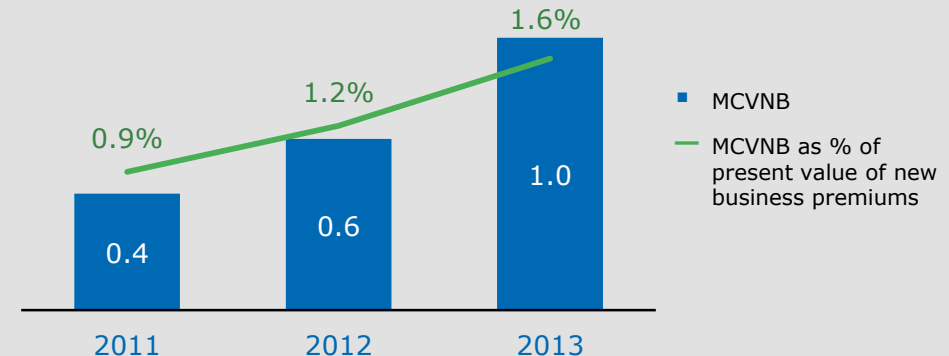
# Continuous profitable sales growth with lower capital intensity

- Strong sales growth with low new business strain as a result of strategic shift in business mix
  - ▶ Focus on fee-based products with lower investments in new business
  - ▶ Hedging of guarantees at point of sale leads to improved risk/return profile
- Significant rise in market consistent value of new business (MCVNB)
  - ▶ MCVNB driven by strong sales and improved margins

**Sales growth with lower new business strain**  
(EUR billion)



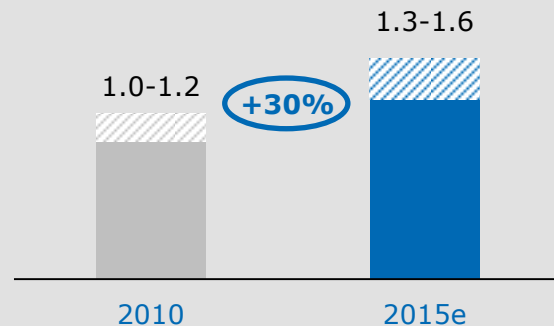
**Increased profitability of sales**  
(EUR billion)



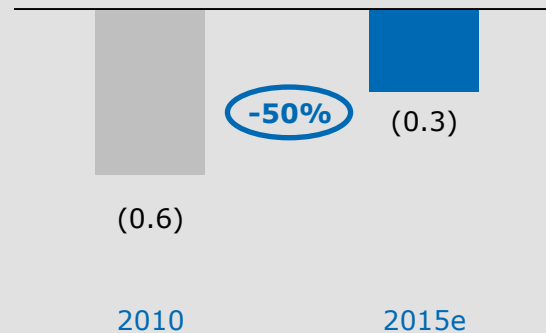
# Strong free cash flow growth

- Free cash flow up strongly as a result of higher operational free cash flow (OFCF) from business growth and lower holding expenses
  - OFCF growth from fee-based businesses more than offsets lower spread-related cash flows
  - Holding expenses halved as result of cost savings and capital management actions
- Currently, approximately 50% of our free cash flow is paid out to shareholders

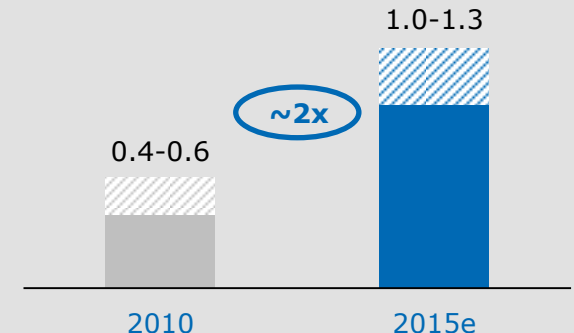
**Targeted growth of OFCF\***  
(EUR billion)



**Reduced holding expenses**  
(EUR billion)



**Doubling of free cash flow**  
(EUR billion)

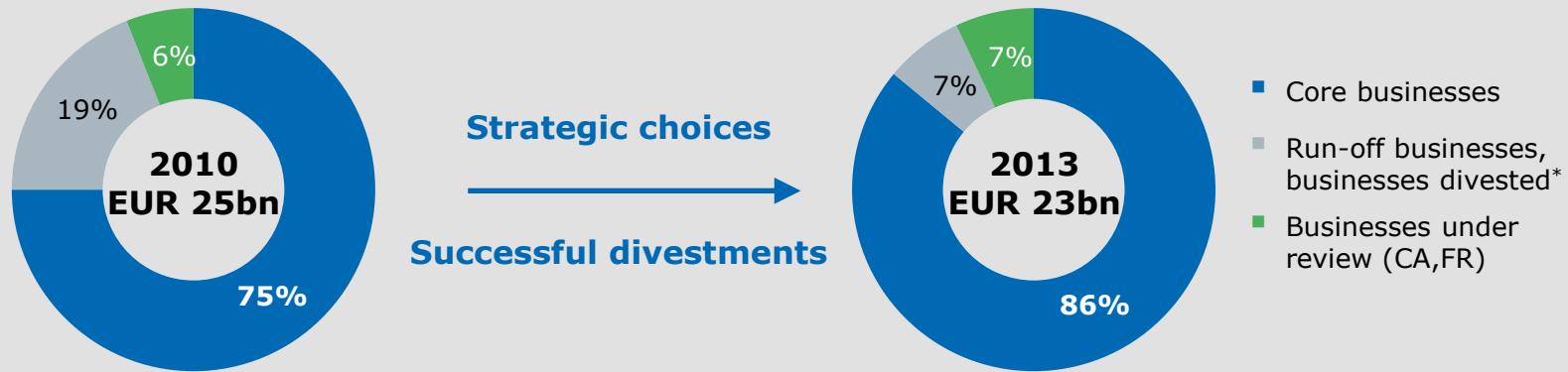


# Increasing share of capital allocated to core businesses

- Objective to further increase share of capital allocated to core businesses
  - Organic capital release from run-off businesses to continue
- Strategic review of activities in both Canada and France to be completed before year-end 2014
- EUR 2.4 billion of divestments since 2010 – on average completed at book value
- Capital allocated to run-off businesses reduced by EUR 1.1 billion since 2010

## Capital base optimization since 2010

(Capital invested in units)



\* Capital in the units per year-end 2010 includes book value of businesses divested since 2010

# Core businesses deliver attractive returns and drive cash flow growth

- Core businesses delivering return on equity within 2015 group target range
- Increase in cash flows will be driven by growth in core businesses
- Cash flows from run-off businesses expected to remain around current levels
  - Cash flows primarily driven by relatively stable decline of balances
  - Management actions could accelerate cash flow generation

## Solid RoE for core businesses

(%)



## Operational free cash flow split 2013

(EUR billion)



\* Impact of excluding net underlying earnings and capital for these businesses. Leverage allocated pro rata based on capital

\*\* Excluding market impact and one-time items

# Progress towards 2015 targets

**30-35%**

Fee-based earnings as % of underlying earnings by 2015

**€ 1.3-1.6**

Annual operational free cash flow by 2015\* in billions

**7-10%**

Grow underlying earnings on average per annum between 2012 and 2015

**10-12%**

Return on equity by 2015

**37%**

Q1 2014

**€ 1.3**

OFCF in trailing four quarters\* in billions

**7%**

Q1 2014 vs. Q1 2013

**8.4%**

Q1 2014 (9.1% excl. run-off capital)

See slide 24 for main economic assumptions

\* Excluding market impact and one-time items. Trailing four quarters OFCF corresponds with Free Cash Flow of EUR 0.9 billion

# Strong foundations for growth

- Well positioned to capture growth opportunities in all our markets
- Strong financial position enables Aegon to be on the front foot
- On track to achieve 2015 financial targets



# Break-out session: Aegon UK



Helping people take responsibility for their financial future

**Adrian Grace**

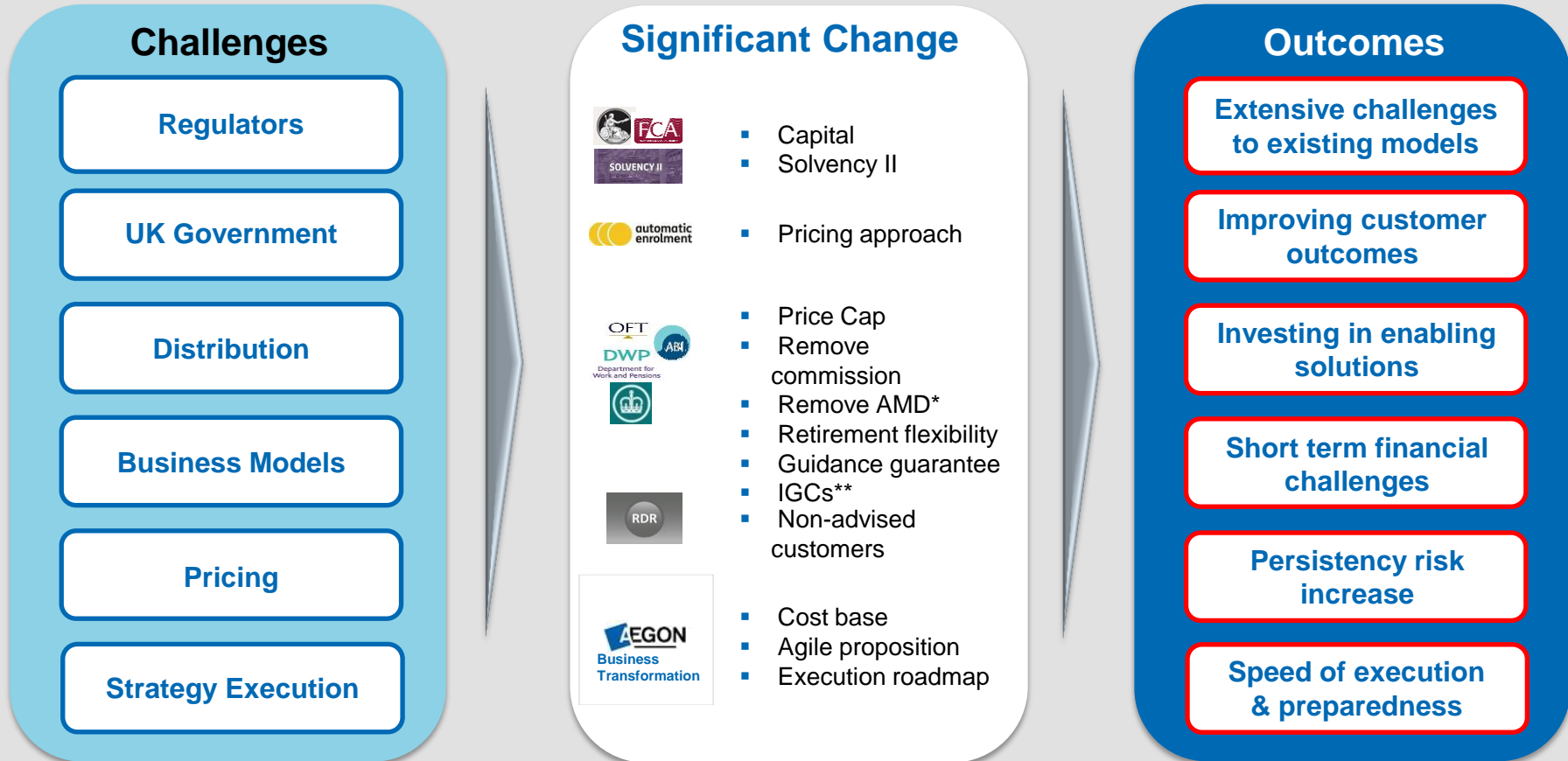
CEO UK  
Management Board Member



[aegon.com](http://aegon.com)



# Regulatory, Government and Market changes have challenged our strategy but it remains fundamentally strong



\*AMD = Active Member Discount

\*\* IGC = Independent Governance Committee

# Our customer-centric strategy is to use our platform to acquire, retain and consolidate in a very large market

## At Retirement



Ageing population with accumulated assets

- £820bn individual retirement assets
- £2bn of collective investments per annum
- AUK has less than 1% share of assets on platform

Proposition launched November 2011

## Non-Advised



Regulation creating under-served population of existing customers

- 840k existing customers
- £18bn of AUM with £90bn potential for consolidation of assets
- 33% of Retail attrition
- Less pressure on charges

Proposition launched March 2014

## Workplace Savings



Government requiring employees to be auto-enrolled

- £1.2trn pension assets
- 6-9 million new savers under auto-enrolment
- £2.6bn net revenue from DC pension by 2022

Proposition launched June 2012

Access to valuable customers

Access to valuable customers

### Clear customer promise



### Compelling customer solutions



### Award winning platform

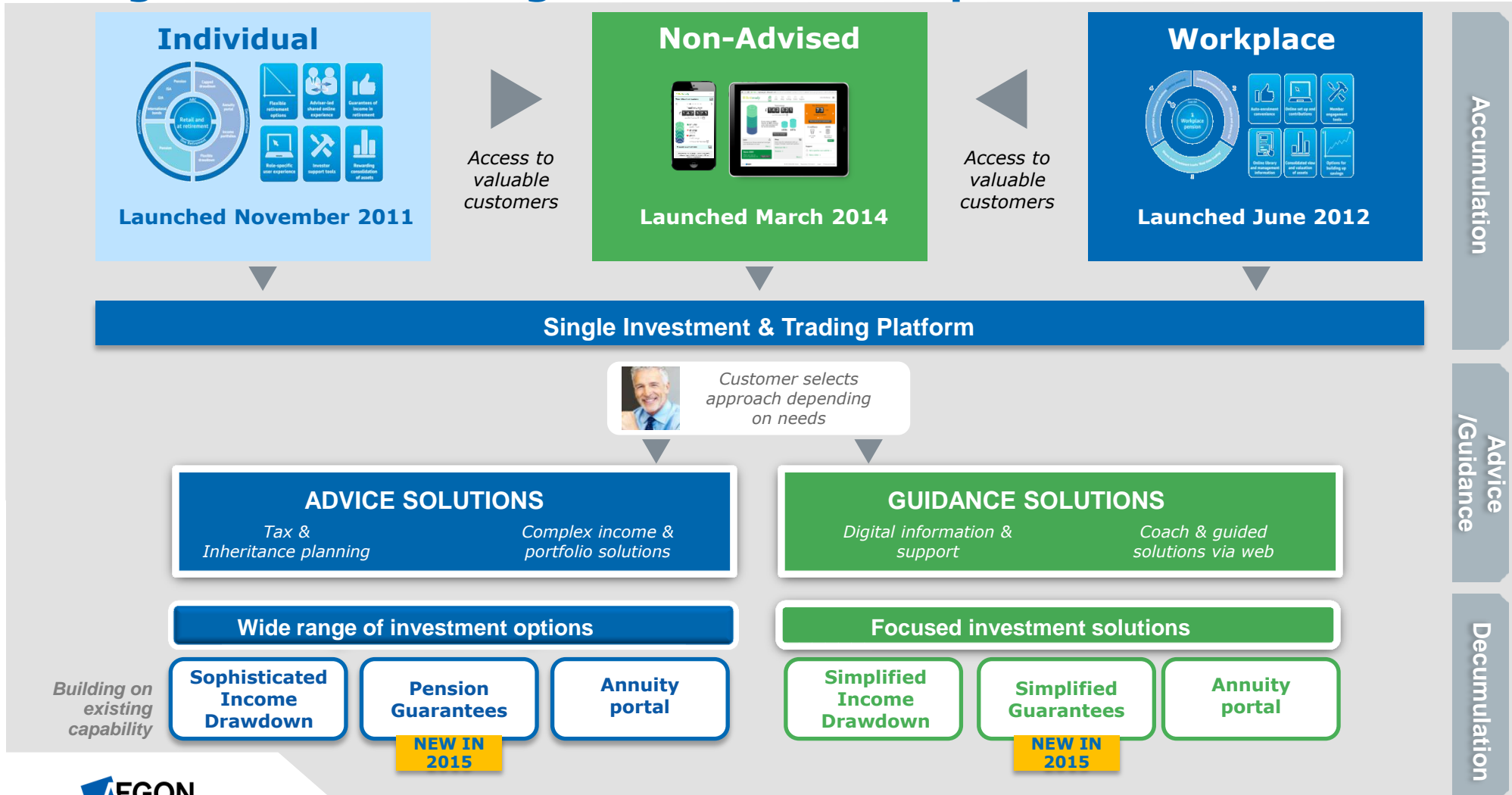


### Focused & consistent strategy

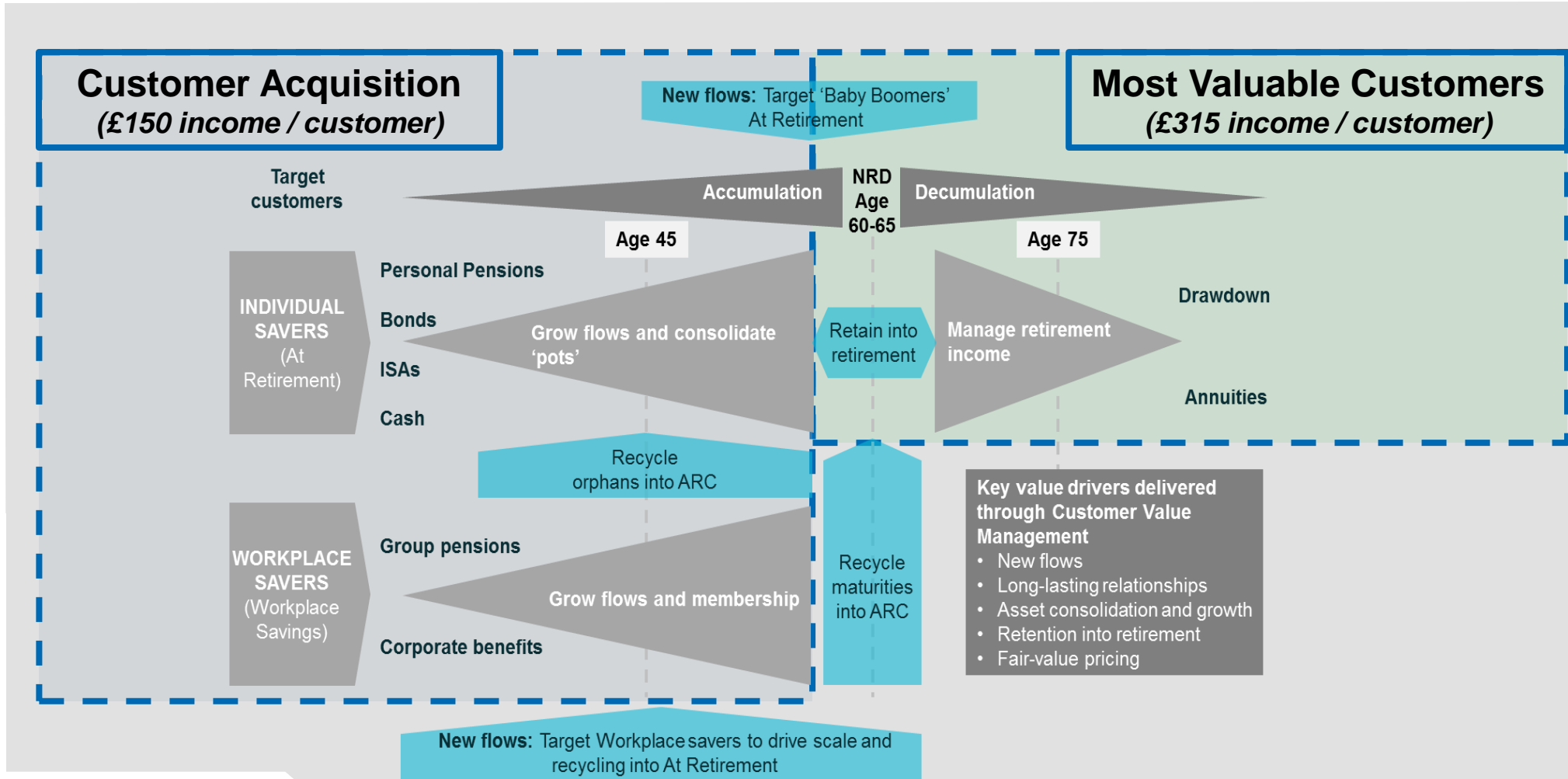
Acquire  
Retain  
Consolidate

To grow assets & margin

# We offer a complete and integrated solution “to and through” retirement regardless of advice preference



# We understand our valuable customers and their lifecycle



# Our competitive strengths



## Platform

Award winning, market leading\* integrated platform covering Workplace, At Retirement and the Non-Advised markets

Flexible accumulation through to decumulation solution achieved through a single platform

Integrated solution regardless of advice preference

State of art technology enabling straight through processing

"Retiready" launched for Non-Advised customers

70% of target proposition is live (including Drawdown and Guarantee) with improvements planned in 2014 and 2015



## Leveraging Existing Assets

Pension assets represent c30% of a customers share of wallet. c70% of assets are available to target

1.2m existing customers are ready to upgrade to the new platform

Opportunity to grow is significant - Aegon UK 5% market share

Cost synergies as we transition to Platform model

Established strong scale presence in the Workplace and Intermediary markets



## Delivery Capability

Established management team

Able to adapt quickly to market, government and regulator challenges

Simplified operating model (2 core platforms)

Established track record for delivery and speed of execution

Innovations in price, investments and brand awareness

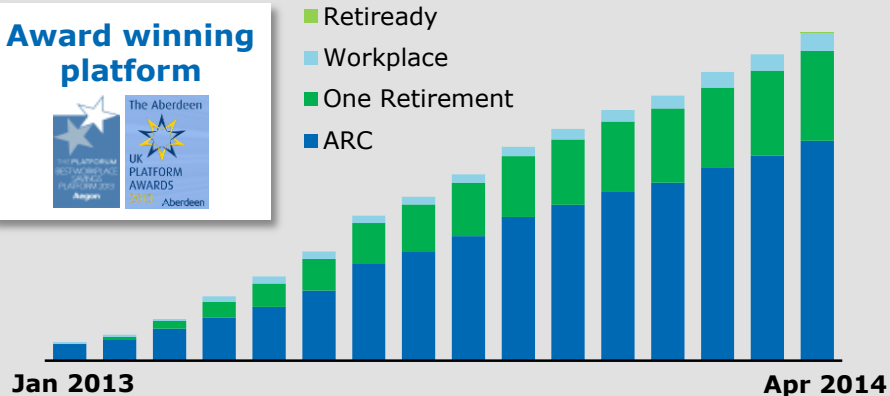
\* Source - Platformum

# A strong, growing platform attracting valuable business

## Fast growing platform



- Retiready
- Workplace
- One Retirement
- ARC



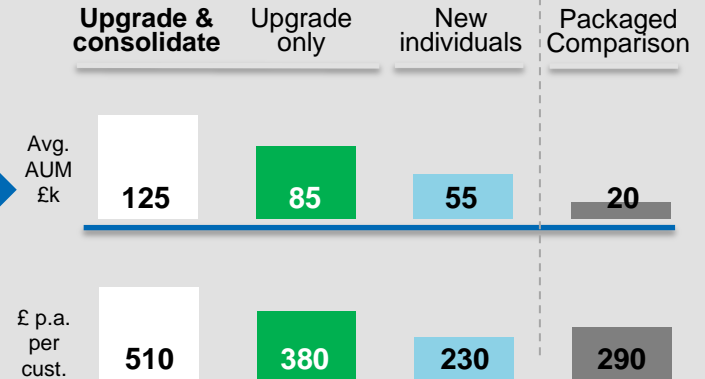
- ✓ Fastest growing platform in the market in Q4 2013 (source: The Platform)
- ✓ Awarded major industry award Best Workplace platform (Platform) for second year running
- ✓ Awarded Best New Platform and Best Use of Platform Technology (Aberdeen Platform Awards)
- ✓ More than 1,400 advisers using the platform

## The Platform attracts and retains valuable customers

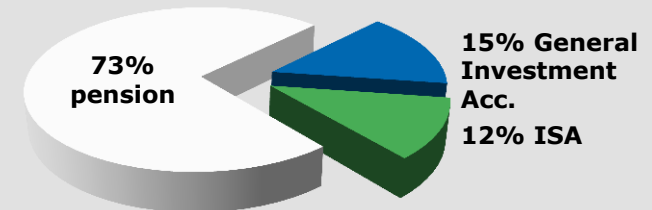
Attract

70% of platform customers are new to Aegon

Retain & Consolidate



Diversify



Note 1: excludes Workplace

# Appendix





# Main economic assumptions

## Main US economic assumptions

- 10-year US Treasury assumed to grade over ten years to 4.25%
- Credit spreads are assumed to grade over two years to 110 bps
- Bond funds are assumed to return 4% for 10 years and 6% thereafter
- Money market rates are assumed to remain flat at 0.1% for two years followed by a 3-year grading to 3%
- Annual gross equity market returns of 8% (price appreciation + dividends)

Assumptions	NL	UK
10-year interest rate	2.5%	2.9%
3-month interest rate	0.3%	0.4%
Annual gross equity market return (price appreciation + dividends)	7%	7%
EUR/USD rate of 1.35		
EUR/GBP rate of 0.84		



# Thank you



Helping people take responsibility for their financial future

**For questions please contact**

**Investor Relations**

+31 70 344 8305

[ir@aegon.com](mailto:ir@aegon.com)

P.O. Box 85

2501 CB The Hague

The Netherlands



# Disclaimers

## Cautionary note regarding non-IFRS measures

This document includes the 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 its 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-GAAP 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 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 or the potential independence of Scotland from the United Kingdom
- 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, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- 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, may affect Aegon's reported results and shareholders' equity;
- 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 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.

# Financial strategy and risk update



Helping people take responsibility for their financial future

Analyst & Investor Conference  
New York City – June 25, 2014

**Darryl Button**

CFO

**Tom Grondin**

CRO



[aegon.com](http://aegon.com)

# Key messages

- Strong enterprise risk management key to long-term success
- Disciplined capital management
  - ▶ Cash flow generation driving capital deployment
  - ▶ Capital deployment plan update
  - ▶ Solvency II implementation on track, uncertainties remain
- On track to achieve financial 2015 targets



# Key elements of Aegon's approach to risk management

**A successful financial and business strategy begins with a comprehensive approach to risk management and strong embedding into key business processes**





# Risk strategy guides decision making

## Risk Strategy

- Risk strategy provides group-wide framework that drives risk taking decisions
- Each risk assessed for strategic fit
- Hedging programs designed based on targeted risk profile



# Risk tolerance takes all constraints into consideration



## Risk Tolerance

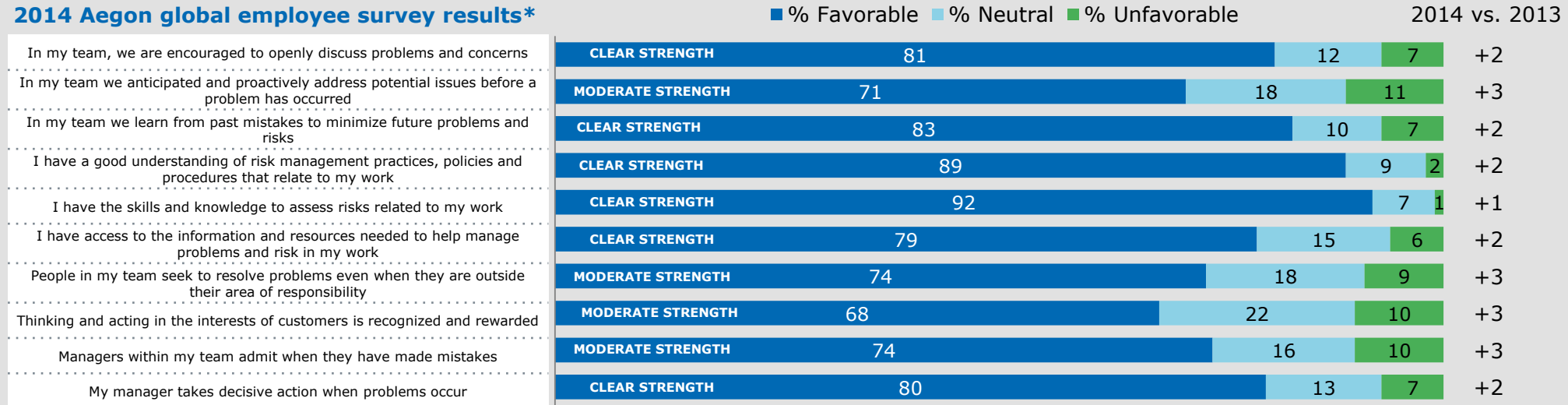
Focal area	Purpose	Description
<b>Financial Strength</b>	Supports strategy to compete in local and international markets	Assessment of capital adequacy
<b>Continuity</b>	Demonstrates ability to fulfill commitments to stakeholders	Extreme event test of capitalization
<b>Culture</b>	Sends a strong message on desired risk culture	Quantitative and qualitative statements set the tone for operational risk tolerance
<b>Risk Balance</b>	Encourages diversification and steering of risk preference	Assessment of each risk type compared to risk strategy resulting in targeted risk profile

# Promoting a culture of risk management at all levels



- Environment where all are accountable for managing risk
- All employees encouraged to raise issues and concerns with emphasis on ensuring customers are treated fairly
- Remuneration framework discourages excessive risk taking and rewards consideration of long-term stakeholder interests

## 2014 Aegon global employee survey results\*

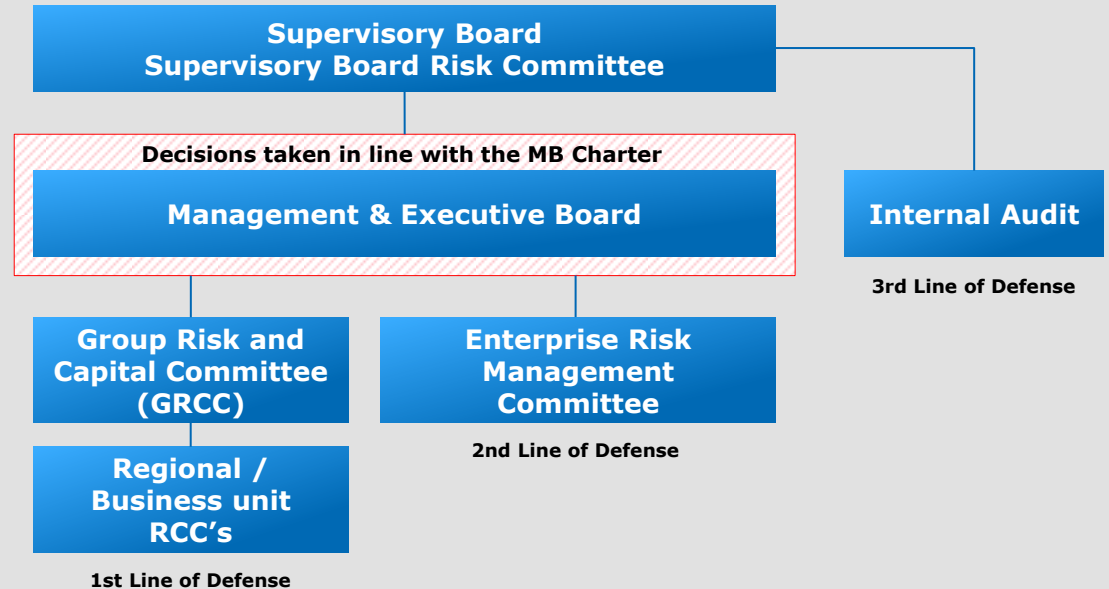
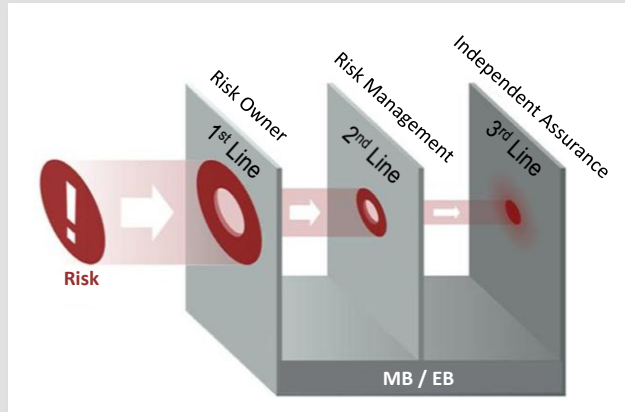




# Risk governance and control based on 3 lines of defense



- All levels of the organization represented in Aegon's risk governance framework
- Based on 3 lines of defense
- Ensures coherent and integrated approach to risk management



# Strategic risk management surrounds all aspects of the business

- Corporate strategy
  - Business development
  - Mergers, acquisitions and divestments
- Balance sheet management (ALM)
- Capital management
  - Balancing leverage and returns
  - Managing capital through various cycles
- Pricing & product development
  - Customer needs matched with our competencies
  - Risks we can manage and risks we want
  - CFO/CRO certification
  - Embedded market conduct principles
  - All stakeholders considered



## Important client considerations

Identify client need and value added

Identify target market for which the product is suited

Make as simple as possible while meeting customer demand

Ensure product transparency (options, benefits, charges)

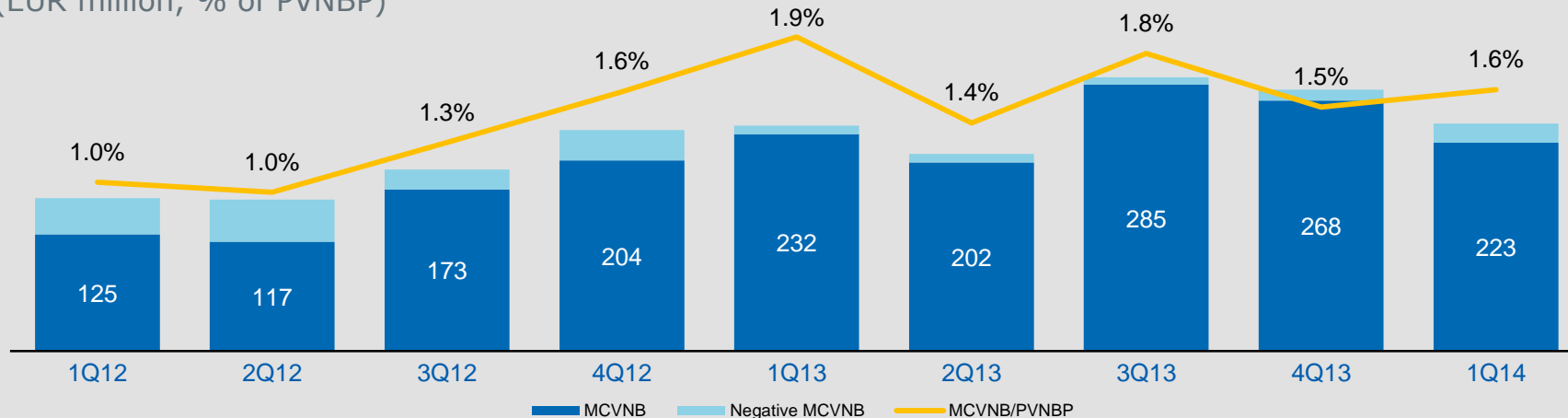
Ensure servicing capability and operational management

Ensure fair, cost-efficient and competitive price for client

# Actively managed pricing policy yields results

## Market consistent value of new business

(EUR million, % of PVNBP)



## Key actions taken to manage profitability

- Ireland: Variable annuities (re-priced)
- US: Fixed annuities (de-emphasized)
- India: Money Back Plus Plan (terminated)
- Canada: Segregated funds (terminated)
- NL: Disability protection (re-priced)
- Asia: UL secondary guarantee (revised)
- US: UL secondary guarantee (revised)
- US: Long term care (revised)
- NL: P&C (distribution adjusted)
- US: A&H (distribution adjusted)
- US: Variable annuities (revised)

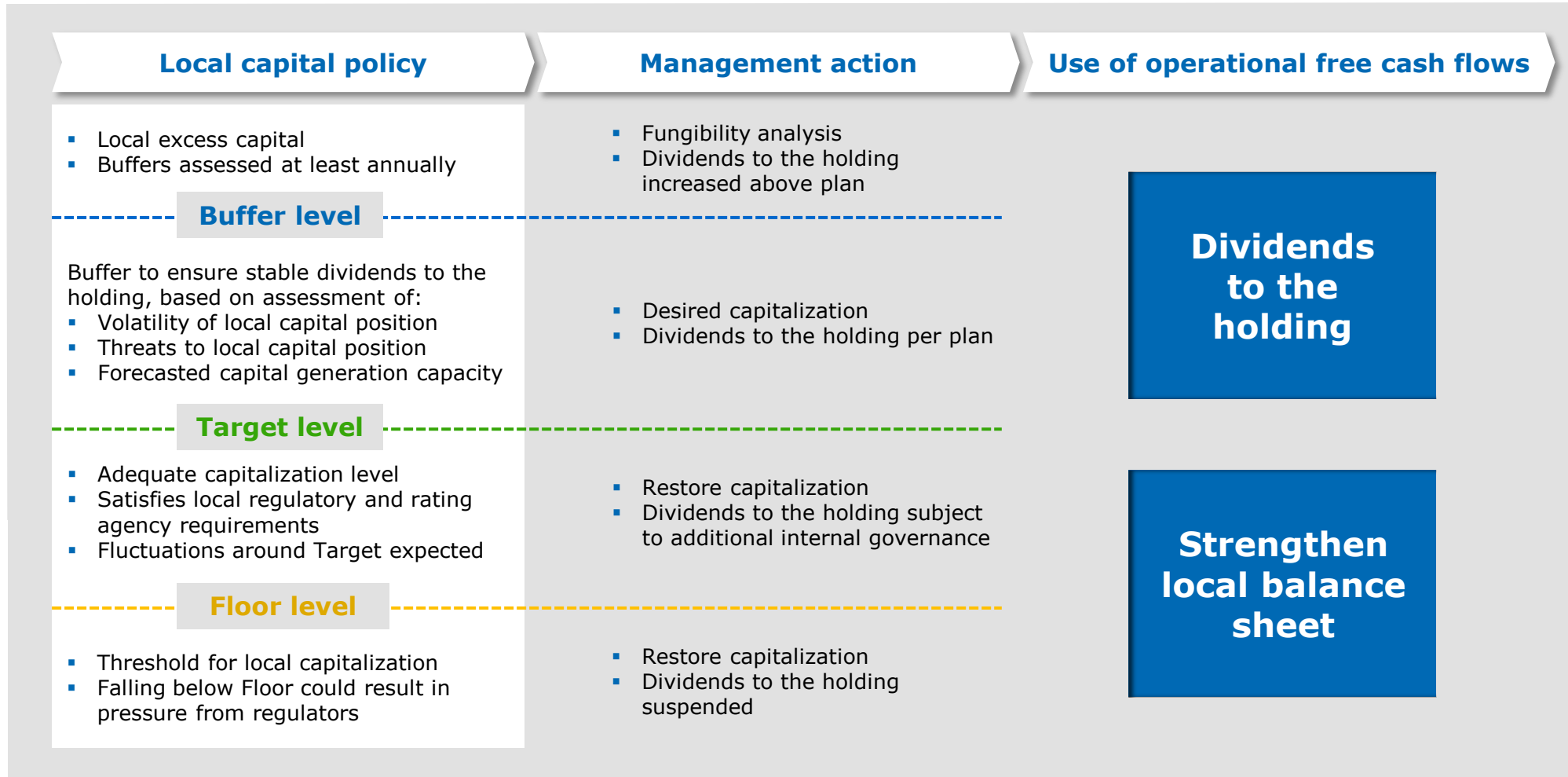


# Risk adjusted remuneration providing right incentives

## Risk Adjusted Remuneration

Focal area	Purpose	Description
<b>Balanced target setting</b>	Ensures effective risk management as an integral part of target setting	<ul style="list-style-type: none"><li>▪ Balance of risk-based financial and non-financial performance targets</li><li>▪ Aligned with risk strategy and tolerance</li></ul>
<b>Continuity</b>	Supports and aligned with desired risk culture	<ul style="list-style-type: none"><li>▪ Encourages balanced risk management</li><li>▪ Promotes early and effective management of issues</li><li>▪ Supports accountability</li></ul>
<b>Culture</b>	Remuneration balanced between short and long term goals	<ul style="list-style-type: none"><li>▪ Deferred variable remuneration promotes long term focus</li></ul>
<b>Challenge &amp; oversight</b>	Framework overseen and challenged by all 3 lines of defense	<ul style="list-style-type: none"><li>▪ Management sets targets</li><li>▪ Challenged by Risk team</li><li>▪ Overseen by Internal Audit</li></ul>

# Disciplined capital management policy



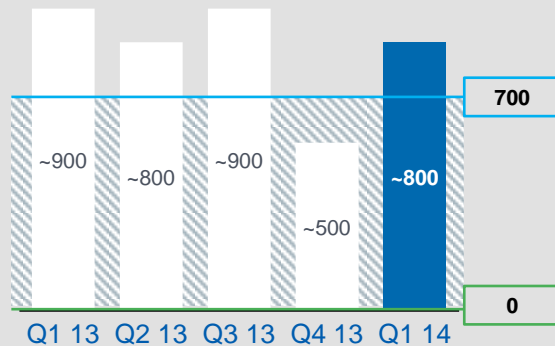
*Dividends from subsidiaries to the holding may be subject to regulatory approval*

# Maintaining strong capitalization levels across the group

- Q1 2014 group IGD solvency ratio of ~212%
- USD ~800 million above S&P AA level in the United States
  - NAIC RBC ratio well above 450%
  - USD 600 million dividend paid to the holding in Q2 2014
- IGD solvency ratio in the Netherlands and the UK at desired levels

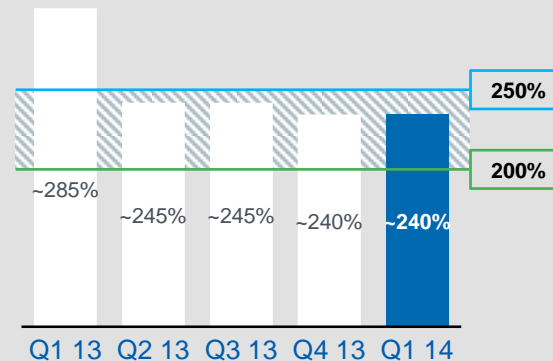
## United States

(USD million over S&P AA)



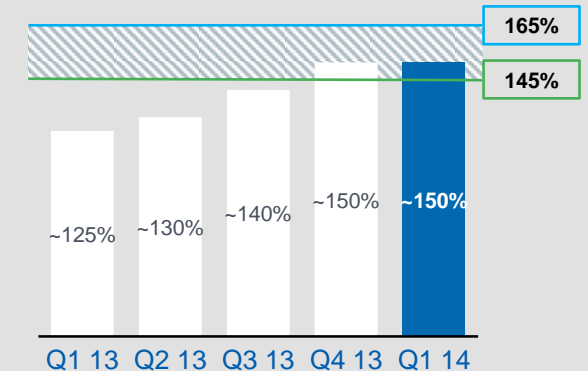
## The Netherlands

(IGD ratio ex. Bank)



## United Kingdom

(Pillar 1 ratio incl. with profit fund\*)



# Operational free cash flows reflect strong capital generation

- 2013 operational free cash flows in target range of EUR 1.3 - 1.6 billion
- Americas and the Netherlands expected to remain stable
- UK cash flow target of GBP 150 – 200 million in 2015 on reduced commissions, cost reductions, lower investments and wind-down of securitization repayments
- New Markets contributing to increasing operational free cash flow going forward

## Strong cash flows at the units...

(EUR billion)

	2013
Americas	0.8
Netherlands	0.3
United Kingdom	0.1
New Markets	0.1
<b>Normalized operational free cash flow</b>	<b>1.3</b>
Market impacts & one-time items	0.2
<b>Operational free cash flow</b>	<b>1.5</b>

## ... translate into dividends to the holding

(EUR billion)

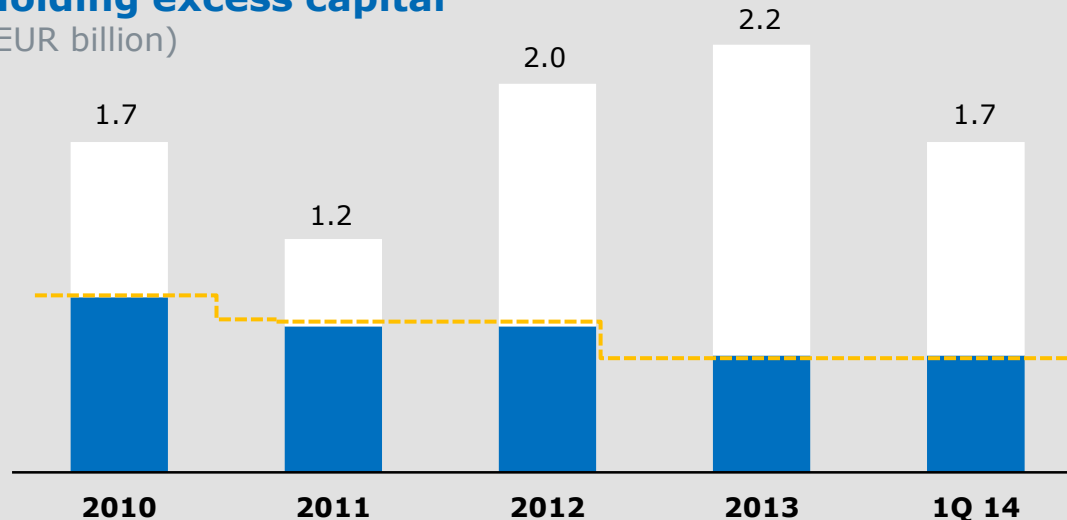
	2013
Americas	0.9
Netherlands	0.5
United Kingdom	0.0
New Markets	0.1
<b>Dividends to the holding</b>	<b>1.5</b>

# Holding excess capital ensures flexibility

- Lower leverage and holding expenses reduce holding excess capital floor level
- Capital above the floor level available to support units during stress events, provide stability of common dividends and accelerated deployment
- Elevated holding excess capital expected while Solvency II remains unclear

## Holding excess capital

(EUR billion)



- Capital available for accelerated deployment
  - Stability of dividends
  - Capital support for businesses during stress
- Floor level: EUR 0.6b**
- 1.5x annual holding costs of EUR ~0.4 billion

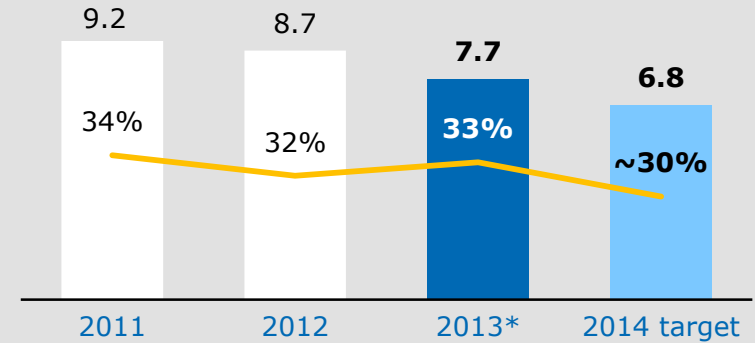


# Reduced leverage improving financial flexibility

- Over EUR 2.0 billion of deleveraging since 2011
- Announced deleveraging concludes in 2014
  - ▶ USD 550 million 6.875% capital securities called in March
  - ▶ USD 1,050 million 7.25% capital securities replaced by EUR 700 million 4.0% subordinated securities in April
  - ▶ EUR 500 million senior debt to be retired in December
- Improvements support “AA” financial strength rating
  - ▶ Both metrics expected to be in target ranges at year-end 2014

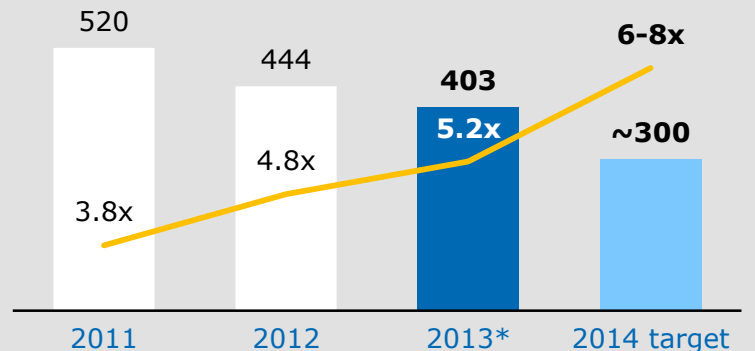
## Gross leverage

(EUR billion, %)



## Funding costs

(EUR million, fixed charge coverage)

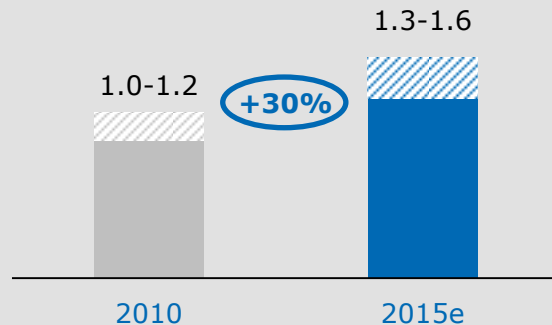


\* Restated to reflect DAC and longevity accounting changes

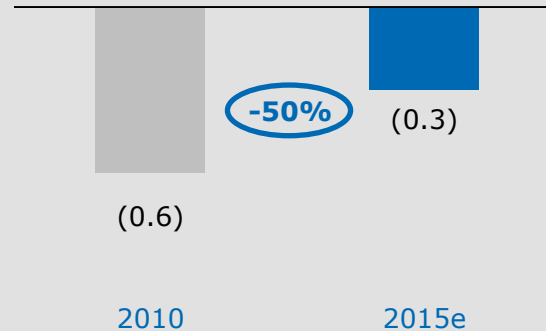
# Strong free cash flow growth

- Free cash flow up strongly as a result of higher operational free cash flow (OFCF) from business growth and lower holding expenses
  - OFCF growth from fee-based businesses more than offsets lower spread-related cash flows
  - Holding expenses halved as result of cost savings and capital management actions
- Currently, approximately 50% of our free cash flow is paid out to shareholders

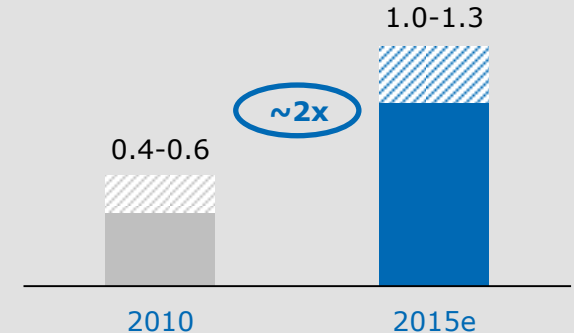
**Targeted growth of OFCF\***  
(EUR billion)



**Reduced holding expenses**  
(EUR billion)



**Doubling of free cash flow**  
(EUR billion)



\* Operational free cash flow excluding market impacts and one-time items

# Free cash flow growth supports sustainable dividend growth

- Free cash flow growth translating into increased use of cash for dividends
  - Capital management actions have reduced funding costs by EUR ~220 million since 2011
  - Payout ratio improved to ~50% with full cash dividend commitment
- Continued dividend growth dependent on capital position and cash flow

## Free cash flow and payout ratio

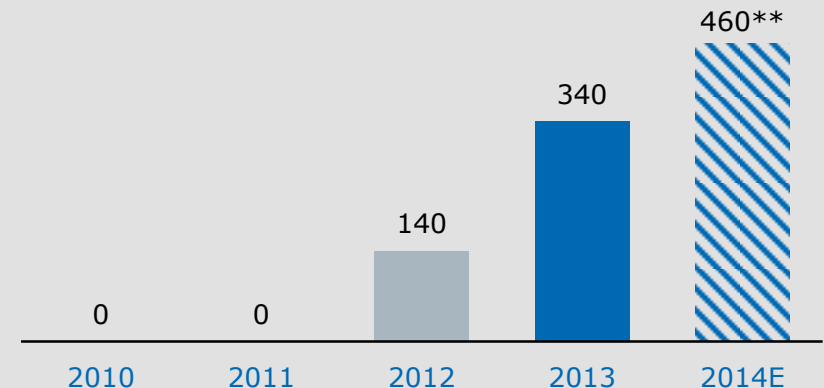
(EUR million)

	2013 Actual	2013 Adjusted
Normalized operational free cash flows	1,335	1,335
Holding expenses	(460)	(460)
<b>Free cash flow</b>	<b>875</b>	<b>875</b>
Common dividends	340	460*
Dividend payout %	39%	53%

\*Assuming current full cash dividend commitment

## Cash allocated to dividends

(EUR million)



\*\* Assumes 2014 interim dividend maintained at EUR 0.11 per share

# Capital deployment plan 2014 – 2015

- Strong cash flows support business unit dividends to the holding
- Announced deleveraging on track to conclude in 2014
- Committed to sustainable growth of full-cash dividend
- Intention to neutralize dilutive EPS effect of preferred share transaction

	<i>EUR million</i>
Net dividends to the holding from business units	~2.5
Estimated funding & operating expenses	~(0.7)
<b>Available for deployment 2014-2015</b>	<b>~1.8</b>
2014 deleveraging actions	~(1.0)
<b>Available for shareholders 2014-2015</b>	<b>~0.8</b>
Dividends to shareholders*	~(1.0)
Neutralization of preferred share transaction	~(0.4)
<b>Capital from other sources</b>	<b>~(0.6)</b>

**Holding excess capital  
EUR 2.2 billion at YE-2013**

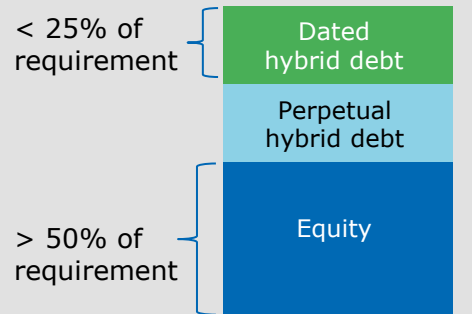
**Accelerated capital  
released from non-core  
and businesses under  
review**

\* Assumes dividend maintained at current level

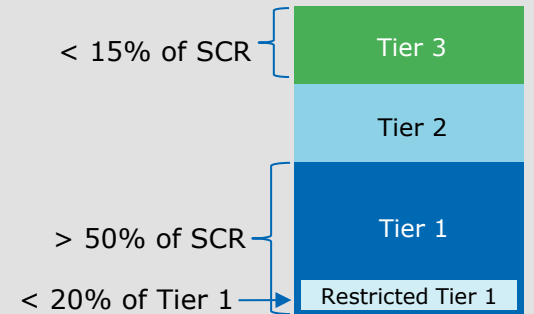
# Key Solvency II considerations

- Economic balance sheet makes Solvency ratio more sensitive to financial markets
- Solvency Capital Requirement (SCR) calibrated to a 1-in-200 year event
- Equivalence allows inclusion of non-EEA entities using Deduction & Aggregation (D&A)
  - D&A methodology approval required
- Most larger companies will use at least a partial Internal Model (IM)
  - Local regulatory approval of IM and governance processes
- Capital tiering qualifications and limitations more restrictive

## Solvency I capital tiering

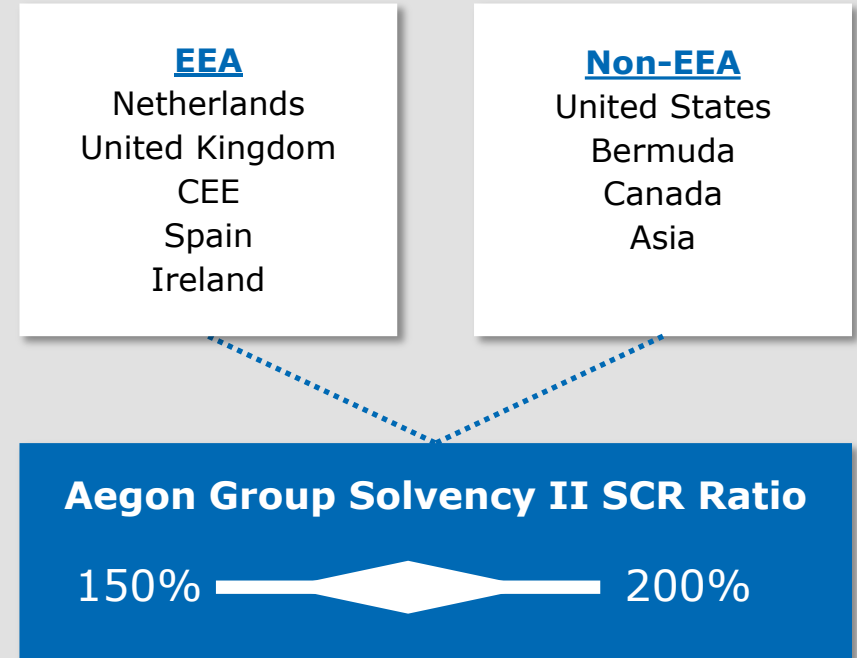


## Solvency II capital tiering



# Solvency II implementation on track, uncertainties remain

- Group Solvency II ratio comfortably within 150% to 200% range
- Key assumptions
  - ▶ US business consolidated at 200% RBC ratio\*
  - ▶ Matching adjustment applied for UK annuity portfolio
  - ▶ Volatility Adjuster applied for NL
- Uncertainties remain for all business units
  - ▶ Final Solvency II specifications, such as
    - Matching Adjustment
    - Volatility Adjuster
    - Treatment of sovereigns
  - ▶ Final calibration/approval of internal model and deduction & aggregation methodology



# Progress towards 2015 targets

**30-35%**

Fee-based earnings as % of underlying earnings by 2015

**€ 1.3-1.6**

Annual operational free cash flow by 2015\* in billions

**7-10%**

Grow underlying earnings on average per annum between 2012 and 2015

**10-12%**

Return on equity by 2015

**37%**

Q1 2014

**€ 1.3**

OFCF in trailing four quarters\* in billions

**7%**

Q1 2014 vs. Q1 2013

**8.4%**

Q1 2014 (9.1% excl. run-off capital)

See slide 24 for main economic assumptions

\* Excluding market impact and one-time items. Trailing four quarters OFCF corresponds with Free Cash Flow of EUR 0.9 billion

# Key messages

- Strong enterprise risk management key to long-term success
- Disciplined capital management
  - ▶ Cash flow generation driving capital deployment
  - ▶ Capital deployment plan update
  - ▶ Solvency II implementation on track, uncertainties remain
- On track to achieve financial 2015 targets





# Appendix



# Main economic assumptions

## Main US economic assumptions

- 10-year US Treasury assumed to grade over ten years to 4.25%
- Credit spreads are assumed to grade over two years to 110 bps
- Bond funds are assumed to return 4% for 10 years and 6% thereafter
- Money market rates are assumed to remain flat at 0.1% for two years followed by a 3-year grading to 3%
- Annual gross equity market returns of 8% (price appreciation + dividends)

<b>Assumptions</b>	<b>NL</b>	<b>UK</b>
10-year interest rate	2.5%	2.9%
3-month interest rate	0.3%	0.4%
Annual gross equity market return (price appreciation + dividends)	7%	7%
EUR/USD rate of 1.35 EUR/GBP rate of 0.84		

# Thank you



Helping people take responsibility for their financial future

**For questions please contact  
Investor Relations**

+31 70 344 8305

[ir@aegon.com](mailto:ir@aegon.com)

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



# Disclaimers

## Cautionary note regarding non-IFRS measures

This document includes the 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 its 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-GAAP 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 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 or the potential independence of Scotland from the United Kingdom
- 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, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- 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, may affect Aegon's reported results and shareholders' equity;
- 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.



# Strong foundations for growth in the Americas



Helping people take responsibility for their financial future

Analyst & Investor Conference  
New York City – June 25, 2014

## Mark Mullin

CEO Americas  
Management Board Member



[aegon.com](http://aegon.com)

# Key messages

- Delivering profitable, sustainable growth
- Accelerating strategy through creation of Investments & Retirement
- Continued execution of strategy delivers progress toward 2015 targets
- Investments in innovation and new technologies are already showing positive results and position us well for the digital economy



# Helping people take responsibility for their financial future



**Protection**

**Accumulation**

**Planning**

**Retirement**



## Life and Health

Protecting families and their dreams

## Investments and Retirement

Serving individuals in accumulation to and through retirement

# Optimizing our strengths to deliver on core objectives



- Breadth of product offerings
- Strong reputation, recognized for industry knowledge
- Client service excellence



- Brand recognition
- Extensive distribution network
- Strong market position



- Innovative products and services
- Extensive risk management expertise
- Technology driven efficiencies

**Transamerica strengths**



# Advancing our strategy – creation of Investments & Retirement

## Employer Solutions & Pensions

- Comprehensive retirement solutions across entire pension market
- Insuring stable value investments for defined contribution market



## Individual Savings & Retirement

- Wealth accumulation and preservation, asset allocation, and retirement income
- Retail mutual funds, fixed annuities and variable annuities

## Investments & Retirement

- Enhances product innovation and improves speed to market supporting the rapidly evolving needs of our customers
- Delivers a comprehensive suite of products and services to our distribution network

24,000 employer retirement plan customers

5.1 million Americans with more than \$281 billion in revenue-generating investments

Active accounts with 110,000 advisors, consultants and Third Party Administrators

***Serving customers to and through retirement with total investment solutions under one division of Transamerica***

# Executing our core growth strategy

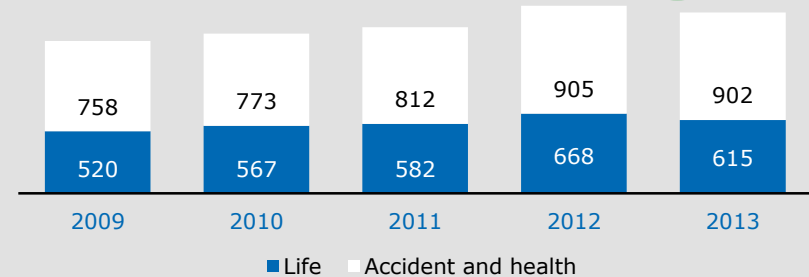
- Deepening existing distribution
- Adding new distribution, including direct
- Increasing fee-based earnings
- Driving sales of less capital intensive products
- Maintaining pricing discipline for profitability
- Reviewing portfolio of businesses
- Investing in technology and innovation
- Leveraging technology to increase efficiencies and improve customer service
- Expanding At- and After- Retirement products and services



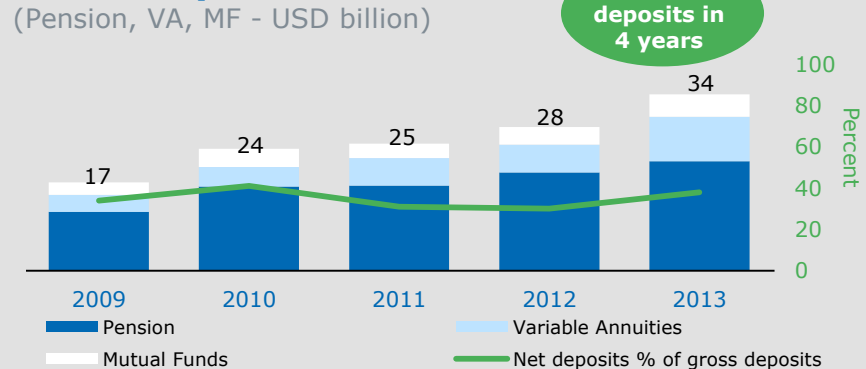
# Strong execution of strategy improving industry position

- Top 10 industry ranking across individual life insurance products – strengths in term, universal life and indexed universal life
- Transamerica Employee Benefits named *Fastest Growing Company on Voluntary Sales\**
- Transamerica Retirement Solutions award winning customer service drives superior client retention and strong net deposits
- Continued strong variable annuity flows – 2013 variable annuity net flows as a % of total inflow was 55% vs 1% for the industry\*\*
- Delivering growth in mutual fund deposits – tripled number of funds available since 2010

## Total sales - Americas\*\*\* (USD million)



## Gross deposits (Pension, VA, MF - USD billion)



\* U.S. Worksite/Voluntary Sales Report based on 2012 sales; conducted by Eastbridge Consulting Group, Inc.

\*\* Morningstar (VARDS)

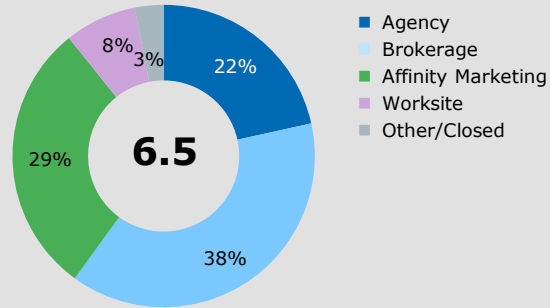
\*\*\*Life sales are standardized = recurring premium + 1/10 of single premium; health sales are not standardized

# Deepening and expanding distribution supports growth strategy

- Leveraging multi-channel distribution to reach across protection market
  - ▶ Increasing sales from new distribution, primarily in brokerage, agency and affinity channels
  - ▶ Introducing existing products to other existing distribution channels
  - ▶ Expanding distribution by providing access to products online and through healthcare exchanges
- Growing productivity and maximizing per firm market share through focused firm strategy
  - ▶ Bringing comprehensive solutions to advisors and customers through new I&R strategy
- Assets of nearly half of 2013 VA and MF sales managed by Aegon Asset Management

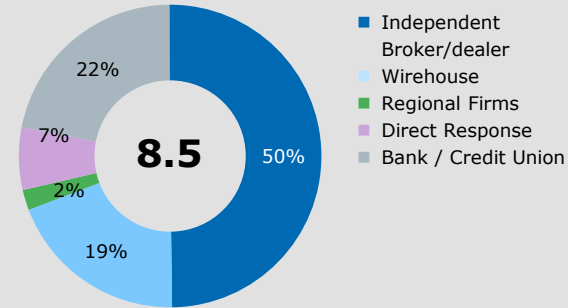
## L&P Life and Health

(% based on 2013 inforce premium, USD billion)



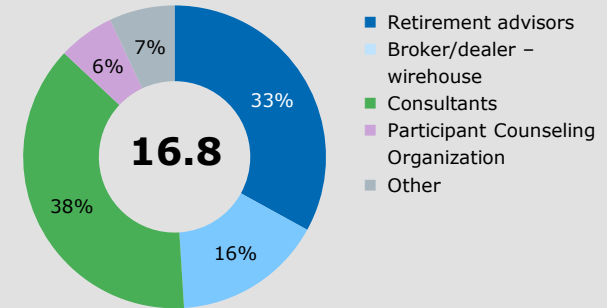
## Variable Annuity

(% based on 2013 VA deposits, USD billion)



## Retirement Solutions

(% based on 2013 written sales, USD billion)

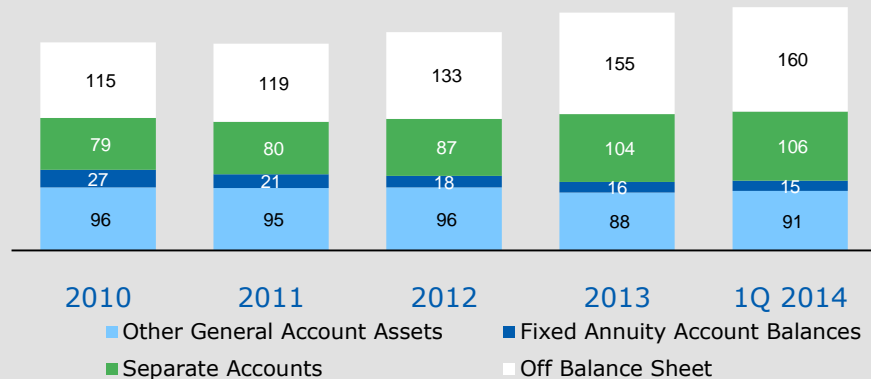


# Successful transformation from spread to fee

- Transition from spread to fee based business reflected in underlying earnings mix
  - ▶ Growth in fee based earnings driven by transition of gross deposits toward variable annuities, mutual funds and retirement solutions
  - ▶ Over 40% decline in fixed annuity balances since 2010
    - Fixed annuity account balance decline expected to stabilize at or slightly below recent levels due to end of shock lapses from 2009 five-year guarantee business

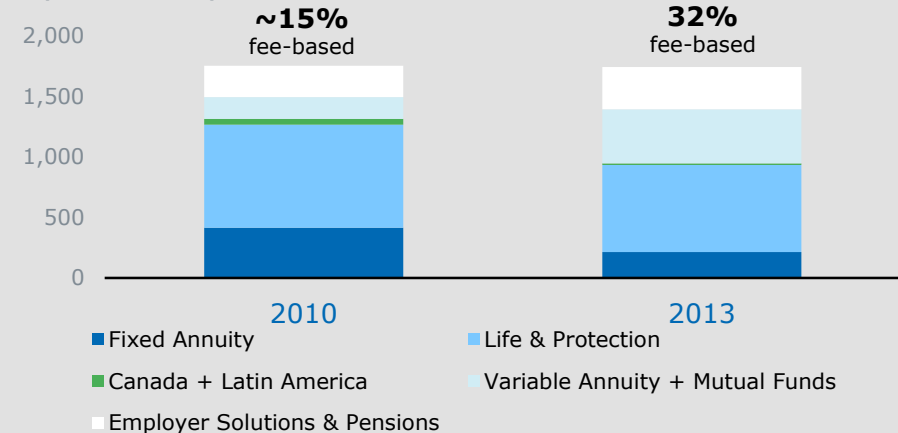
## Growth in separate account and off balance sheet balances . . .

(USD billion)



## . . . shifting underlying earnings mix from spread to fee

(USD million)

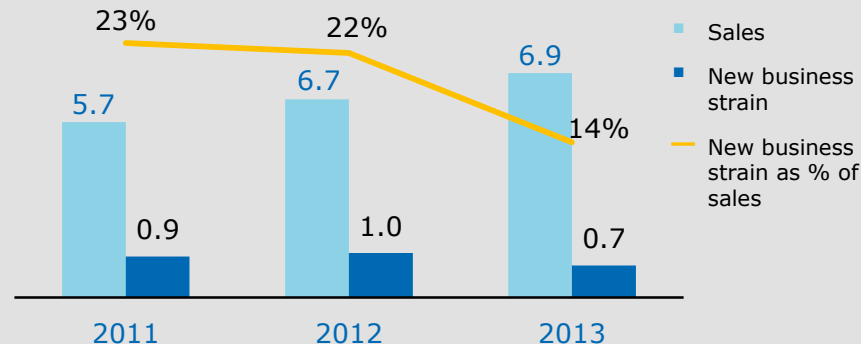


# Driving profitable sales growth with lower capital intensity

- Strong sales growth with low new business strain as a result of strategic shift in business mix
  - Focus on fee-based products with lower investment in new business
  - Hedging of guarantees at point of sale leads to improved risk/return profile
- Significant rise in market consistent value of new business (MCVNB)
  - MCVNB driven by strong sales and improved margins

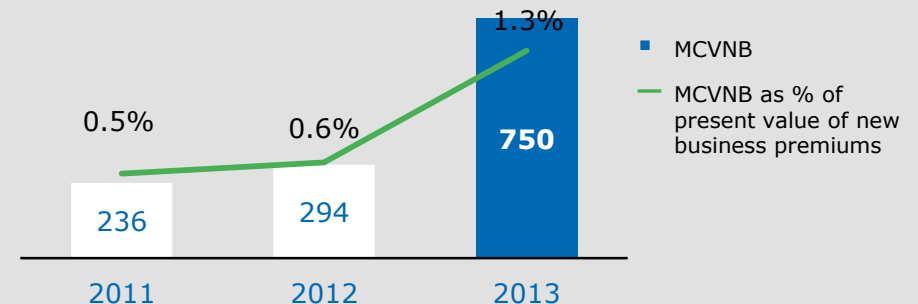
## Strong sales with lower new business strain

(USD billion)



## Increased profitability of sales

(USD million)

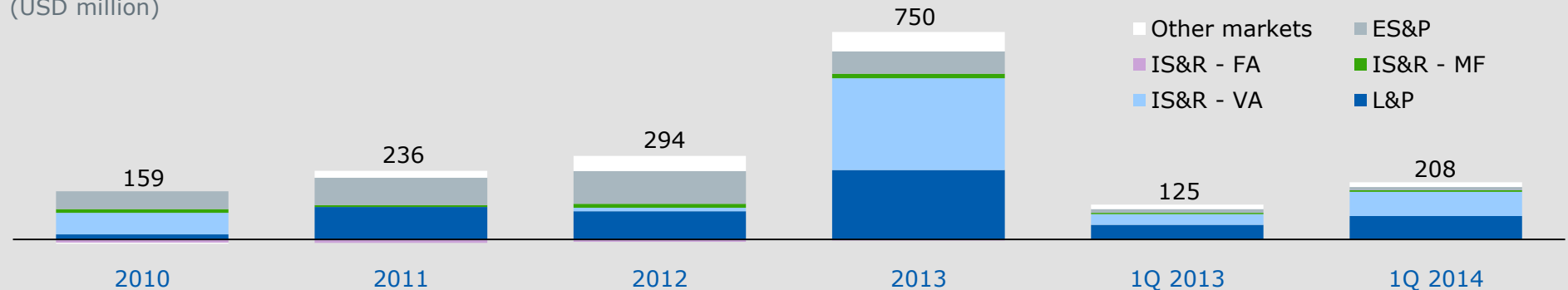


# Actively managing product profitability

- Growing profitable sales while proactively responding to economic conditions
- Innovative product design, including with VA and universal life secondary guarantee products, enables quick response to changes in capital markets
- Managing the back-book for capital efficiencies
  - ▶ Alternative Lump Sum Offer – expanding program to entire VA GMIB block
  - ▶ Increasing GMWB rider fees on inforce on reset or step up

## MCVNB by line of business

(USD million)



# Progress toward 2015 targets

**30-35%**

Fee-based earnings as % of underlying earnings by 2015

**\$ 1.2**

Annual operational free cash flow by 2015\* in billions

**3-5%**

Grow underlying earnings on average per annum between 2012 and 2015

**8.2%**

Return on capital by 2015\*\*

**35%**

Q1 2014

**\$ 1.1**

OFCF in trailing four quarters of Q1 2014\* in billions

**5%**

2013 vs. 2012 (7% US only)

**7.1%**

2013 (8.9% US only, excl. run-off capital)\*\*

\* Excluding market impact and one-time items

\*\* Excludes leverage benefit at holding



# Investing in our future



# Getting closer to the people who depend on us

*Transforming transamerica.com into an integrated web, mobile and social experience*

## Improving navigation across devices

- Refreshing the digital customer experience to give customers what they want to see, hear, and learn from us

## Unifying customer service experience

- Moving towards a single point of contact through phone, email and live chat enabling customers to use their preferred method of communication

## Personalizing experience and products

- Using customer data to personalize customer experience resulting in brand loyalty and retention

## Increasing presence across social media channels

- Strengthening connection with customers through engaging thought leadership across multiple social media channels



*Continuous focus on customer centricity*

*Building stronger relationships to meet customer needs*

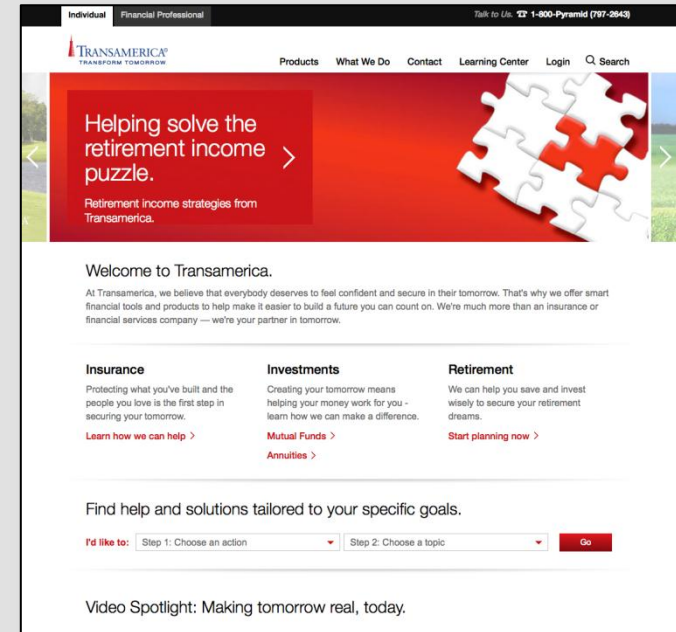


# Improving navigation across devices

Pre-2014: over 100 websites, 1881 URLs



2014: Re-launched Transamerica.com\*



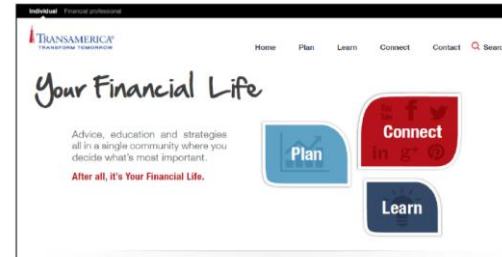
*Simplified and refreshed the digital customer experience*

\* New site launched January 2014, old sites in process of phasing out

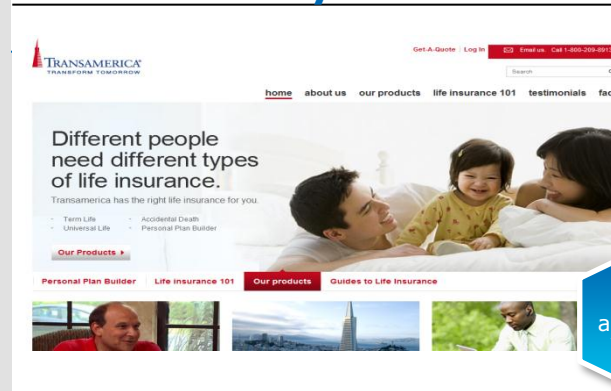
# Unifying customer service experience

- Directing consumers to digital platform
  - ▶ Smart financial tools, planners and multi-media resources
  - ▶ Products: insurance, mutual funds, annuities and retirement solutions
- Providing access to an agent via telephone, email or click-to-chat
- Now have one point of telephone contact through **1-800-Pyramid**

## Launched personalized retirement platform



## Purchase products directly online



Launched March 31, 2014

VA and MF products available

3000+ visitors within 2 months

232% increase in new visitors

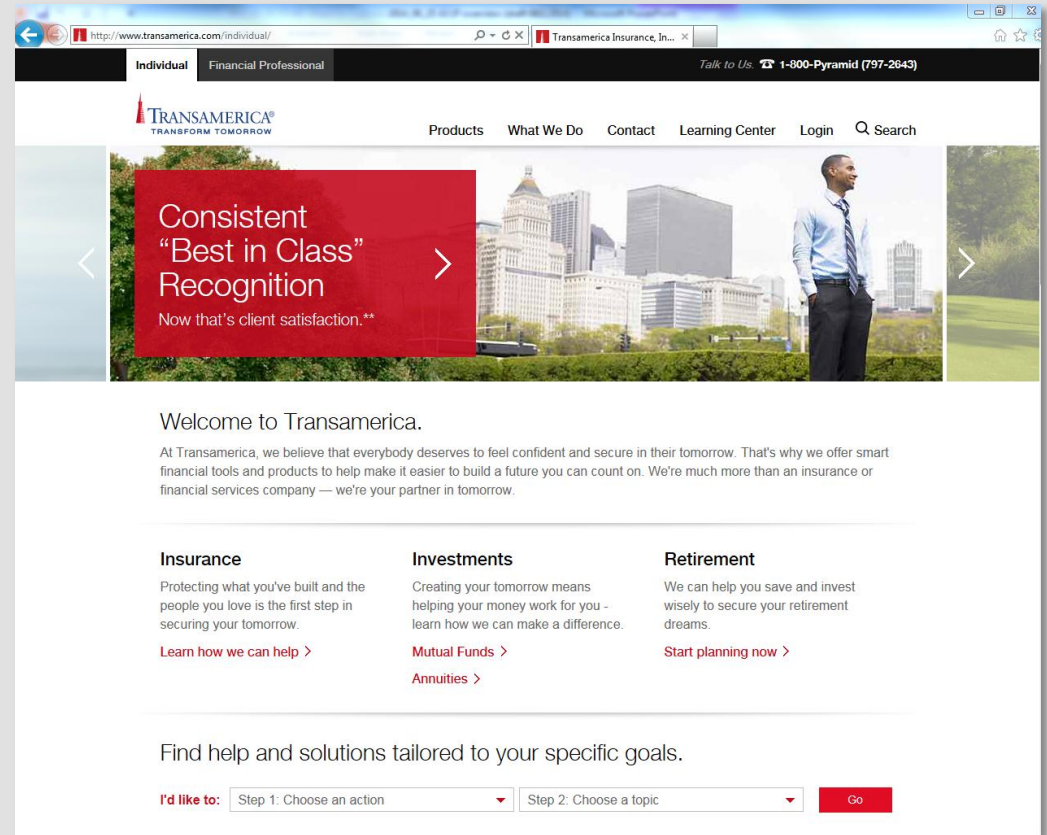
Doubled # of applications YTD from 2013

Adding new products



# Personalizing experience and products

- Enhancing customer data warehouse
  - ▶ Digitizing customer data from legacy administration platforms to enable concise and complete customer view in one place
  - ▶ Combining structured data with “big data” to enhance analytics driven marketing strategies
- One view of the customer
  - ▶ Enabling customer-centric digital self-service
  - ▶ Strengthens personalization of customer relationships, including product recommendations



The screenshot displays the Transamerica website interface. At the top, there is a navigation bar with tabs for 'Individual' and 'Financial Professional', and a contact number '1-800-Pyramid (797-2643)'. The main header features the Transamerica logo and a search bar. A large red banner in the center reads 'Consistent "Best in Class" Recognition' with the subtext 'Now that's client satisfaction.\*\*'. Below the banner, a 'Welcome to Transamerica.' message is followed by a paragraph about the company's commitment to customer satisfaction. Three main service categories are highlighted: 'Insurance' (Protecting what you've built and the people you love is the first step in securing your tomorrow. [Learn how we can help >](#)), 'Investments' (Creating your tomorrow means helping your money work for you - learn how we can make a difference. [Mutual Funds >](#) and [Annuities >](#)), and 'Retirement' (We can help you save and invest wisely to secure your retirement dreams. [Start planning now >](#)). At the bottom, a search bar prompts the user to 'Find help and solutions tailored to your specific goals.' with dropdown menus for 'Step 1: Choose an action' and 'Step 2: Choose a topic', and a 'Go' button.

# Enterprise marketing and analytics platform

## Advanced data analytics to drive highly targeted and individualized marketing programs

- Personalizing customer service
- Custom product recommendations
- Engaging new customers



## Big data storage and processing

Transformed, unified and augmented customer data stored



Data transformation, cleansing and standardization



Data ingestion



## Internal and external data sources

Web logs

Transamerica  
customer data

Salesforce

Data enrichment  
and do-not-call  
list

Prospect and  
partner data

# Increasing Transamerica's presence across social media channels



facebook

#1 financial brand on Facebook  
*In terms of Engagement in 2013*



twitter

First financial brand to ever trend nationwide on Twitter  
*Trended 5 times nationwide*



reddit

First financial services firm on Reddit



Instagram, Pinterest, WeHeartIt

Emerging social platform engagement – Instagram, Pinterest, WeHeartIt  
*600+ leads from two recent Pinterest campaigns*



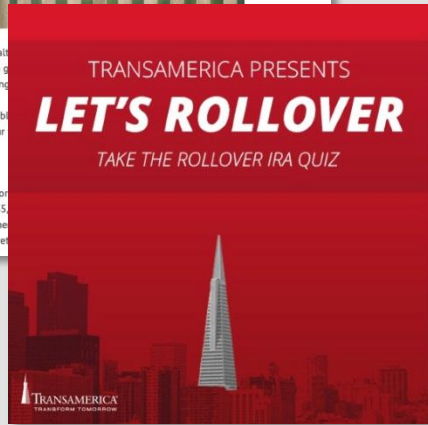
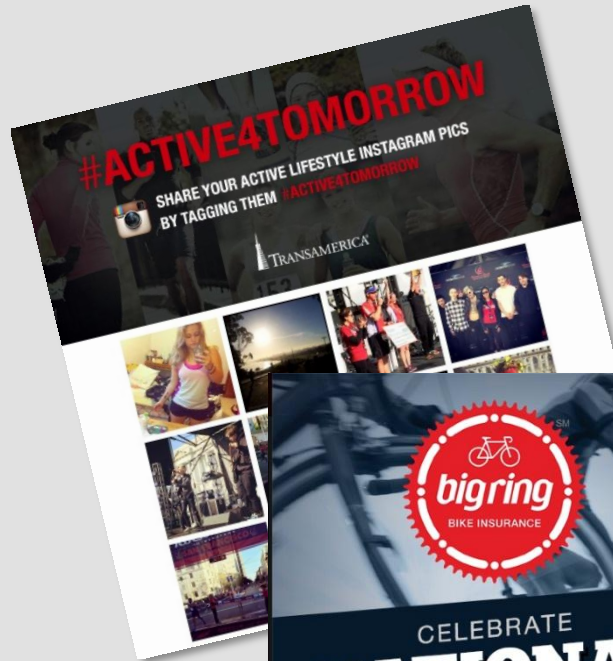
tumblr.

Recent launch on Tumblr.  
*The 5<sup>th</sup> most popular website where people spend more time than on Facebook or Twitter*



***Creating a customer-centric interaction to strengthen engagement with our customers***

# Engaging with existing and potential new customers





# Investing in talent management and leadership development

- Fostering a culture of change
- Acquiring new skill sets
- Driving innovation
- Working collaboratively across the company



# Summary

- Delivering profitable, sustainable growth
- Accelerating strategy through creation of Investments & Retirement
- Continued execution of strategy delivers progress toward 2015 targets
- Investments in innovation and new technologies are already showing positive results and position us well for the digital economy



# Appendix



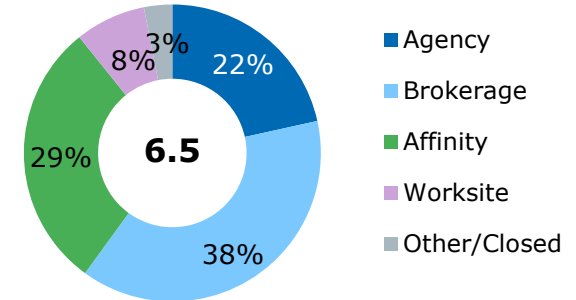
# Life & Protection at a glance

## Business profile

- Life, supplemental health and worksite products
- Stable market with solid earnings growth
- Top 10 player in individual life, supplemental health and voluntary worksite
- High quality, low risk earnings
- Lower capital markets leverage
- Strong distributable earnings

## Diverse distribution with target market focus

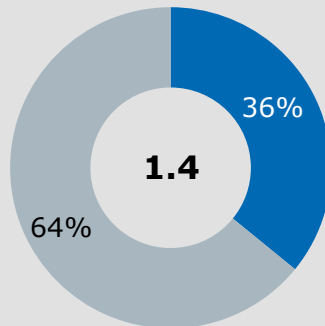
(2013 L&P Inforce premium – USD billion)



## 2013 L&P sales Life vs. health\*

(USD billion)

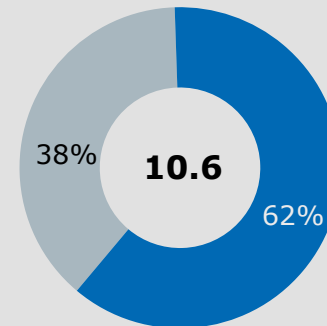
- Life
- Health



## 2013 Aegon Americas Inforce premium

(USD billion)

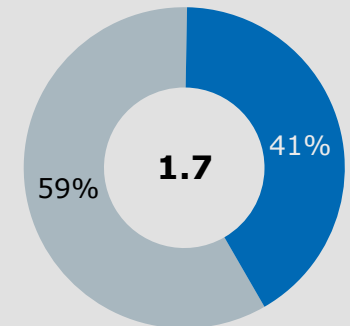
- L&P
- Other Americas businesses including run-off



## 2013 Aegon Americas Underlying earnings

(USD billion)

- L&P
- Other Americas businesses



\* Life sales are standardized = recurring premium + 1/10 of single premium; health sales are not standardized

# L&P multi-channel distribution and diverse product portfolio

	<b>Affinity</b> Analytics driven marketing	<b>Agency</b> Close ties with distribution partners in underserved middle market	<b>Brokerage</b> Independent distributors in middle and affluent market	<b>Worksite</b> Accessing families at the workplace	<b>Direct to Customer</b> Access to our products with the online convenience of researching and buying anytime
<b>Distribution</b>	<ul style="list-style-type: none"> <li>▪ Associations</li> <li>▪ Employers</li> <li>▪ Financial institutions</li> <li>▪ Retailers</li> <li>▪ Specialty (travel agencies, schools, etc.)</li> <li>▪ Exchanges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Career agencies</li> <li>▪ Marketing organizations</li> <li>▪ World Financial Group</li> <li>▪ Transamerica Financial Advisors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Traditional general agencies</li> <li>▪ Independent marketing organizations</li> <li>▪ Independent brokers</li> <li>▪ Internet life insurance brokerage firms</li> <li>▪ Financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agents and brokers</li> <li>▪ National employee benefit consultants</li> <li>▪ Private exchanges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Direct TV</li> <li>▪ Direct mail</li> <li>▪ Inbound phone</li> <li>▪ Online</li> <li>▪ SMS text</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Supplemental health</li> <li>▪ Accidental death</li> <li>▪ Specialty (travel, student, membership)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Universal life</li> <li>▪ Variable and indexed universal life</li> <li>▪ Whole life</li> <li>▪ Medicare supplement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Universal life</li> <li>▪ Indexed universal life</li> <li>▪ Long term care</li> <li>▪ Whole life</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supplemental health</li> <li>▪ Accident insurance</li> <li>▪ Universal life</li> <li>▪ Group term life insurance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Universal life</li> <li>▪ Accidental death</li> <li>▪ Dental</li> <li>▪ Bike</li> <li>▪ Event registration refund</li> </ul>
<b>Competitive advantages</b>	<ul style="list-style-type: none"> <li>▪ Market leader in the affinity space</li> <li>▪ Direct marketing skills and processes</li> <li>▪ Ability to tailor offerings and products</li> <li>▪ Breadth of product offerings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand loyalty/awareness</li> <li>▪ Recruiting expertise</li> <li>▪ Broad product portfolio</li> <li>▪ Lead generation capabilities</li> <li>▪ Close ties with distribution partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand awareness</li> <li>▪ Integrated sales solutions</li> <li>▪ Large case underwriting and advanced marketing expertise</li> <li>▪ Innovative and market-responsive products</li> </ul>	<ul style="list-style-type: none"> <li>▪ Client service excellence through:                             <ul style="list-style-type: none"> <li>▸ Comprehensive product portfolio</li> <li>▸ Concierge approach to large cases</li> <li>▸ Proprietary online enrollment tool</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Direct marketing skills and processes</li> <li>▪ Ability to tailor offerings and products</li> <li>▪ Brand awareness</li> <li>▪ Analytics driven marketing</li> </ul>

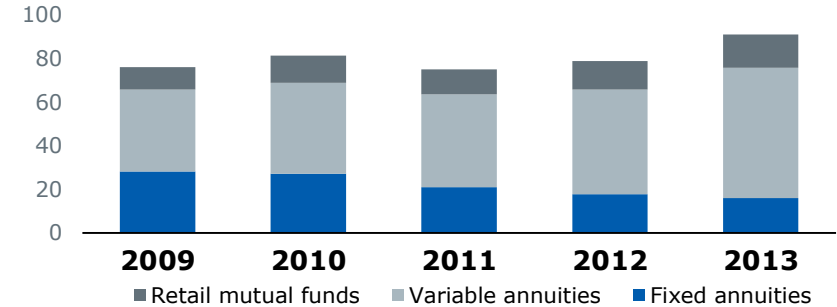
# Individual Savings & Retirement at a glance

## Business profile

- Annuity and mutual fund products
- Strong growth potential due to scale, diversity of distribution and technical requirements
- Variable annuity and mutual funds replace fixed annuity earnings and need less capital
- Adding enterprise value as nearly half of 2013 fee sales managed by Aegon Asset Management

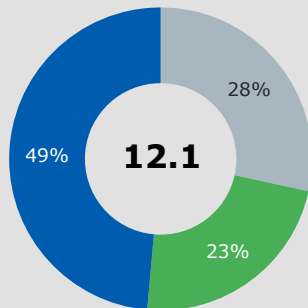
## Shift from FA to VA and Mutual Funds

Account balances, USD billion



## Gross deposits FY 2008

(USD billion)

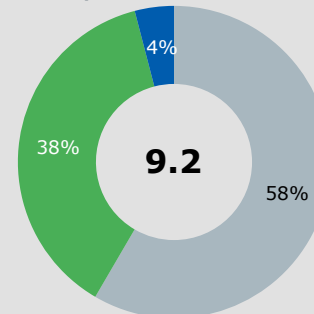


**Growing fee business**

- Fixed annuities
- Variable annuities
- Retail mutual funds

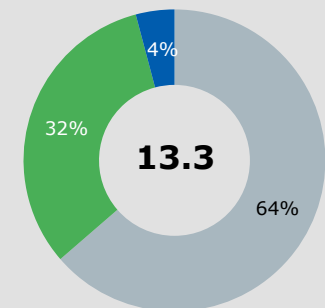
## Gross deposits FY 2012

(USD billion)



## Gross deposits FY 2013

(USD billion)



# Positioned for success in traditional, non-traditional and emerging at-retirement markets

	<b>Annuities – variable and fixed</b> Wealth accumulation, preservation and retirement income	<b>Retail mutual funds</b> Wealth accumulation and asset allocation
<b>Overview</b>	<ul style="list-style-type: none"> <li>■ Transamerica Capital Management (TCM)               <ul style="list-style-type: none"> <li>▶ Manufactures variable and fixed annuities</li> <li>▶ Distributes variable and fixed annuities</li> </ul> </li> <li>■ Variable annuities:               <ul style="list-style-type: none"> <li>▶ Dedicated wholesaling team</li> <li>▶ Fee-based earnings retain some capital markets leverage post-hedging</li> </ul> </li> <li>■ Fixed annuities:               <ul style="list-style-type: none"> <li>▶ Profitability managed over time through rate setting</li> <li>▶ Back book management through select reinsurance transactions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Transamerica Asset Management (TAM)               <ul style="list-style-type: none"> <li>▶ Investment advisor to all AEGON USA mutual funds</li> <li>▶ Manufactures mutual funds</li> <li>▶ Provides asset allocation</li> <li>▶ Offers a continuum of asset allocation and partner funds/asset management – effectively a “manager of managers”</li> </ul> </li> <li>■ Dedicated wholesaling team and award winning shareholder servicing</li> <li>■ Fee-based earnings with low required capital</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>■ Focused on third-party distribution (advisors)               <ul style="list-style-type: none"> <li>▶ Banks</li> <li>▶ Wires</li> <li>▶ Independent broker dealers</li> </ul> </li> <li>■ Adding new channels</li> </ul>	<ul style="list-style-type: none"> <li>■ Focused on third party distribution (advisors)               <ul style="list-style-type: none"> <li>▶ Banks</li> <li>▶ Wires</li> <li>▶ Independent broker dealers</li> </ul> </li> <li>■ Adding new channels</li> </ul>
<b>Competitive advantages</b>	<ul style="list-style-type: none"> <li>■ Highly recognized brand – Transamerica</li> <li>■ Distribution capabilities and execution</li> <li>■ Customer service</li> <li>■ Advanced Markets support for advisors on complex planning concepts and strategies</li> <li>■ Advisor Intelligence Model (AIM)</li> <li>■ Low maintenance costs</li> <li>■ Innovative approach: speed to market, pricing discipline and back book management</li> </ul>	<ul style="list-style-type: none"> <li>■ Open architecture - focus on unique retail sub-advised mutual funds</li> <li>■ Manager research and selection capabilities</li> <li>■ Diversified channels with strong wholesaling distribution</li> <li>■ Advisor Intelligence Model (AIM)</li> <li>■ Customer service focus - 10 consecutive DALBAR awards and 13 overall</li> <li>■ Asset allocation capabilities</li> </ul>



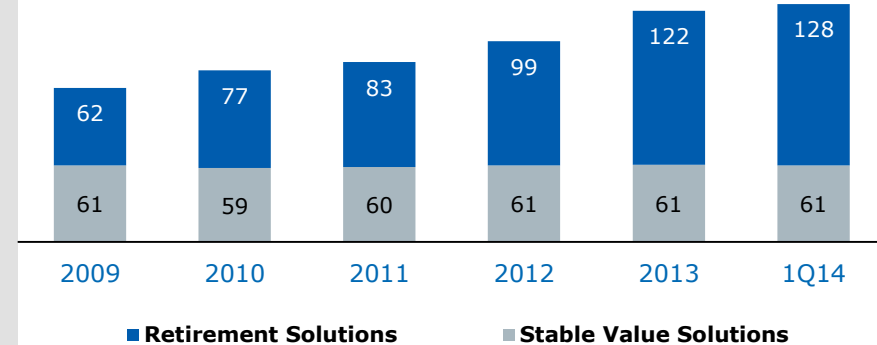
# Employer Solutions & Pensions at a glance

## Business profile

- Comprehensive solutions for over 24,000 American employers and 3.4 million plan participants
- All pension markets covered: DB, DC, small to large, private and public, bundled and unbundled
- Extensive product portfolio: Corporate, Not-for-Profit, Multiple Employer Plan, Retirement Plan Exchange, Third Party Administration
- Insuring stable value investments for DC market; target notional balance of \$58-\$60 billion

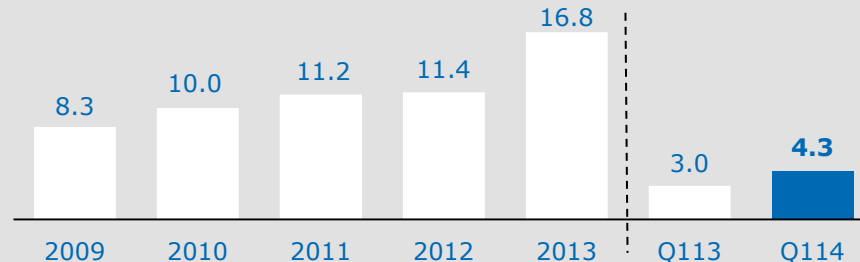
## Revenue-generating investments

(USD billion)



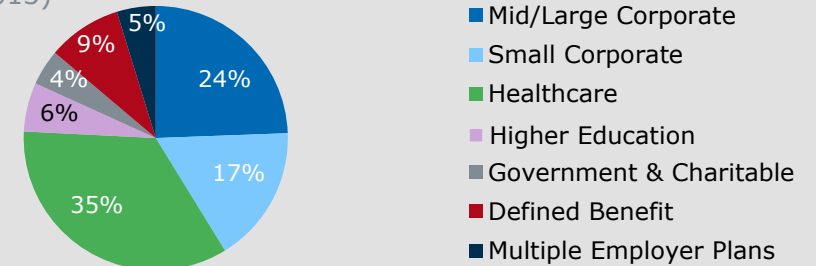
## Retirement solutions written sales

(USD billion)



## Sales by product line

(FY 2013)





# Diverse retirement strategy fuels sustainable growth

## Retirement Solutions

Serving 24,000 employers and 3.4 million individuals to and through retirement

### Products & Services

- Defined contribution plans
- Defined benefit plans
- Full-service recordkeeping
- Multiple-employer plans
- Retirement plan exchange
- Not-for-profit solutions
- Total Retirement Outsourcing (TRO)
- Third Party Administrator (TPA) solutions
- Non-qualified Defined Contribution plans
- Administrative Services Only (ASO)
- Comprehensive distribution counseling and retirement transition service
- Individual Retirement Accounts (IRA)



### Distribution

- Wirehouses
- Banks
- Consultants
- Retirement advisors
- Third Party Administrators
- 75 External sales executives
- 55 Internal sales staff
- 9 Channel management staff



### Competitive advantages

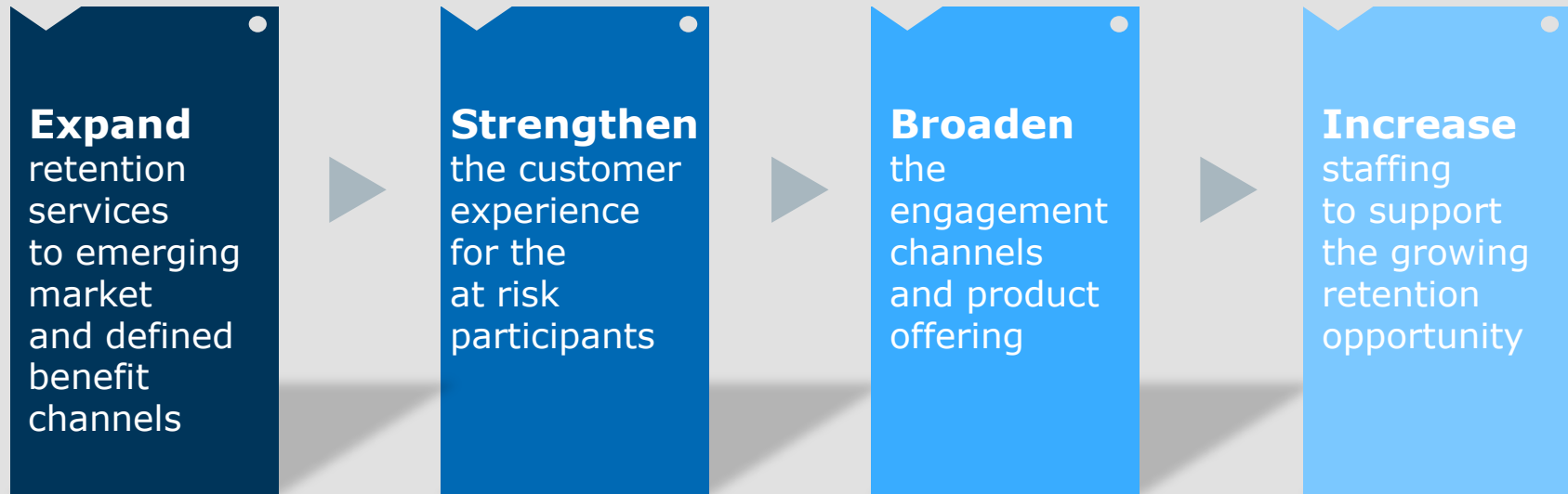
- Among highest levels of customer loyalty
  - Client Recommendation Rate of 95%\*
  - Customers win prestigious industry awards for best in class communications and plan sponsor of the year
- Leader in product and service innovation
- Industry-leading operational platform
- Award-winning customer service
- Extensive distribution network
- 200 field education specialists
- Recognized for industry leadership



\* Source: 2013 PLANSPONSOR DC survey

# IRA rollover strategy drives increase in retirement asset retention rate

- Continued execution of our early stage asset retention effort yielding positive results
- Executing on the following four new growth initiatives



*10,000 Baby Boomers turn 65 every day; fueling growth in the IRA marketplace*

# Updating underlying earnings model guidance

## Primary drivers of model changes

Updated accounting policy changes – DAC

Product mix changes in life and health

Mix of business changes in retirement solutions

### Individual Savings & Retirement

- Variable Annuities – ROA remains 80 bps
- Fixed Annuities – ROA remains 100 bps
- Mutual Funds – ROA remains 30 bps

### Life & Protection

- Life premium factors from 7.0% to 8.3%
- Health premium factors from 14.0% to 12.5%
- General account reserve factor – remains 0.35%
- Separate account balance factor – remains 0.60%

### Employer Solutions & Pensions

- Retirement Solutions – updated to 18 bps of revenue-generating investments + \$10 per participant
- Stable Value Solutions – remains 18 bps of revenue-generating investments

# Operational free cash flows support dividend to Holding

- Operational free cash flows stable as run-off of capital-intensive spread business is replaced by growth of fee business
- Normalized operational free cash flows of approximately USD 1.2 billion maintained even with release of required surplus
- Mid-year dividends of ~ USD 625 million paid to the Holding in the second quarter

## Normalized operational free cash flows

### Aegon Americas (USD million)

Earnings on in-force	~1,200
Return on free surplus	-
Release of required surplus	~1,000
Investments in new business	~(1,000)
Total normalized operational free cash flow	~1,200

# Interest rate exposure

- Limited reinvestment risk
  - ▶ Assets and liabilities are closely matched
  - ▶ Only ~5% of general account assets reinvested per annum as a result of lower spread balances
- Resilient backbook fixed income yield of ~5% and reinvestment yield of ~4%
- Ability to adjust crediting rates of interest rate sensitive products

## Main US economic assumptions

10-year interest rate assumed to grade over 10 years to 4.25%

Credit spreads are assumed to grade over two years to 110 basis points

Bond funds are assumed to return 4% for 10 years and 6% thereafter

Money market rates are assumed to remain flat at 0.1% for two years followed by a 3-year grading to 3%

Annual gross equity market return of 8% (price appreciation + dividends)

Thank you



Helping people take responsibility for their financial future

**For questions please contact**

**Investor Relations**

+31 70 344 8305

[ir@aegon.com](mailto:ir@aegon.com)

P.O. Box 85

2501 CB The Hague

The Netherlands



# Disclaimers

## Cautionary note regarding non-IFRS measures

This document includes the 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 its 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-GAAP 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 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 or the potential independence of Scotland from the United Kingdom
- 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, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- 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, may affect Aegon's reported results and shareholders' equity;
- 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 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.



# Employer Solutions & Pensions



Helping people take responsibility for their financial future

Analyst & Investor Conference  
New York City – June 25, 2014

**Kent Callahan**

CEO

**Betsy Summers**

CFO



[aegon.com](http://aegon.com)



# Key messages

- The creation of Investments & Retirement enables Transamerica to become more relevant in the financial lives of our 5.1 million customers serving them to and through retirement
- Diverse retirement strategy fuels sustainable growth
- Product and service model diversity creates competitive advantage
- Business growth and scalability lead to a rise in earnings
- Demand for retirement readiness creates significant opportunity



# Advancing our strategy – creation of Investments & Retirement

## Employer Solutions & Pensions

- Comprehensive retirement solutions across entire pension market
- Insuring stable value investments for defined contribution market



## Individual Savings & Retirement

- Wealth accumulation and preservation, asset allocation, and retirement income
- Retail mutual funds, fixed annuities and variable annuities

## Investments & Retirement

- Enhances product innovation and improves speed to market supporting the rapidly evolving needs of our customers
- Delivers a comprehensive suite of products and services to our distribution network

24,000 employer retirement plan customers

5.1 million Americans with more than \$281 billion in revenue-generating investments

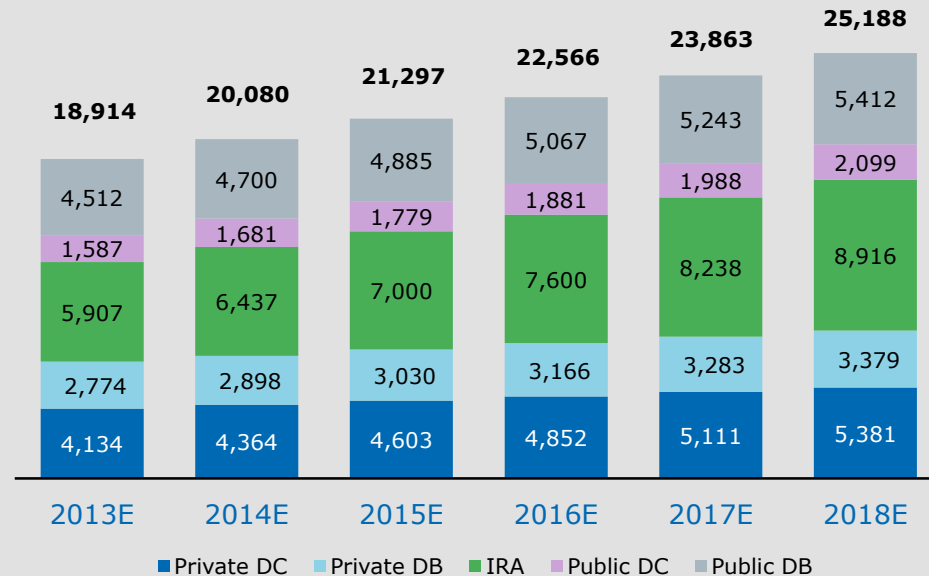
Active accounts with 110,000 advisors, consultants and Third Party Administrators

***Serving customers to and through retirement with total investment solutions under one division of Transamerica***

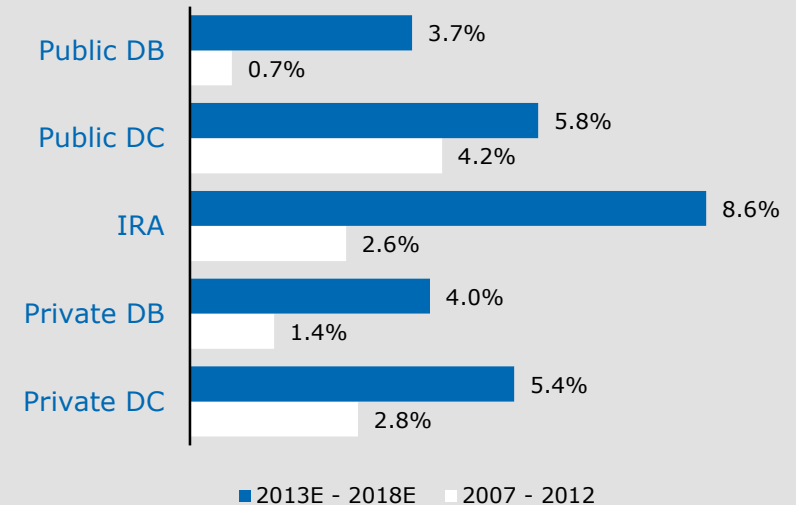
# US market conditions reinforce retirement plan business strategy

- Every segment of the US retirement market projecting strong growth through 2018

## Projected retirement market assets by segment (USD billion)



## CAGRs by segment (%)



Analyst Note: Private DC includes 401(k) plans, money purchase plans, profit sharing plans, Keoghs, and Taft-Hartley DC plans  
 Public DC includes Thrift Savings Plans, 403(b) and 457 plans. Private DB includes single and multiemployer plans  
 Source: Cerulli, US Retirement Markets Quantitative Update, 2013

# Demographics also reinforce retirement plan business strategy

- Need for retirement solutions never higher
  - ▶ 36% of Baby Boomers will rely primarily on Social Security<sup>1</sup>
  - ▶ The average 401(k) balance is \$79,000<sup>2</sup>
  - ▶ 65% of Baby Boomers plan to work after the age of 65 or don't plan to retire<sup>3</sup>
- Industry efforts making a difference
  - ▶ Boomer household retirement savings have jumped from \$75,000 in 2007 to \$127,000 today<sup>4</sup>
  - ▶ 55% of plan participants surveyed said they would not be saving if it weren't for their employer sponsored retirement plans<sup>5</sup>
  - ▶ 70 % of Millennials (born 1979 to 1996) are already saving for retirement and the median age started saving is 22<sup>6</sup>
  - ▶ 43% of large employers (500+ employees) now use auto-enroll features<sup>7</sup>

***Transamerica's partnership with our 24,000 retirement plan sponsors drives increasing levels of retirement readiness***

<sup>1,3,4,6</sup> Transamerica Center for Retirement Studies 15<sup>th</sup> Annual Retirement Survey of Workers, 2014

<sup>2</sup> PSCA's Annual Survey of Profit Sharing and 401(k) Plans 56<sup>th</sup> Annual Survey, 2013

<sup>5</sup> Fidelity, 2011

<sup>7</sup> Transamerica Center for Retirement Studies 14<sup>th</sup> Annual Retirement Survey of Workers, 2013

# Product and service model diversity creates competitive advantage

## Retirement Solutions

Serving 24,000 employers and 3.4 million individuals to and through retirement

### Products & Services

- Defined contribution plans
- Defined benefit plans
- Full-service recordkeeping
- Multiple-employer plans
- Retirement plan exchange
- Not-for-profit solutions
- Total Retirement Outsourcing (TRO)
- Third Party Administrator (TPA) solutions
- Non-qualified Defined Contribution plans
- Administrative Services Only (ASO)
- Comprehensive distribution counseling and retirement transition service
- Individual Retirement Accounts (IRA)



### Distribution

- Wirehouses
- Banks
- Consultants
- Retirement advisors
- Third Party Administrators
- 75 External sales executives
- 55 Internal sales staff
- 9 Channel management staff



### Competitive advantages

- Among highest levels of customer loyalty
  - ▶ Client Recommendation Rate of 95%\*
  - ▶ Customers win prestigious industry awards for best in class communications and plan sponsor of the year
- Leader in product and service innovation
- Industry-leading operational platform
- Award-winning customer service
- Extensive distribution network
- 200 field education specialists
- Recognized for industry leadership

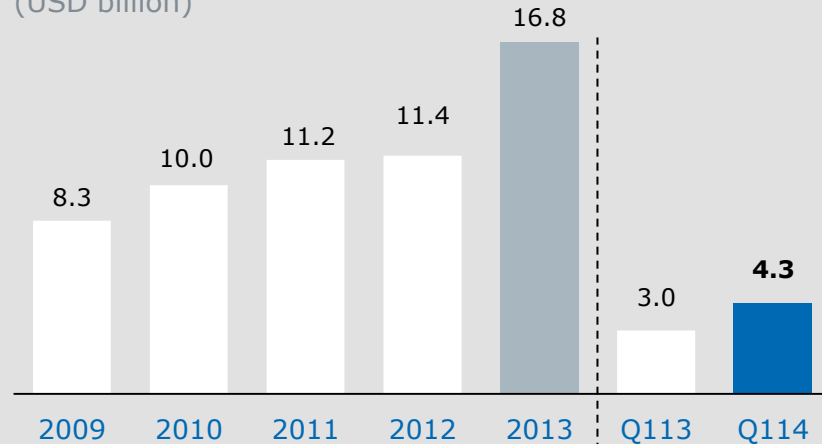


# Diverse retirement strategy fuels sustainable growth

- Delivering growth with our Enhanced Distribution Strategy
  - ▶ Production up 68% among our top 20 firms in 2013 vs. 2012, accounting for 49% of total written sales
- Launched significant new distribution relationship in Q1 leveraging 10,000 additional advisors
- Expanded Defined Benefit and Not-for-Profit channel teams delivering excellent results

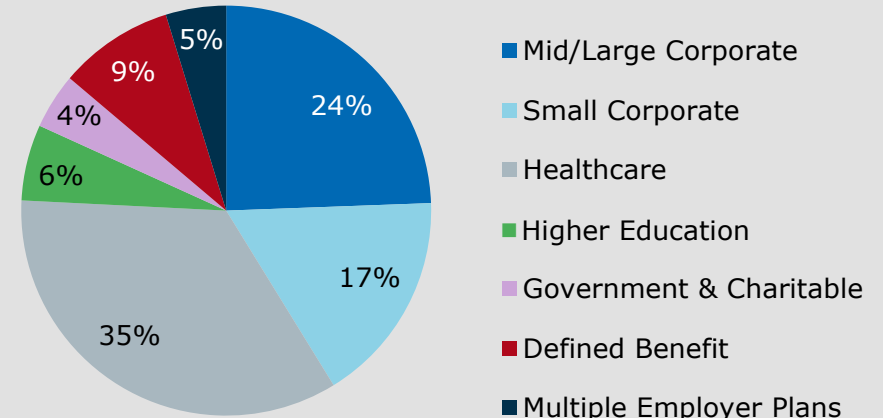
## Written sales

(USD billion)



## Sales by product line

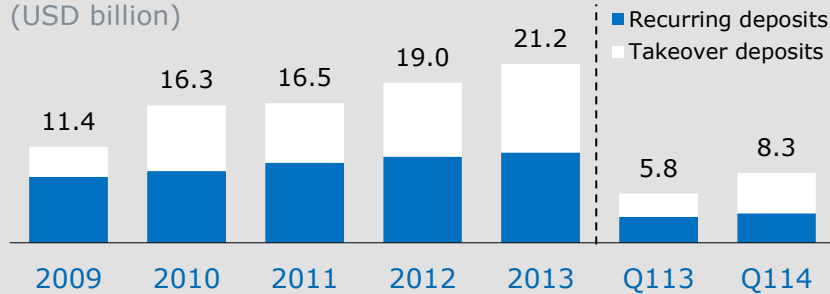
(FY 2013)



# Award winning customer service drives superior client retention resulting in strong net deposits

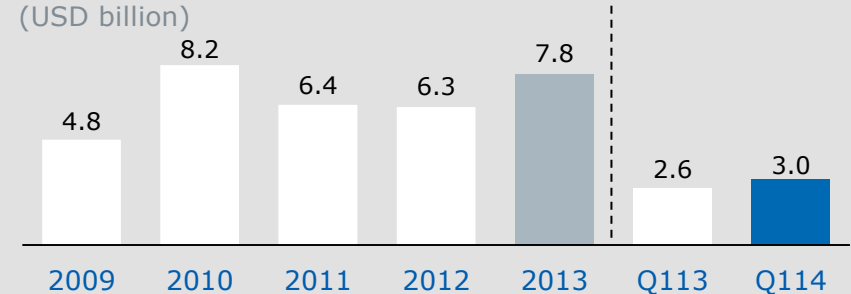
## Deposits

(USD billion)



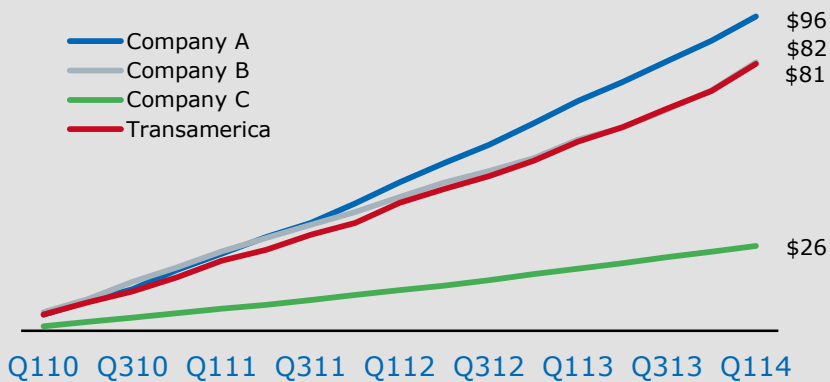
## Net deposits

(USD billion)



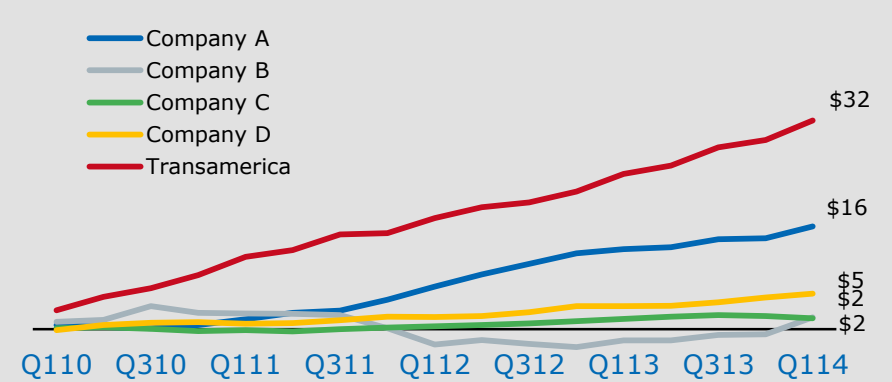
## Cumulative deposits\* – Q110– Q114

(USD billion)



## Cumulative net deposits\* – Q110– Q114

(USD billion)



\* Data sourced from publicly available information; Company D only reported net deposits

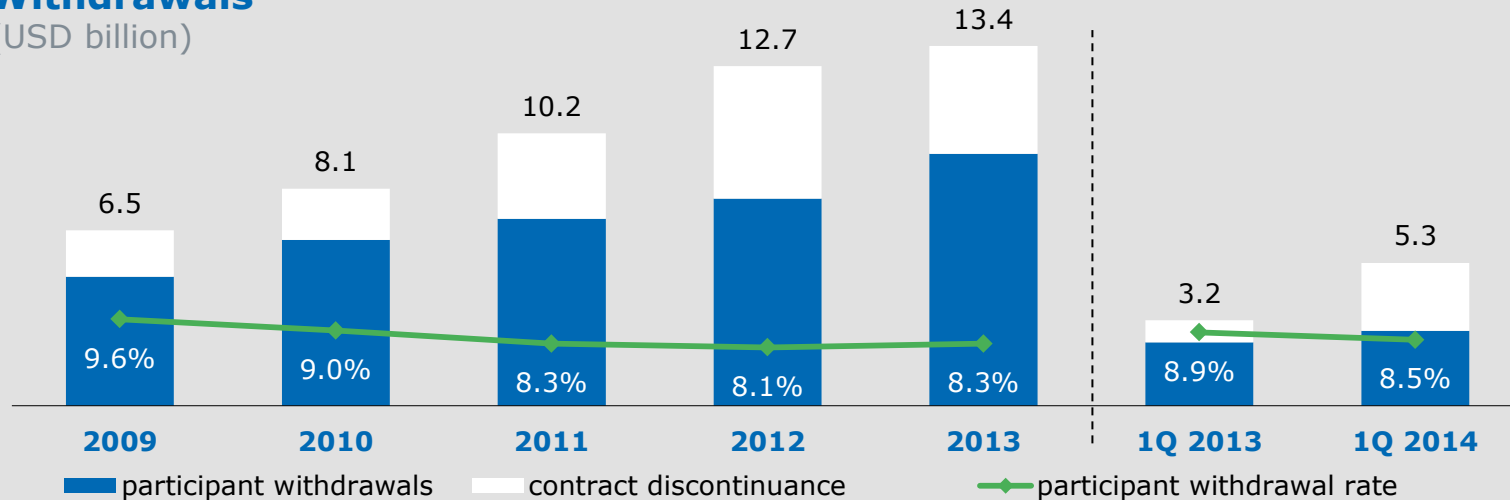


# Participant movement driving asset retention opportunity

- 60% of Transamerica participant withdrawals are rolled into an IRA
- Retained approximately 10%\* of these withdrawals through our distribution counseling and retirement transition services teams

## Withdrawals

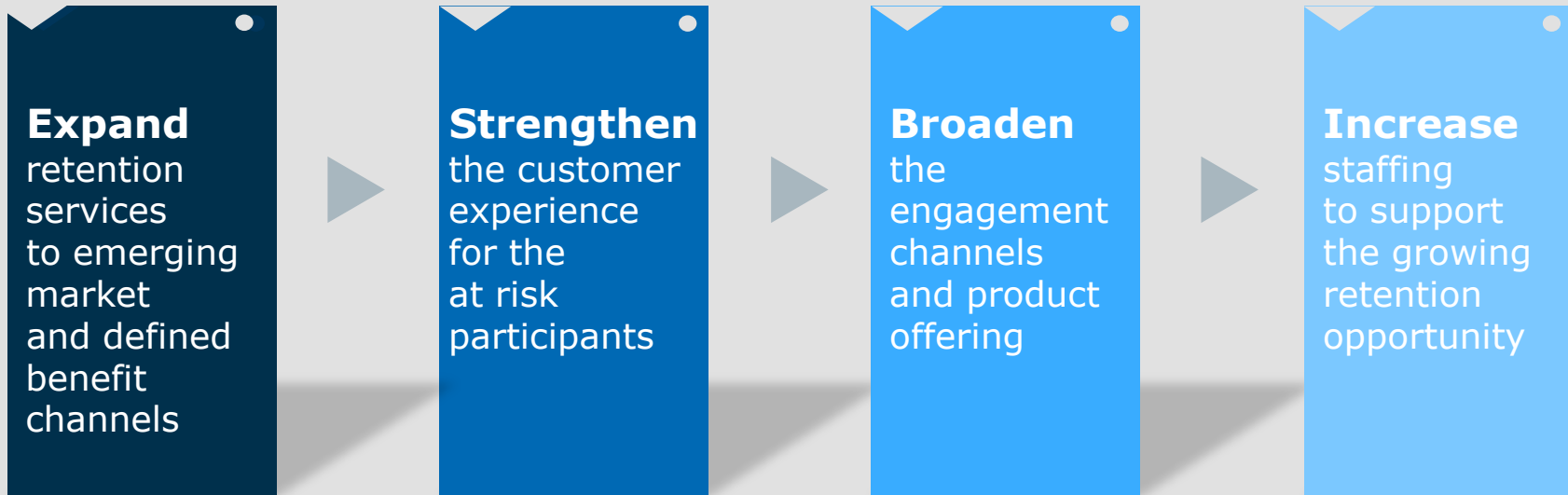
(USD billion)



\* as of Q1 2014

# IRA rollover strategy drives increase in retirement asset retention rate

- Continued execution of our early stage asset retention effort yielding positive results
- Executing on the following four new growth initiatives

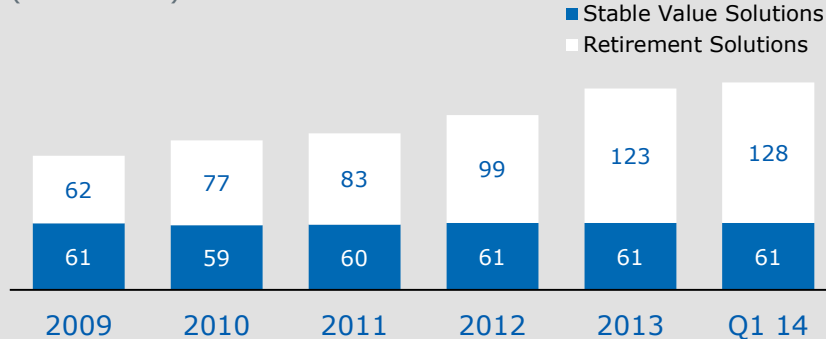


*10,000 Baby Boomers turn 65 every day; fueling growth in the IRA marketplace*

# Business growth and scalability lead to rise in earnings

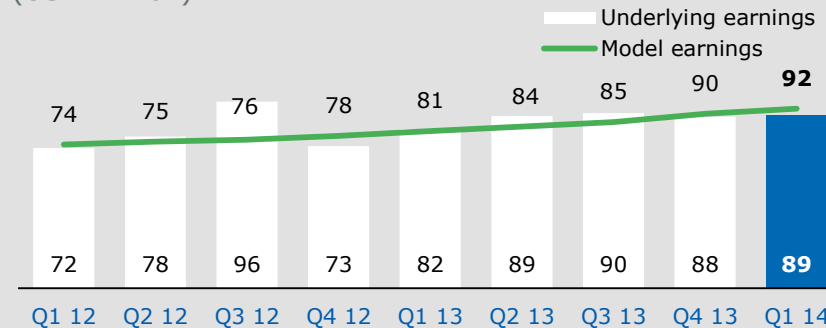
## Revenue-generating investments

(USD billion)



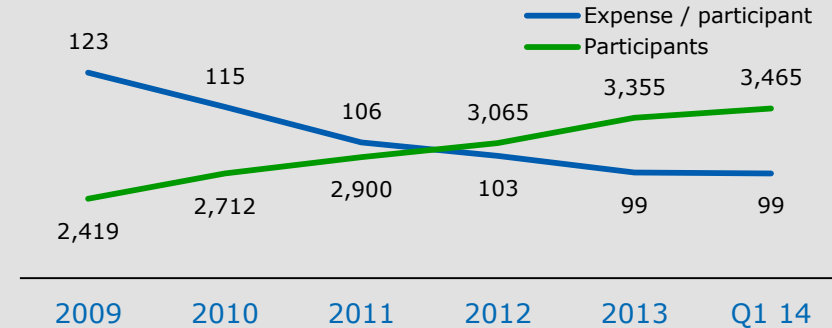
## Underlying earnings

(USD million)



## Expense per participant

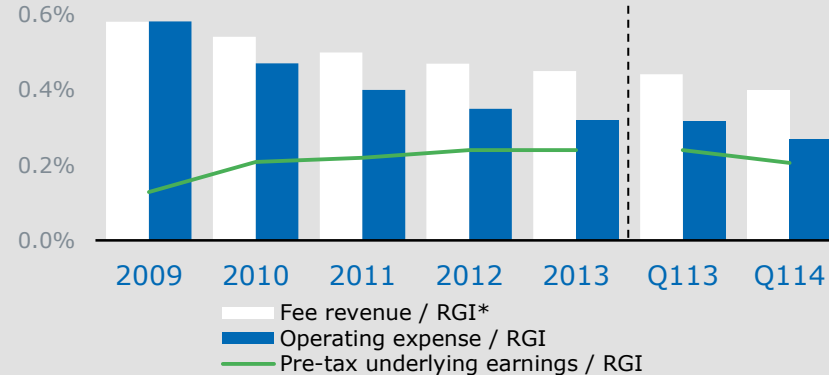
(Participants 000s, expense/participant whole USD)



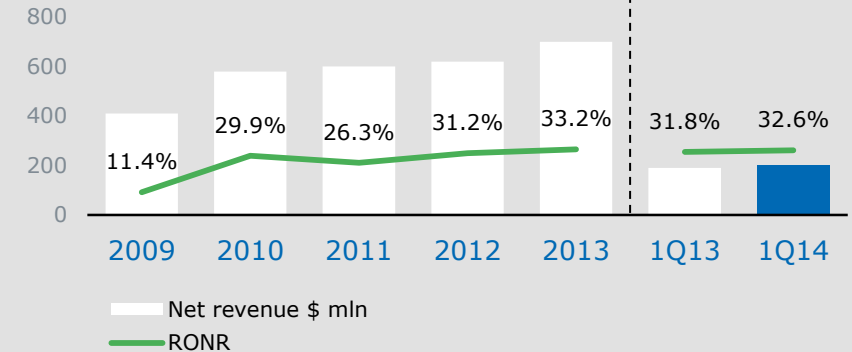
- Source of earnings is a combination of fee income and investment spread
- Adjust Retirement Solutions model to better reflect mix of business and evolution of large plan marketplace
- Earnings model
  - ▶ Retirement Solutions = 18 bps of revenue-generating investments + \$10 per participant
  - ▶ Stable Value Solutions = 18 bps of revenue-generating investments

# Return on net revenue metric optimal reflection of profitability

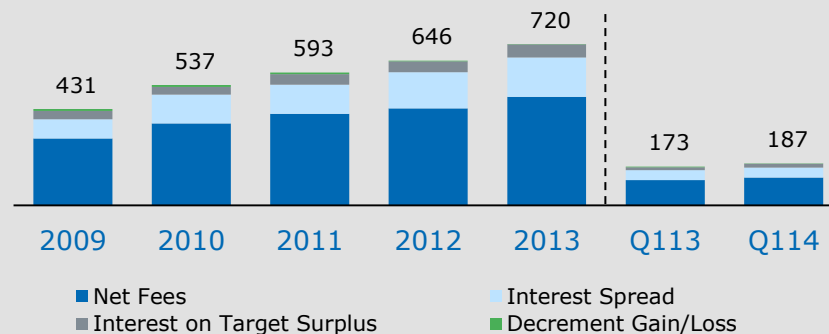
## Pension margin



## Return on net revenue



## Components of net revenue



- Return on Net Revenue (RONR) measure represents primary profitability going forward
- Industry seeing large plan business shift away from being exclusively priced on an asset basis and the trend toward per participant fees is one that is expected to continue
- Increase in RONR driven by scalability

\* Revenue Generating Investments

Note: RONR is defined as underlying earnings divided by net revenue

# Retirement readiness requires a partnership

## Plan Sponsors

- View readiness as ultimate goal
- Modernize plan design
- Create measurable culture of saving

## Plan Participants

- Get OnTrack<sup>SM</sup>, Stay OnTrack<sup>SM</sup>, Retire OnTrack<sup>®</sup>
- Multi-channel personalized tools and messaging
- Specialized teams and expertise

### Get OnTrack<sup>SM</sup>

Enroll and engage



OnTrack<sup>SM</sup> Report



Estimator



### Stay OnTrack<sup>SM</sup>

How much should I save?  
Am I invested properly?



Rainy



Cloudy



Partly Sunny



Sunny

**Ongoing Monitoring**  
Online • Statements • Mobile

Distribution Counseling  
for job changers

### Retire OnTrack<sup>SM</sup>

Can I retire?  
If not now, when?  
If now, how?



Retirement Transition Services  
for retirees

Drive customer connectivity  
through OnTrack technology:

Participants with Retirement Outlook: 834K  
Participants with a positive Retirement Outlook: 63%

# Comprehensive solutions for American employers

- The creation of Investments & Retirement enables Transamerica to become more relevant in the financial lives of our 5.1 million customers serving them to and through retirement
- Diverse retirement strategy fuels sustainable growth
- Product and service model diversity creates competitive advantage
- Business growth and scalability lead to a rise in earnings
- Demand for retirement readiness creates significant opportunity



# Appendix





# At-retirement initiative

**Why:** The US At-retirement market represents 26.7 million households<sup>1</sup>; **39%** of pre-retirees do not have a relationship with a financial advisor<sup>2</sup>.

**What: *Your Financial Life*** – A personal retirement platform offering clear, expert advice and peer experiences. Three main components:

**PLAN**

5. Your Strategy for a Brighter Retirement Outlook™

**Things are Looking Brighter!**

By making several important adjustments, you could be able to Brighten Your Retirement Outlook™. Based on our tool's analysis, these adjustments could extend your projected retirement income through age 90.

Click Talk to Us! and one of our Retirement Counselors will discuss strategies you can use to Brighten Your Retirement Outlook™.

**Talk to Us! >**

IMPORTANT: The projections or other information generated by this tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results derived from this tool may vary with each use and over time. See the About Probability Illustrations section below for more information.

**LEARN**

Financial Planning for Women

Financial planning may present different challenges for women as opposed to men for various reasons. Knowing these challenges, when and if they are likely to occur is crucial for women to successfully manage income, expenses, retirement planning, college planning for children, and any other money matters that need attention.

**Challenge 1:**

Women tend to live longer than men. According to 2009 data from the Centers for Disease Control, remaining life expectancy for a 65-year-old woman is 20.3 years, as opposed to only 17.6 years for a 65-year-old man. This may mean that not only do women need to accumulate more assets for retirement, but also that they need to

**CONNECT**

TRANSAMERICA® BLOG

Home Investment Protection Health Care Lifestyle Retirement Your Financial Life

**IS A ROLLOVER RIGHT FOR YOU?**

COULD A ROLLOVER IRA BE RIGHT FOR YOU?

**5 MONEY SAVING TIPS FOR THE SUMMER**

**5 SIMPLE IMPROVEMENTS FOR WOMEN'S HEALTH**

**HELP PROTECT YOUR TOMORROW WITH VOLUNTARY INSURANCE PRODUCTS**

**DON'T MISS**

**Products:** Current offering includes mutual funds, variable annuities and Transamerica IRA; Future versioning to provide protection products, and simplified investments to allow for online or phone-based transactions.

**Engagement:** Targeted marketing through direct, digital, paid search, social, and B2B partnerships.

**Bring Transamerica closer to existing customers, while growing direct-to-consumer capabilities and a new channel for product distribution**

<sup>1</sup> Cerulli, *The State of the Rollover and Retirement Income Markets, 2011*

<sup>2</sup> LIMRA, *Scaling the Pre-Retiree Market, 2010*

Thank you



Helping people take responsibility for their financial future

**For questions please contact**

**Investor Relations**

+31 70 344 8305

[ir@aegon.com](mailto:ir@aegon.com)

P.O. Box 85

2501 CB The Hague

The Netherlands



# Disclaimers

## Cautionary note regarding non-IFRS measures

This document includes the 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 its 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-GAAP 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 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 or the potential independence of Scotland from the United Kingdom
- 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, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- 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, may affect Aegon's reported results and shareholders' equity;
- 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 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.

# Individual Savings & Retirement



Helping people take responsibility for their financial future

Analyst & Investor Conference  
New York City – June 25, 2014

**Tom Swank**  
CEO

**David Hopewell**  
CFO



[aegon.com](http://aegon.com)



# Transformed and positioned for future success

- Individual Savings & Retirement has made the transition to fee based businesses
  - ▶ Mutual funds: accelerating earnings and rising sales
  - ▶ Variable annuities: 2013 saw all time high sales with strong margins
  - ▶ Adding enterprise value: nearly half of 2013 fee sales managed by Aegon Asset Management
- Variable Annuity has been managed into a higher earning and lower risk business
  - ▶ Strong new business benefiting from product transformation, rapid repricing, and good macro conditions
  - ▶ Inforce management has improved both earnings and tail risk without substantially impacting sales
- Fixed annuity spreads remain strong – liquidity needs building as block matures
  - ▶ Earnings have exceeded expectations as lower rates drive lower liability costs
  - ▶ Operational free cash flow benefits from high margins and stable balance decline



# Advancing our strategy – creation of Investments & Retirement

## Employer Solutions & Pensions

- Comprehensive retirement solutions across entire pension market
- Insuring stable value investments for defined contribution market



## Individual Savings & Retirement

- Wealth accumulation and preservation, asset allocation, and retirement income
- Retail mutual funds, fixed annuities and variable annuities

## Investments & Retirement

- Enhances product innovation and improves speed to market supporting the rapidly evolving needs of our customers
- Delivers a comprehensive suite of products and services to our distribution network

24,000 employer retirement plan customers

5.1 million Americans with more than \$281 billion in revenue-generating investments

Active accounts with 110,000 advisors, consultants and Third Party Administrators

***Serving customers to and through retirement with total investment solutions under one division of Transamerica***

# Execution of our strategic priorities



## Grow in traditional distribution channels

- Deepening relationships with existing advisors – VA sales up 59%, MF sales up 26% 2013 vs. 2012
- Growing number of producers selling VAs – up 77% 2013 vs. 2012 – not buying share but winning converts
- Cross-selling both product lines - # cross-selling producers up 29% and sales up 88% 2013 vs. 2012
- Strong service and administration teams increasing segmentation to improve loyalty



## Develop new channels to leverage platform

- Private label product in channels that do not conflict with existing customers or distributors
- Introduced variable annuity in the 401(k) market with SecurePath for Life product
- Pioneered new partnership relationship with ARIA
- Adding new mutual fund channels – added 25 retirement platforms in 2013



## Execution in product portfolio management innovation

- First to market with tiered VA equity pricing
- First to market with volatility adjusted funds
- Rapid VA re-pricing
- Focused on unique retail sub-advised mutual funds
- Alternative Lump Sum Offering approach is successful in transforming outcomes from the GMIB book



## Continued focus on operational excellence

- Maintain low-cost position in the annuity industry through targeted non-customer-facing and back-office efficiency
- Continued focus on mutual fund operating efficiency
- Improve customer service by segmenting service proposition and instituting loyalty programs – Platinum advisors sales up 126% 2013 over 2012
- Predictive modeling to increase sales effectiveness and influence customer behavior

*Effective execution supports strong current results with momentum*



# Variable annuity: a higher earning and lower risk business

- Strong new business profile continues to add to value of inforce
  - ▶ Product transformation has benefited both margin and risk of new business
  - ▶ Rapid repricing effectively balances volume and margin, maintaining appetite for growth
  - ▶ Good macro conditions with firm product pricing
- Inforce management has improved earnings and tail risk with little impact on sales
- Settlement option results to date support long term improvement in cost, equity risk, and rate sensitivity of 2002-2003 GMIB block
- Improved capital protection from broad use of volatility control funds and capital targeted hedging



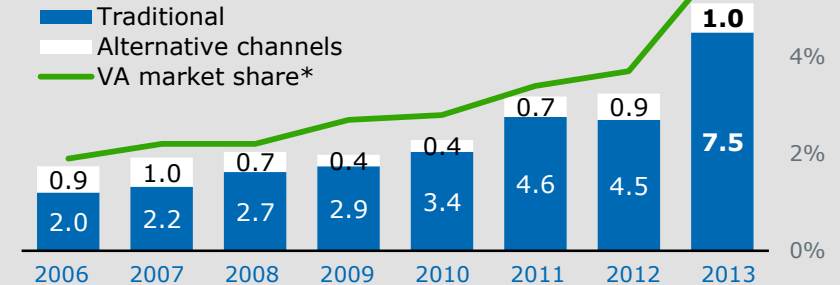
# Growth at the right time in variable annuities

## Growth in traditional and alternative channels

- Higher market share: solutions focused wholesaling force
  - ▶ Growing productivity through a targeted firm strategy and Advisor Intelligence Model (AIM)
  - ▶ Increasing private label production partners to 6 with most recent addition of Voya
  - ▶ Testing new markets – 401(k), ARIA, and high benefit lower comp traditional product
- Higher margins: process innovation and platform extension
  - ▶ Repricing speed to market reduces low ROA sales and allows for opportunistic growth, as in 2013
  - ▶ Over 40% of variable annuity sales to internally managed funds in 2013
  - ▶ First to market with:
    - Pricing by fund risk level – still a unique advantage
    - Volatility adjusted funds – Transamerica led approach that has become the standard

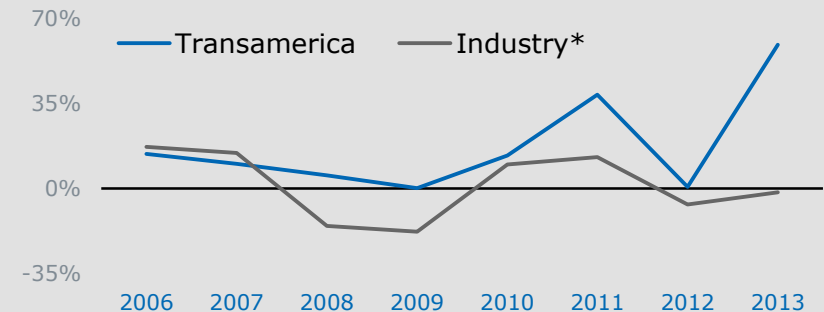
## Transamerica variable annuity sales

(USD billion)



## Variable annuity sales

(Annual percentage growth)



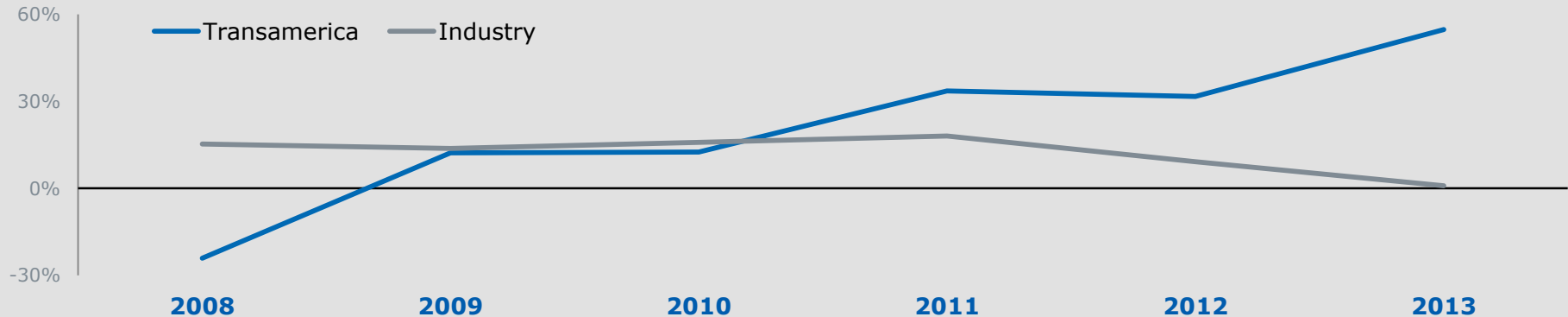
\* Industry and market share source: Morningstar (VARDS)

# Transamerica plots its own course as market conditions evolve

- Transamerica business value is created by selling well priced product into firm demand
  - Past discipline has maintained both capacity and appetite for new sales
- Transamerica accounts for a substantial percentage of industry net flows
  - The high rate of positive net flows in this market speeds the transformation of the book
- Effective sales and marketing execution allows for growth at the right price

## VA net flows as a % of total inflows

(%)



Source: Morningstar (VARDS); industry net flows is an estimate made by Morningstar

# Strong pricing in today's market

## Transamerica

Sample variable annuity market consistent pricing results\*  
As of March 31, 2014

Revenues based on account value	B-share with Retirement Income Choice	B-share with no income rider
Mortality and expense fees	1.30%	1.30%
Fund management revenue	0.62%	0.62%
Living benefit fees	1.87%	0.00%
Other revenue (surrender charges, policy fees)	0.06%	0.15%
<b>Total revenue</b>	<b>3.85%</b>	<b>2.07%</b>
Benefits and disbursements on account value		
Death benefits	0.16%	0.33%
Living benefit claims & hedge cost	1.16%	0.00%
General expenses	0.34%	0.29%
Distribution costs	1.15%	1.18%
<b>Total benefits and disbursements</b>	<b>2.81%</b>	<b>1.80%</b>
Product profit margin	1.04%	0.27%
Return from capital	0.05%	0.01%
<b>Priced for market consistent ROA</b>	<b>1.09%</b>	<b>0.28%</b>
<b>Rollforward from market consistent pricing to IFRS ROA</b>		
Adjustment from market consistent to IFRS management best estimate	0.31%	0.14%
<b>Expected IFRS ROA</b>	<b>1.40%</b>	<b>0.42%</b>
	<b>Wtd average ~1.20%</b>	

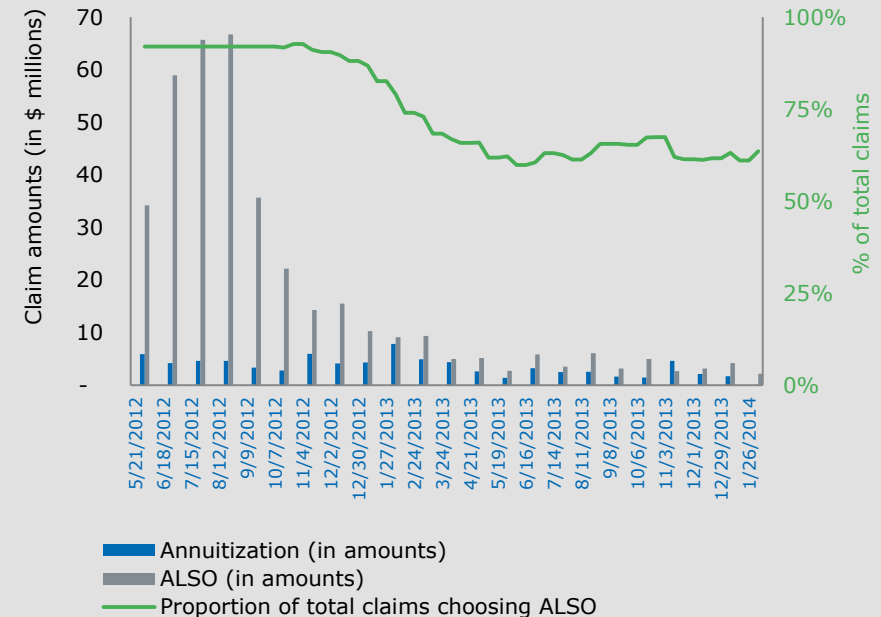
**Variable annuity margins are primarily driven by consumer demand for income rider**

\* Assumes B-share VA with return of premium death benefit on an average mix of business sold (issue ages, asset allocation, gender, etc.); revenue on asset management for funds managed by Aegon Asset Management (AAM) is reflected in AAM results

# Strong results driven by two inforce management initiatives

- Inforce fee increase on income guarantee reset or step up\*
  - ▶ Step up requires opt-in and applies to 2004-2007 GMWB riders
  - ▶ Reset happens automatically, unless policyholders opt-out, in rising equity markets for 2008 and later business sold
  - ▶ 95% acceptance rate for opt-out eligible policyholders in first 4 months in effect
- Most of the GMIB claims activity is Alternative Lump Sum Offer (ALSO) rather than annuitization
  - ▶ After higher initial activity, the proportion of total claims electing the option has been stable
  - ▶ Stable ratio indicates sustained appeal of offer, good response from different behavioral starting points, and lower risk that program pulls favorable future behavior forward

## ALSO vs. annuitization trends



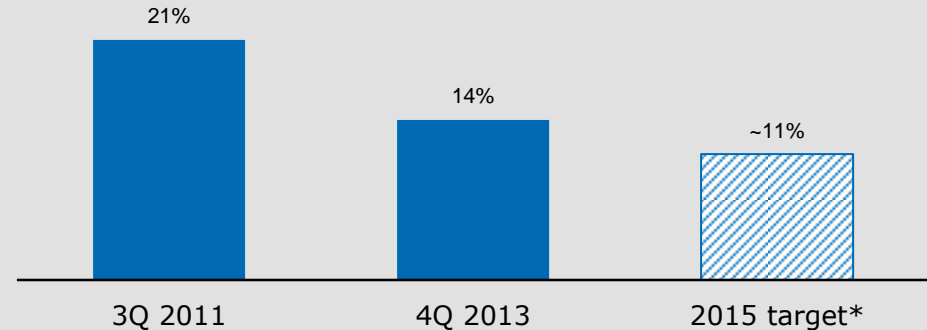
\* Effective November 2013

# Management actions driving improvement in GMIB cost and risk

- Broad adoption of volatility adjusted funds: ~ 30% of GMIB account value - reduces equity risk
- Impact from ALSO to date
  - ▶ Lower equity tail risk - adds to benefit from volatility adjusted funds
  - ▶ Lower rate sensitivity as liability duration falls
  - ▶ Minimal earnings impact, primarily from lower required capital
- Expansion of ALSO focused on entire block rather than only in the money portion
- Expected impact of expanded offer
  - ▶ ~20% shrinkage of target block over two years
  - ▶ Impact to IFRS results expected to be limited to earnings from lower required capital
  - ▶ Acceleration of improvement in VA ROC and decline in macro hedge cost

## VA in-force moving away from GMIB

(% GMIB account balance vs. total VA separate account balance)



	In-force VA, excl. GMIB	GMIB
Account balance	86%	14%
IFRS equity**	~50%	~50%

\* As released at the December 2011 A&I conference

\*\* IFRS equity fluctuates with market conditions and sales

# Hedging remains effective with stable cost

## Fair value hedging without an accounting match

- Protection of capital continues to be main purpose
  - ▶ Hedge payoff helps fund increase in capital if equity declines
  - ▶ 2002-2003 GMIB block primary driver of hedged exposure
- IFRS accounting mismatch between hedges and liabilities
  - ▶ GMIB liability carried at amortized cost (SOP 03-1)
  - ▶ Macro hedge carried at fair value

## Fair value hedging with an accounting match

(USD million)



- Fair Value results expected to be near zero over time
- Quarterly volatility due to:
  - ▶ IFRS sensitivity to equity and rates is lower than hedge target
  - ▶ Some long term volatility not hedged
- Most quarterly volatility due to timing issues that offset over time

\* Fair value results are reported outside of underlying earnings in Fair Value Items



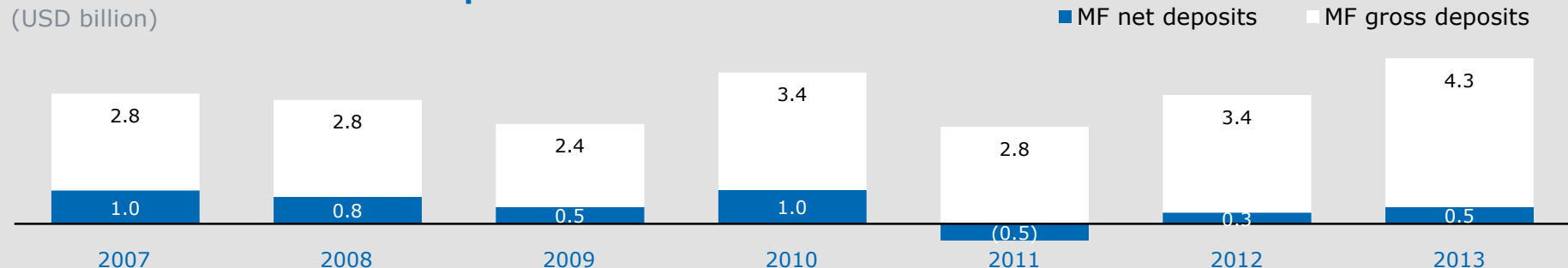
# Mutual funds: creating value today with upside potential

- Consumer value: offer best in breed sub-advised mutual funds
  - ▶ 41% of funds offered by Transamerica are rated 4-star or 5-star vs. industry average of 33%\*
- Distributor value: broader product mix and new distribution lead to higher sales and net flows
- Enterprise value: leveraging capabilities
  - ▶ VA provides scale = cost advantage for fund business relative to size
  - ▶ Over 50% of 2013 mutual fund sales to Aegon Asset Management managed funds
- Diversification supports growth in all market conditions
  - ▶ Tripled the number of funds available since 2010

## Sales momentum creating positive net flows with improving margins

### Transamerica mutual fund deposits

(USD billion)



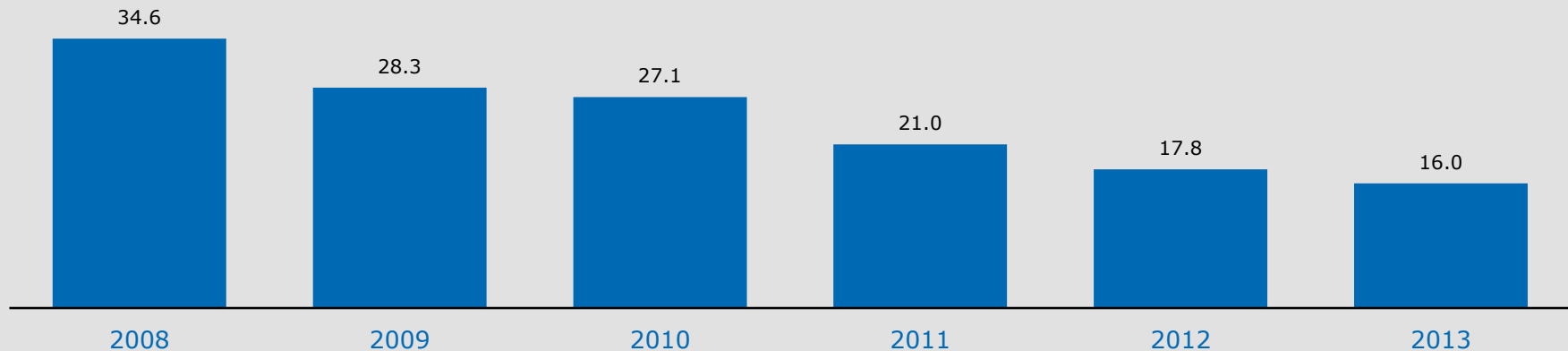
\* Morningstar

## OFCF generated as fixed annuity balances decline and margins hold

- Fixed annuity balance decline expected to stabilize at or slightly below recent levels due to end of shock lapses from 2009 five-year guarantee business
- Margins have stabilized as policy rate resets and portfolio yield fall in tandem while low rates reduce lapse potential, supporting inforce balances
- Operational Free Cash Flow tracks earnings plus required capital release

### Fixed annuity balances

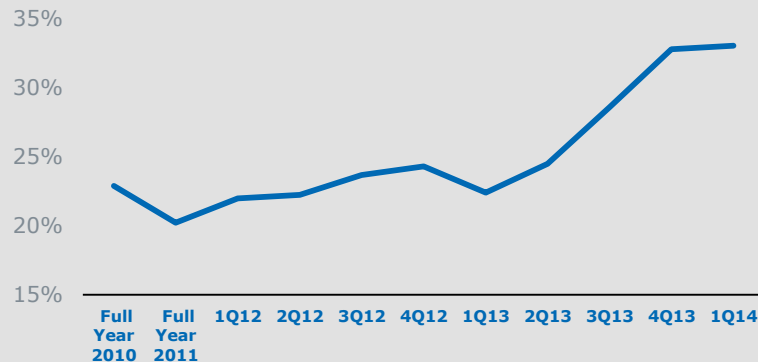
(USD billion)



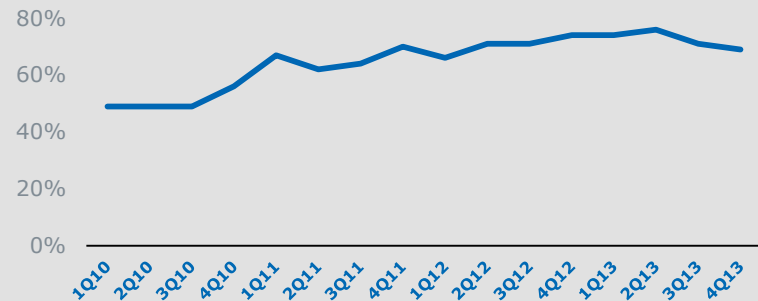
# Fixed indexed annuity: another approach to guaranteed income

- Guaranteed income is our business
- Living benefit riders are widely available on Fixed Indexed Annuity (FIA)
  - ▶ In 2013, 88% of FIA sales had a living benefit rider available, up from 80% in 2010
- New generation of products use custom as well as traditional indices
  - ▶ New indices similar to VA volatility adjusted funds
  - ▶ Lowers costs of market performance and improves value proposition for consumers, despite low current rates
- Distributors want fresh, consumer friendly offerings
  - ▶ FIA markets are aligning with our strategic objectives and FIA product leverages our competencies
  - ▶ Transamerica to launch a new FIA in 4Q14

**Fixed indexed annuity sales as a % of VA**



**FIA living benefit election rate trend**



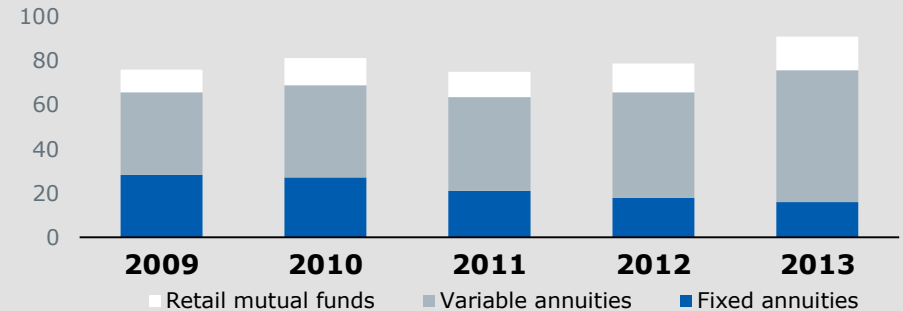
Source: LIMRA data; internal analysis

# Delivering on commitments: transition from spread to fee

- Variable annuity and mutual funds replace fixed annuity earnings and need less capital
- Variable annuity growth while lowering risk - strong execution into market opportunity
- Platform additions and more diversified product set drives mutual fund growth
- Record of leveraging Aegon enterprise strengths

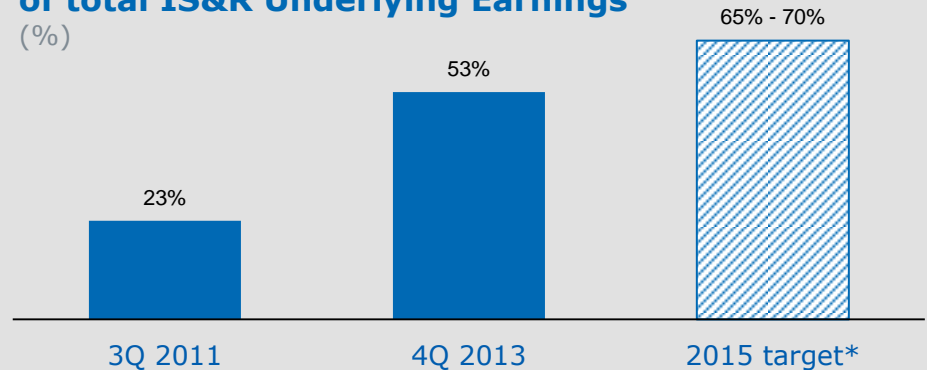
## Account balances shift from FA to VA and MF

(USD billion)



## Fee income as a percentage of total IS&R Underlying Earnings

(%)



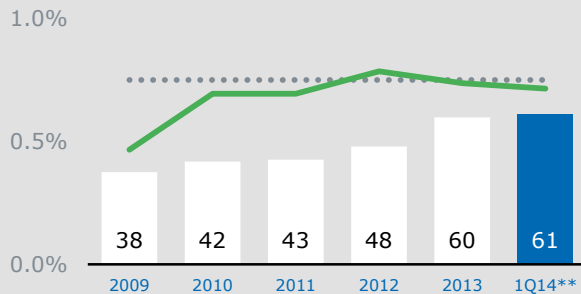
\* As released at the December 2011 A&I conference

# Strong ROA in all lines

- Variable annuity ROA reiterated at 80 bps
  - Impact of accounting policy change a reduction of 4-5 bps in 2014
  - Impact of new sales are expected to raise ROA over time
- Mutual funds reiterated at 30bps as Q114 results hit target
- Fixed annuity maintained at 100bps – outperformance continues

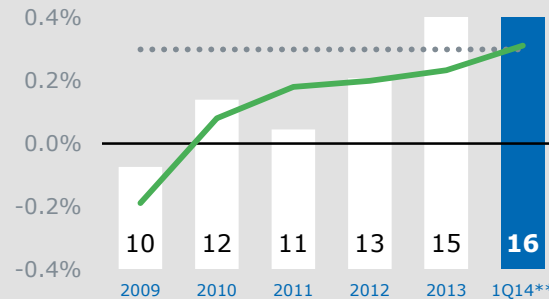
## Variable annuity balances and margin\*

(%, USD billion)



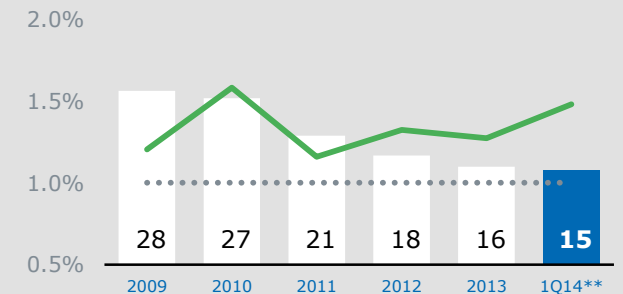
## Retail mutual fund balances and margin

(%, USD billion)



## Fixed annuity balances and margin

(%, USD billion)



— Margin (UEBT\*\* / Assets)

..... Targeted margin

\* Variable annuities margin adjusted for one-offs

\*\* Underlying earnings before tax are annualized

# Transformed and positioned for future success

- Individual Savings & Retirement has made the transition to fee based businesses
  - ▶ Mutual funds: accelerating earnings and rising sales
  - ▶ Variable annuities: 2013 saw all time high sales with strong margins
  - ▶ Adding enterprise value: nearly half of 2013 fee sales managed by Aegon Asset Management
- Variable Annuity has been managed into a higher earning and lower risk business
  - ▶ Strong new business benefiting from product transformation, rapid repricing, and good macro conditions
  - ▶ Inforce management improves both earnings and tail risk without substantially impacting sales
    - ALSO program changes expectation of equity and rate sensitivity while reducing GMIB tail risk
    - Inforce pricing actions already taken will strengthen margins
    - Macro hedging successfully protects the capital base
- Fixed annuity spreads remain strong – liquidity needs building as block matures
  - ▶ Earnings have exceeded expectations as lower rates drive lower liability costs
  - ▶ Operational free cash flow benefits from high margins and stable balance decline



# Appendix





# Positioned for success in traditional, non-traditional and emerging at-retirement markets

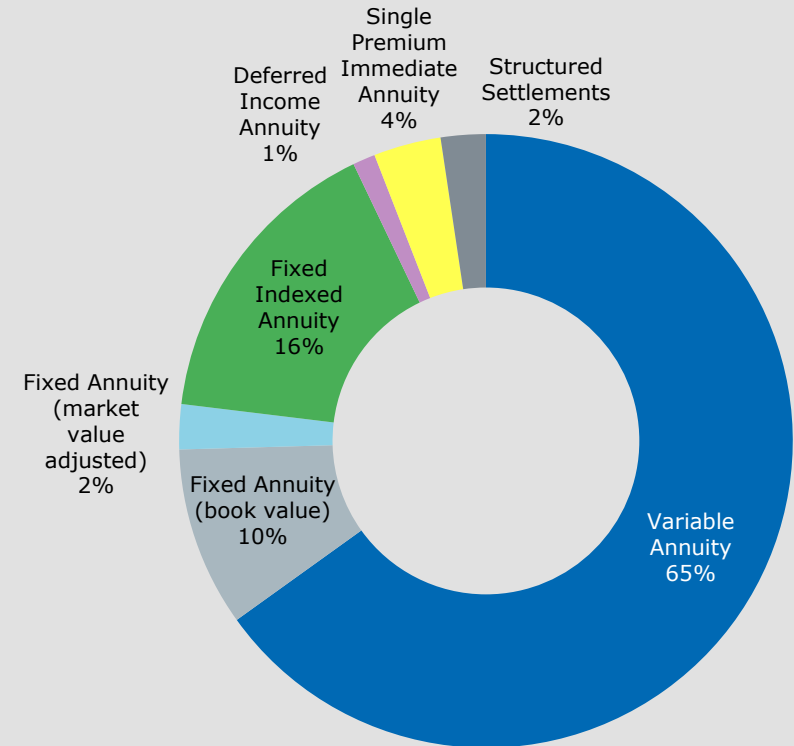
	<b>Annuities – variable and fixed</b> Wealth accumulation, preservation and retirement income	<b>Retail mutual funds</b> Wealth accumulation and asset allocation
<b>Overview</b>	<ul style="list-style-type: none"> <li>■ Transamerica Capital Management (TCM)               <ul style="list-style-type: none"> <li>▶ Manufactures variable and fixed annuities</li> <li>▶ Distributes variable and fixed annuities</li> </ul> </li> <li>■ Variable annuities:               <ul style="list-style-type: none"> <li>▶ Dedicated wholesaling team</li> <li>▶ Fee-based earnings retain some capital markets leverage post-hedging</li> </ul> </li> <li>■ Fixed annuities:               <ul style="list-style-type: none"> <li>▶ Profitability managed over time through rate setting</li> <li>▶ Back book management through select reinsurance transactions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Transamerica Asset Management (TAM)               <ul style="list-style-type: none"> <li>▶ Investment advisor to all AEGON USA mutual funds</li> <li>▶ Manufactures mutual funds</li> <li>▶ Provides asset allocation</li> <li>▶ Offers a continuum of asset allocation and partner funds/asset management – effectively a “manager of managers”</li> </ul> </li> <li>■ Dedicated wholesaling team and award winning shareholder servicing</li> <li>■ Fee-based earnings with low required capital</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>■ Focused on third-party distribution (advisors)               <ul style="list-style-type: none"> <li>▶ Banks</li> <li>▶ Wires</li> <li>▶ Independent broker dealers</li> </ul> </li> <li>■ Adding new channels</li> </ul>	<ul style="list-style-type: none"> <li>■ Focused on third party distribution (advisors)               <ul style="list-style-type: none"> <li>▶ Banks</li> <li>▶ Wires</li> <li>▶ Independent broker dealers</li> </ul> </li> <li>■ Adding new channels</li> </ul>
<b>Competitive advantages</b>	<ul style="list-style-type: none"> <li>■ Highly recognized brand – Transamerica</li> <li>■ Distribution capabilities and execution</li> <li>■ Customer service</li> <li>■ Advanced Markets support for advisors on complex planning concepts and strategies</li> <li>■ Advisor Intelligence Model (AIM)</li> <li>■ Low maintenance costs</li> <li>■ Innovative approach: speed to market, pricing discipline and back book management</li> </ul>	<ul style="list-style-type: none"> <li>■ Open architecture - focus on unique retail sub-advised mutual funds</li> <li>■ Manager research and selection capabilities</li> <li>■ Diversified channels with strong wholesaling distribution</li> <li>■ Advisor Intelligence Model (AIM)</li> <li>■ Customer service focus - 10 consecutive DALBAR awards and 13 overall</li> <li>■ Asset allocation capabilities</li> </ul>

# Customer value proposition: why buy a variable annuity?

- Variable annuity remains the dominant income protection product
  - Income guarantee is a planned purchase of future income linked to market returns
  - Balance of liquidity and guarantee is a unique and valuable feature
  - Flexibility to adjust to changing needs or plans over time
  - Although the income guarantee is a key feature today, nearly 20% of current Transamerica sales have no income guarantee

## Industry annuity sales

(% in 2013)



# Variable annuity: bridge to guaranteed retirement income

- Defined contribution plans (usually employer-based) are the largest single pot of wealth in the US
- At the point of retirement, there are a variety of ways to create income from those assets; these include:
  - ▶ Annuities
  - ▶ Systematic withdrawals of assets
  - ▶ Income-oriented mutual funds
  - ▶ Dividend-paying stocks
  - ▶ Laddered corporate bonds, bank certificates of deposit (CDs), municipals or Treasuries
- Only annuities offer guaranteed income, and for a large segment of retirees some annuity is an efficient investment – Variable Annuities are the most popular bridge between accumulated wealth and guaranteed income

# What the variable annuity product provides

- From a customer-needs viewpoint, the Variable Annuity purchase relieves worries of:
  - ▶ Retiring at the “wrong time” in the equity market cycle
  - ▶ Converting assets into income
  - ▶ Outliving that income
  - ▶ Uncertainty of future plans and income
- More technically, Variable Annuities allow customers to:
  - ▶ Diversify exposure to mortality, longevity and market path by outsourcing risk to VA writers: sequence of returns and time diversification can be pooled through intermediaries
  - ▶ Accumulate wealth on a tax-preferred basis
  - ▶ Convert wealth into guaranteed income for life at retirement
  - ▶ Manage the conflict between the need to commit to an income guarantee and the loss aversion driven by:
    - Unexpected death and loss of principal
    - Missing equity market rallies
    - Experiencing equity market sell offs

***Variable annuities provide a guarantee that puts a floor on known needs and provides flexibility for the unknowns***

# Thank you



Helping people take responsibility for their financial future

**For questions please contact  
Investor Relations**  
+31 70 344 8305  
[ir@aegon.com](mailto:ir@aegon.com)

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



# Disclaimers

## Cautionary note regarding non-IFRS measures

This document includes the 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 its 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-GAAP 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 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 or the potential independence of Scotland from the United Kingdom
- 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, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- 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, may affect Aegon's reported results and shareholders' equity;
- 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.



# Life & Protection



Helping people take responsibility for their financial future

Analyst & Investor Conference  
New York City – June 25, 2014

**Scott Ham**

CEO

**Kevin Crist**

CFO

**John Hunter**

COO



[aegon.com](http://aegon.com)



# Significant opportunities exist within the protection market

- The US life insurance industry appears to be mature and slow-growth; however, opportunities exist for profitable growth
  - ▶ The underpenetrated Generation X demographic desires to buy life insurance coverage\*
  - ▶ Consumer mindset is resetting post-financial crisis – protecting assets is now eight times more important than achieving higher, riskier returns\*\*
  - ▶ Americans 55+ are more interested in guarantees and financial peace of mind — believing peace of mind is four times more important than accumulating wealth\*\*
- Transamerica's broad distribution network, diverse product mix and investments in technology and innovation position L&P to capture these opportunities

\* Deloitte, "Life Insurers cast the net wider for growth: Enter Gen X" (2013)

\*\* The AIG Retirement Re-Set Study (2013)



# Life & Protection — positioned to capture the opportunities



## Multi-channel distribution

- Multi-channel distribution network reaches across the whole range of the market
- Deepening the customer relationship by creating an engaging, interactive online/mobile experience
- Empowers consumer to control how they engage



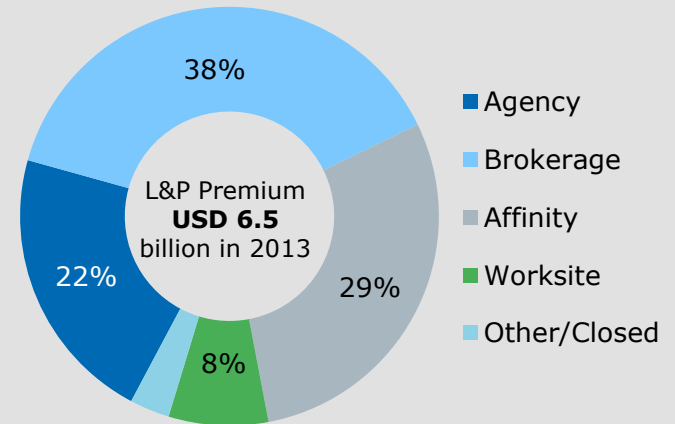
## Diverse product portfolio

- Life products with strengths in term, universal life and indexed universal life
- Health products are a broad mix that range from long term care insurance to trip insurance
- Profitable on a market consistent basis

# Multi-channel distribution empowers customer engagement

## Broad, diversified distribution channel management

- Organized at a distribution level empowers customers to engage with us the way they choose
  - ▶ Agency – close ties with distribution partners in underserved middle market
  - ▶ Brokerage – independent distributors in middle and affluent market
  - ▶ Affinity – analytics driven marketing
  - ▶ Worksite – accessing families at the workplace
  - ▶ Direct – access to our products with the online convenience of researching and buying anytime



## Expanding our distribution capabilities demonstrates execution of our growth strategy, including:

- World Financial Group
- Transamerica Employee Benefits
- Healthcare exchanges
- Transamerica Direct



# Spotlight on World Financial Group – agency distribution channel

- **Middle market focus**

- ▶ Helping families across North America plan for their future through financial education, products & services

- **Field focused on business expansion & developing successful business owners**

- ▶ Recruiting is the foundation of this business
  - Over 95,000 recruits during 2013
- ▶ Access to an entrepreneurial career with low start-up cost
- ▶ Career progression: getting a financial education to becoming triple licensed (life license, securities registrations, investment advisor representative)
  - Over 26,000 life licenses at end of 2013

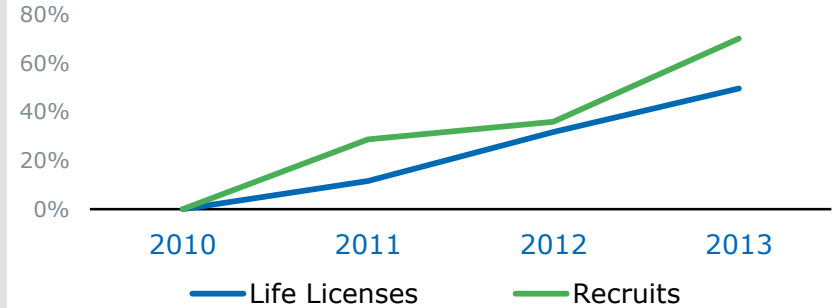
- **Dual career**

- ▶ Income stability as associates are being trained and getting licensed
- ▶ Keeps new associates in their natural markets
- ▶ Dual income for certain careers
  - Teachers, CPAs, early retirees

- **Diverse field force**

- ▶ Multicultural across gender, ethnicity, age and education
  - According to Investment News, TFA\* had the 2<sup>nd</sup> largest number of female Registered Representatives of all Independent Broker Dealers in 2013

## WFG sales force growth



	2010	2011	2012	2013
<b>WFG as a % of Agency premium</b>	36%	38%	40%	42%

\* All US WFG registered representatives are registered with Transamerica Financial Advisors (TFA)

# Transamerica Employee Benefits outpacing industry growth

## ▪ Middle market focus

- ▶ Helping the working middle class by providing access to voluntary life insurance and supplemental health products – both employee paid and employer contributed – via payroll deduction

## ▪ Multi-channel distribution

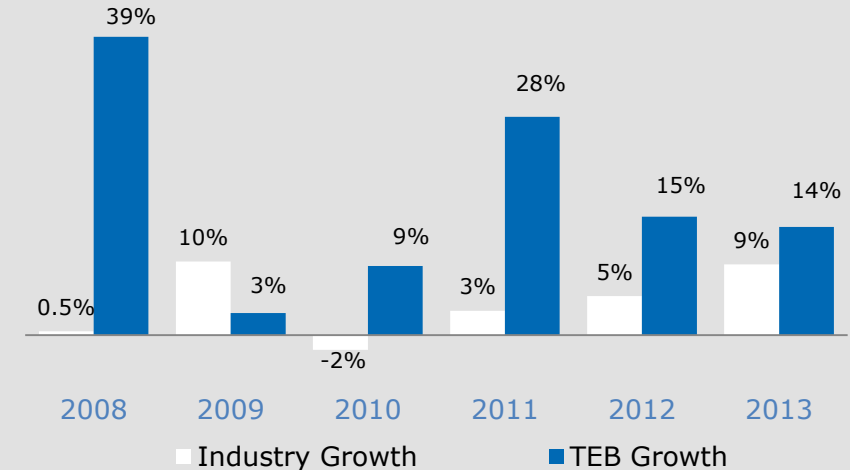
- ▶ Brokers
- ▶ Technology platforms
- ▶ National accounts
- ▶ Specialty distribution – government contractors
- ▶ Private exchanges

## ▪ Markets served

- ▶ Benefits solutions for employers, trade associations, unions
- ▶ Flexible plan designs that supplement major medical
- ▶ Easy, multi-state enrollment platforms with group based products
- ▶ Available guaranteed issue products with portable coverage
- ▶ Plan designs for full-time employees and family, part-time and seasonal employees

## Year over year sales growth\*

(%)



## TEB named "Fastest Growing Company On Voluntary Sales" \*\*



\* LIMRA US Worksite Sales Survey Reports

\*\* U.S. Worksite/Voluntary Sales Report based on 2012 sales; conducted by Eastbridge Consulting Group, Inc.

# Expanded customer access through healthcare exchanges

- Healthcare exchanges represent new, emerging distribution channels
  - ▶ Exchange strategies in place for both the pre-65 and post-65 markets
- Transamerica has an early presence on both public and private exchanges
  - ▶ Distribute TEB supplemental health products thru seven private exchange platforms
  - ▶ Affinity Markets: Products include Medicare Supplement, Part D and dental insurance
  - ▶ Transamerica Direct: Initial launch of Medicare Part D on CMS\* Plan Finder
- Sales volume is minimal so far, but industry growth projections are significant

## Exchanges are an online benefits marketplace for health and auxiliary products

### Public exchange

- As a result of the Affordable Care Act (ACA), Americans without access to health insurance through their employers are able to obtain coverage through public exchanges

### Private exchange

- While not directly linked to the ACA, private exchanges are emerging as a new distribution channel.
- Private exchanges are typically sponsored by brokers and benefit consultants working with employers to provide health and related benefits to their employees or retirees.
- A move to a private exchange can facilitate an employer's transition to a "defined contribution" concept for funding health benefits, promoting enhanced employee choice

\* Centers for Medicare and Medicaid Services

# Expanding our presence in the direct to consumer market

- Directing consumers to digital platform and providing access to an agent via telephone, e-mail or click-to-chat
- Providing online life insurance education, as well as product recommendations via a Personal Plan Builder
- Access to term life, universal life, accidental death and dental insurance products
- Expanding service offerings within active lifestyle community through [activetransamerica.com](http://activetransamerica.com)
  - ▶ Living an active lifestyle leads to healthier individuals and a healthier society
  - ▶ Transamerica sponsoring running races and endurance events – providing protection for event registration fees, bicycle insurance and savings on life insurance for living a healthy lifestyle

The screenshot displays two sections of the Transamerica website. The top section, titled "Getting closer to our customers", features a man reading a book and text that reads: "Life is complicated. Life insurance doesn't have to be. Find out everything you need to know about life insurance." Below this is a "Life Insurance 101" button and a navigation bar with links for "Personal Plan Builder", "Life insurance 101", "Our products", and "Guides to Life Insurance". The bottom section, titled "Transamerica's partners in the active lifestyle community", lists several partners: LIFETIME (THE HEALTHY WAY OF LIFE COMPANY™), VISION QUEST COACHING, LIFETIME TRI, USA TRIATHLON, WOMEN'S RUNNING SERIES, TRANSAMERICA Rock n' Roll San Francisco 1/2 MARATHON, BOLDERBOULDER, Rock n' Roll MARATHON SERIES, and TRIROCK TRIATHLON SERIES | AGI.

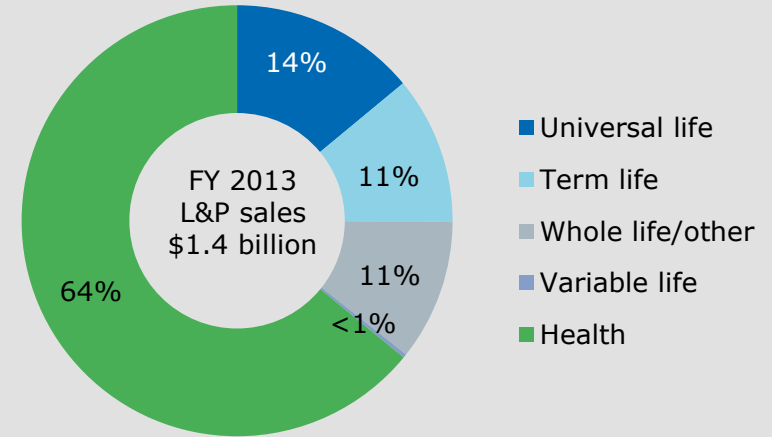
*Leveraging our expertise in analytics driven marketing to the direct channel*



# Diverse product portfolio delivers customer value

## Full range of innovative product solutions

- Life products with strengths in term, universal life and indexed universal life
- Health products are a broad mix that range from long term care insurance to travel insurance



## Some examples

- Real Time Pricing – a unique approach to the secondary guaranteed universal life market
- Long term care insurance – competing in profitable niches
- Medicare supplement expansion – large market with stable earnings patterns

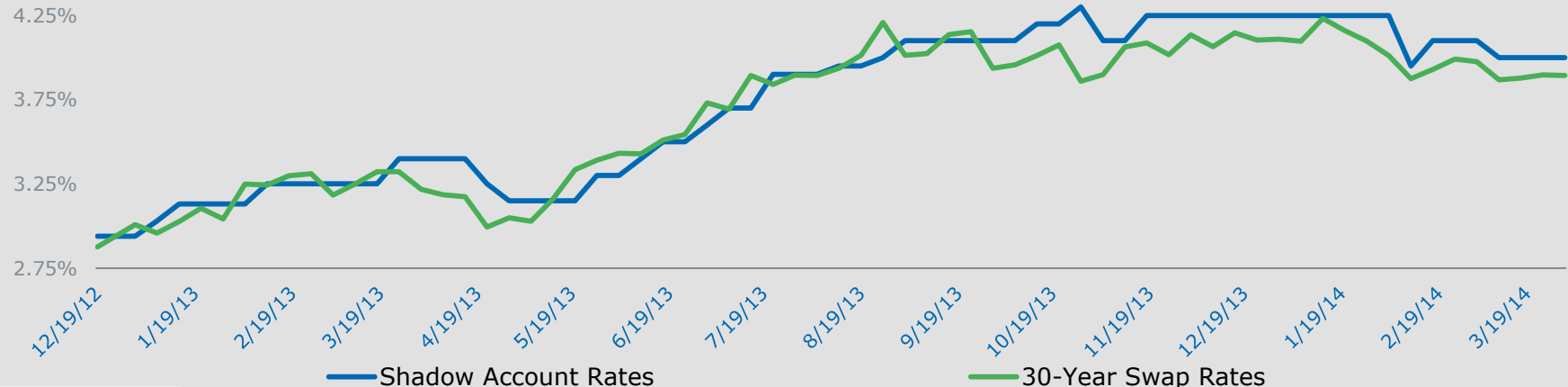


# Unique approach to secondary guaranteed universal life market

## Real Time Pricing

- A unique secondary guarantee universal life (SGUL) product with rates that reset weekly for new sales based on the interest rate and competitive environment
- Patent for pricing technology pending
- Redesigned products launched late 2012; Q1 2014 sales increased 39% over Q1 2013
- Allows Transamerica to consistently participate on a profitable, market consistent basis in the SGUL market

## Weekly pricing vs. 30-year swap rates

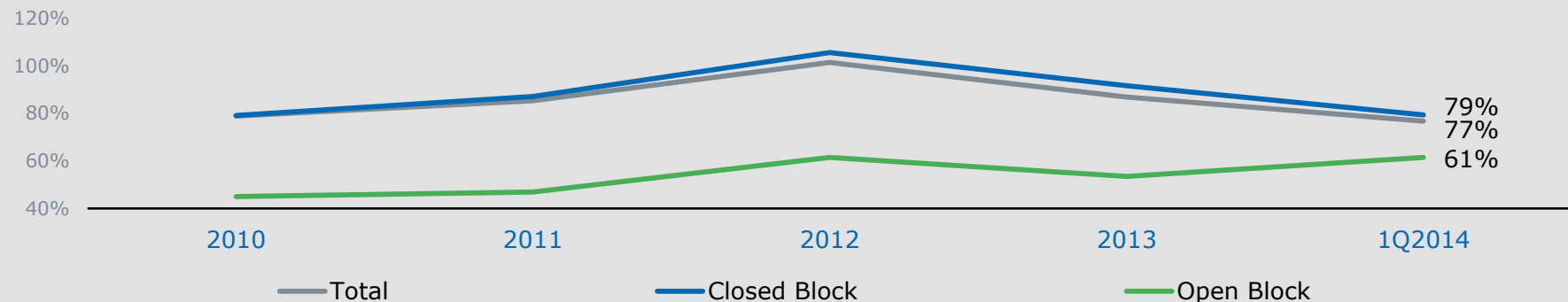


Note: The shadow account interest rate determines the minimum premium that a customer must pay to guarantee that the policy will continue. As the rate goes up the minimum premium goes down.

# Competing in profitable niches of the LTC market

- Transamerica's strongly positioned to compete in the Long Term Care market due to early exit from the legacy LTC market (2003) and early reentry (2009)
  - ▶ 10 year track record of rate activity to address legacy pricing issues
  - ▶ 5th largest block of long term care business gives us the scale and claim experience to compete effectively
  - ▶ Strategically positioning growth in profitable niches, such as multi-life sales and lower benefit products
  - ▶ Long term care expertise extended by developing and marketing life products with related riders
- New LTC sales positively impacting overall interest adjusted benefit ratio

## Interest adjusted benefit ratio\*



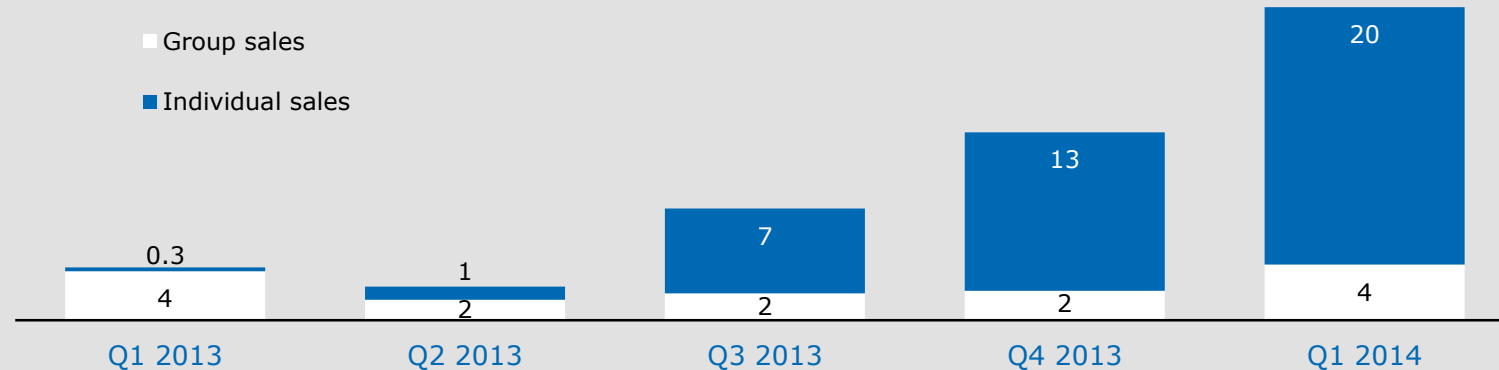
\* Total Incurred Benefits (paid and reserved) less imputed interest on the reserves divided by Total Premiums Earned; morbidity assumptions were updated on the old block in 2012 which resulted in recording additional loss recognition reserves

# Significant expansion in Medicare supplement products

- Medicare Supplement is insurance coverage for costs not covered by Medicare (government medical program for seniors 65+)
- Transamerica has been offering Medicare Supplement in the affinity/group market for 25 years
  - ▶ Sales expanded into individual market in 2012 (agent-sold)
  - ▶ Sales expanded into direct to consumer market in 4Q13
- Large market with stable earnings patterns

## Medicare supplement sales

(USD million)

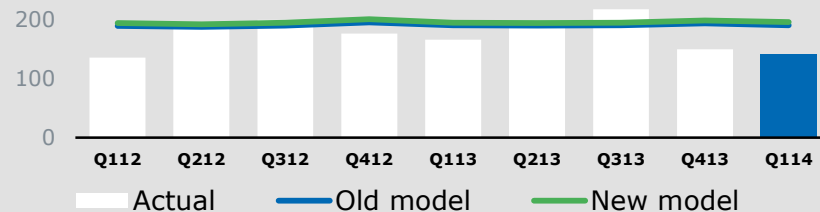


# Minor model refinements for underlying earnings

- Minor model refinements for product mix and updated accounting policy changes
  - General account and separate account reserve factors are unchanged
  - Life premium factors increased from 7.0% to 8.3% due to sale of wider margin business
  - Health premium factors decreased from 14.0% to 12.5% due to sale of lower margin business but with less capital intensive requirements

## Underlying earnings before tax

(USD million)



## Sample model:

(annual earnings)

	Old factors	New factors
+ % of health premium	14.00%	12.50%
+ % of life premium	7.00%	8.30%
+ % of separate account balance	0.60%	0.60%
+ % of general account reserves	0.35%	0.35%

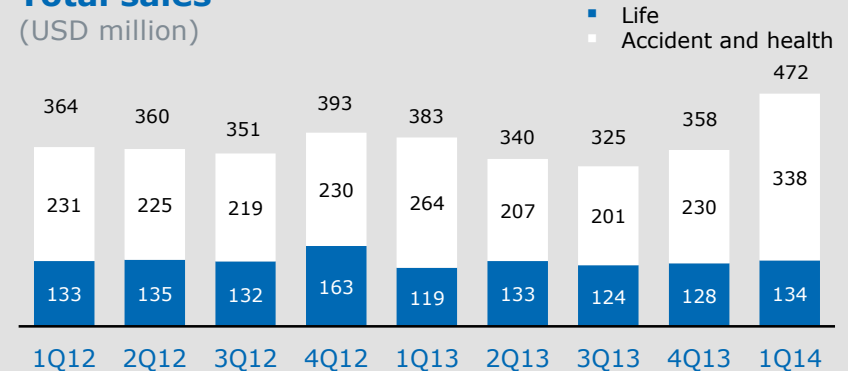
	1Q13	2Q13	3Q13	4Q13	1Q14
Health premium	585	589	601	594	571
Life premium	1,046	1,032	1,016	1,062	1,066
Separate account balance	4,742	4,699	4,876	5,142	5,095
General account reserves	32,283	32,198	32,374	32,619	32,894

# Increasing value with profitable sales on a market consistent basis

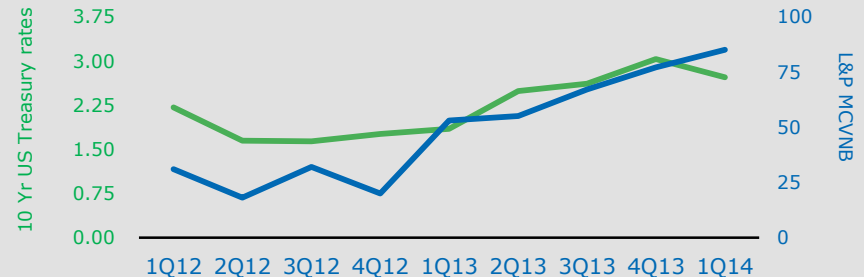
- Management actions taken in 2012 and 2013 are generating sales momentum in 4Q13 and 1Q14
- Strong growth across a broad range of products consistent with our strategy
- Maintaining strong industry rankings\*:
  - ▶ #6 total individual life
  - ▶ #5 term life
  - ▶ #6 universal life
  - ▶ #4 indexed universal life
  - ▶ #6 long term care

## Total sales\*

(USD million)



## Management actions result in significant improvement in MCVNB in low interest rate environment



\* Life sales are standardized = recurring premium + 1/10 of single premium; health sales are not standardized; ranking information sourced from LIMRA as of 1Q 2014

# Life & Protection delivering on promises

## Life & Protection

- Protecting families and their dreams
- Working together to understand and meet customer needs
- Bringing clarity to customers so they can make the right choice
- Exceeding expectations of our customers, colleagues and communities

## Consumer Value

- Engaging consumer as they choose to engage with us
- Consumer focused product development
- Investment in technology
- Innovation

## Shareholder Value

- All products are producing positive MCVNB
- Sales outpacing industry
- Stable market with strong earnings growth





# Appendix



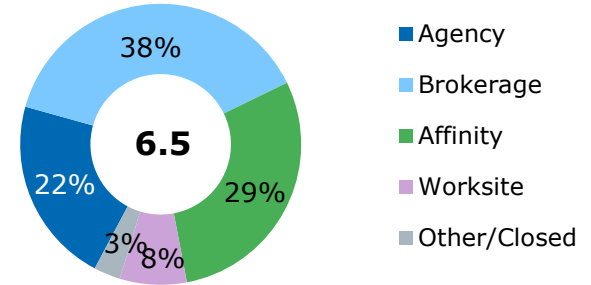
# Life & Protection at a glance

## Business profile

- Life, supplemental health and worksite products
- Stable market with solid earnings growth
- Top 10 player in individual life, supplemental health and voluntary worksite
- High quality, low risk earnings
- Lower capital markets leverage
- Strong distributable earnings

## Diverse distribution with target market focus

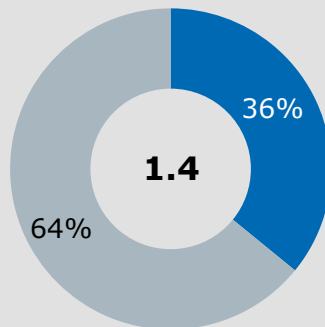
(2013 L&P Inforce premium – USD billion)



## 2013 L&P sales Life vs. health\*

(USD billion)

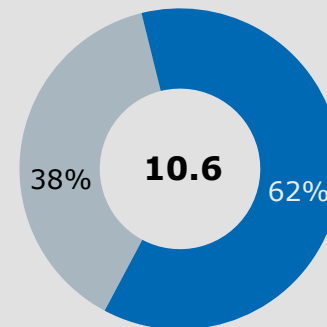
- Life
- Health



## 2013 Aegon Americas Inforce premium

(USD billion)

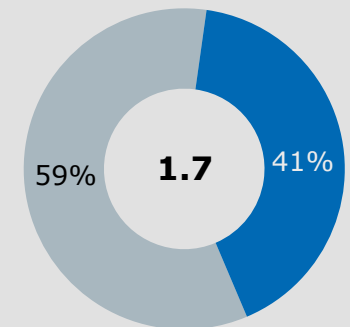
- L&P
- Other Americas businesses including run-off



## 2013 Aegon Americas Underlying earnings

(USD billion)

- L&P
- Other Americas businesses



\* Life sales are standardized = recurring premium + 1/10 of single premium; health sales are not standardized

# Diverse distribution and product portfolio

	<b>Affinity</b> Analytics driven marketing	<b>Agency</b> Close ties with distribution partners in underserved middle market	<b>Brokerage</b> Independent distributors in middle and affluent market	<b>Worksite</b> Accessing families at the workplace	<b>Direct to Customer</b> Access to our products with the online convenience of researching and buying anytime
<b>Distribution</b>	<ul style="list-style-type: none"> <li>▪ Associations</li> <li>▪ Employers</li> <li>▪ Financial institutions</li> <li>▪ Retailers</li> <li>▪ Specialty (travel agencies, schools, etc.)</li> <li>▪ Exchanges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Career agencies</li> <li>▪ Marketing organizations</li> <li>▪ World Financial Group</li> <li>▪ Transamerica Financial Advisors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Traditional general agencies</li> <li>▪ Independent marketing organizations</li> <li>▪ Independent brokers</li> <li>▪ Internet life insurance brokerage firms</li> <li>▪ Financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agents and brokers</li> <li>▪ National employee benefit consultants</li> <li>▪ Private exchanges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Direct TV</li> <li>▪ Direct mail</li> <li>▪ Inbound phone</li> <li>▪ Online</li> <li>▪ SMS text</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Supplemental health</li> <li>▪ Accidental death</li> <li>▪ Specialty (travel, student, membership)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Universal life</li> <li>▪ Variable and indexed universal life</li> <li>▪ Whole life</li> <li>▪ Medicare supplement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Universal life</li> <li>▪ Indexed universal life</li> <li>▪ Long term care</li> <li>▪ Whole life</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supplemental health</li> <li>▪ Accident insurance</li> <li>▪ Universal life</li> <li>▪ Group term life insurance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Term life</li> <li>▪ Universal life</li> <li>▪ Accidental death</li> <li>▪ Dental</li> <li>▪ Bike</li> <li>▪ Event registration refund</li> </ul>
<b>Competitive advantages</b>	<ul style="list-style-type: none"> <li>▪ Market leader in the affinity space</li> <li>▪ Direct marketing skills and processes</li> <li>▪ Ability to tailor offerings and products</li> <li>▪ Breadth of product offerings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand loyalty/awareness</li> <li>▪ Recruiting expertise</li> <li>▪ Broad product portfolio</li> <li>▪ Lead generation capabilities</li> <li>▪ Close ties with distribution partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand awareness</li> <li>▪ Integrated sales solutions</li> <li>▪ Large case underwriting and advanced marketing expertise</li> <li>▪ Innovative and market-responsive products</li> </ul>	<ul style="list-style-type: none"> <li>▪ Client service excellence through:               <ul style="list-style-type: none"> <li>▸ Comprehensive product portfolio</li> <li>▸ Concierge approach to large cases</li> <li>▸ Proprietary online enrollment tool</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Direct marketing skills and processes</li> <li>▪ Ability to tailor offerings and products</li> <li>▪ Brand awareness</li> <li>▪ Analytics driven marketing</li> </ul>

# Transamerica presence on healthcare exchanges

Type	Pre-65	Post-65
<b>Public exchange</b>	<p><b>Transamerica Direct</b></p> <ul style="list-style-type: none"> <li>No products currently offered in this segment due to Essential Health (ACA) compliance</li> </ul> <p><b>Affinity Markets and Employee Benefits</b></p> <ul style="list-style-type: none"> <li>No plans to enter due to ACA compliance</li> </ul>	<p><b>Transamerica Direct</b></p> <ul style="list-style-type: none"> <li>Medicare Part D on Centers for Medicare and Medicaid Services (CMS) Plan Finder</li> <li>Initial launch of Medicare Part D prescription product</li> </ul> <p><b>Affinity Markets</b></p> <ul style="list-style-type: none"> <li>Medicare Supplement on Medicare.gov and State websites</li> <li>Medicare Supplement sites are informational; links to Company for additional information or sale</li> </ul>
<b>Private exchange</b>	<p><b>Affinity Markets</b></p> <ul style="list-style-type: none"> <li>Dental distribution on smaller private association based exchange</li> </ul> <p><b>Employee Benefits</b></p> <ul style="list-style-type: none"> <li>Distribute TEB supplemental health products thru seven private exchange platforms</li> <li>Focus Open Enrollment 2015 for launch of Critical Illness, Hospital Indemnity, Connect, Accident &amp; Life</li> </ul>	<p><b>Affinity Markets</b></p> <ul style="list-style-type: none"> <li>Primary focus, with products for distribution including Medicare Supplement and Medicare Part D prescription plan</li> <li>Initial tests for Part D in smaller Retiree Exchanges for 2014</li> </ul>

# Thank you



Helping people take responsibility for their financial future

**For questions please contact  
Investor Relations**  
+31 70 344 8305  
[ir@aegon.com](mailto:ir@aegon.com)

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





# Disclaimers

## Cautionary note regarding non-IFRS measures

This document includes the 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 its 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-GAAP 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 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 or the potential independence of Scotland from the United Kingdom
- 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, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- 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, may affect Aegon's reported results and shareholders' equity;
- 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 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.