

Aegon UK Strategy Update



Helping people take responsibility for their financial future

London, September 2nd 2014

Adrian Grace

Management Board Member
& UK Chief Executive Officer

Clare Bousfield

UK Chief Financial Officer

Overview

Agenda

Key Messages

Strategy

Our clear strategy has not changed, with our customer-focused platform making the most of the market opportunities

Regulatory Change & Our Advantage

The Government and the DWP's announcements will have a significant effect on the industry. These changes support our strategy giving us an advantage

Delivery

We are delivering on our strategy through proposition development and distribution, backed up by delivering on our financial targets

Targets

We will continue to deliver on our plans, leading to growing earnings, ROC and cashflow which will produce dividends

Conclusions

We have a strong strategy which is able to make the most of the regulatory change, we will continue to deliver on our plans

Aegon UK at a glance

6 locations



Aegon UK

Aegon Ireland

ADMS

Origen



2 million
CUSTOMERS



+2,000
EMPLOYEES



£58bn
FUNDS UNDER
MANAGEMENT

OPERATING STRUCTURE

Aegon UK Board

Aegon UK Executive

Distribution Channels

**At
Retirement**

**Non-
advised**

Workplace

Support Services

Marketing

Customer Services

Finance

Risk

Legal

HR

Component parts of the Aegon UK business

**Core Distribution Channels: At Retirement,
Workplace & Non-advised**

Pensions

(Central to strategy)

Current AUM c£41bn

Legacy Products
on Systems



Platform

Annuities

Currently c£9bn portfolio

Focus on internal
vesting annuities

Generates
Earnings and
Capital Intensive

With-Profits

Current AUM c£6.1bn

Closed fund with extensive
guarantees

Protection

Annual premiums £250m

Growth plans & Clear Strategy

Distribution

Origen Strategic Delivery

Aegon Ireland Products

Inc Variable Annuity

Sold through the UK

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

Challenges

Regulators

UK Government

Distribution

Business Models

Pricing

Strategy Execution

Significant Change



- Capital
- Solvency II



- Pricing approach



- Price Cap
- Remove commission
- Remove AMD*
- Retirement flexibility
- Guidance guarantee
- IGCs**
- Collective pensions



- Non-advised customers



- Cost base
- Agile proposition
- Execution roadmap

Outcomes

Extensive challenges to existing models

Improving customer outcomes

Investing in enabling solutions

Short term financial challenges

Persistency risk increase

Speed of execution & preparedness

*AMD = Active Member Discount

** IGC = Independent Governance Committee

Our strategy is to use our platform to acquire, retain and consolidate the retirement assets of our target customers across 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 existing FUM Under-consolidated potential of £100bn
- 33% of Retail attrition
- Less pressure on charges

Proposition launched March 2014

Workplace

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

Clear customer promise

Compelling customer solutions

Award winning platform

Focused & consistent strategy

Acquire
Retain
Consolidate

To grow assets & margin

A wide range of experience to drive our progress

Duncan Jarrett
MD Retail



 1986

David Beattie
MD Direct



 2008

Angela Seymour Jackson
MD Workplace



 2012

Tommy Young
COO



 2009

David Macmillan
CMO



 2011

Jim Ewing
CRO



 2011

Clare Bousfield
CFO



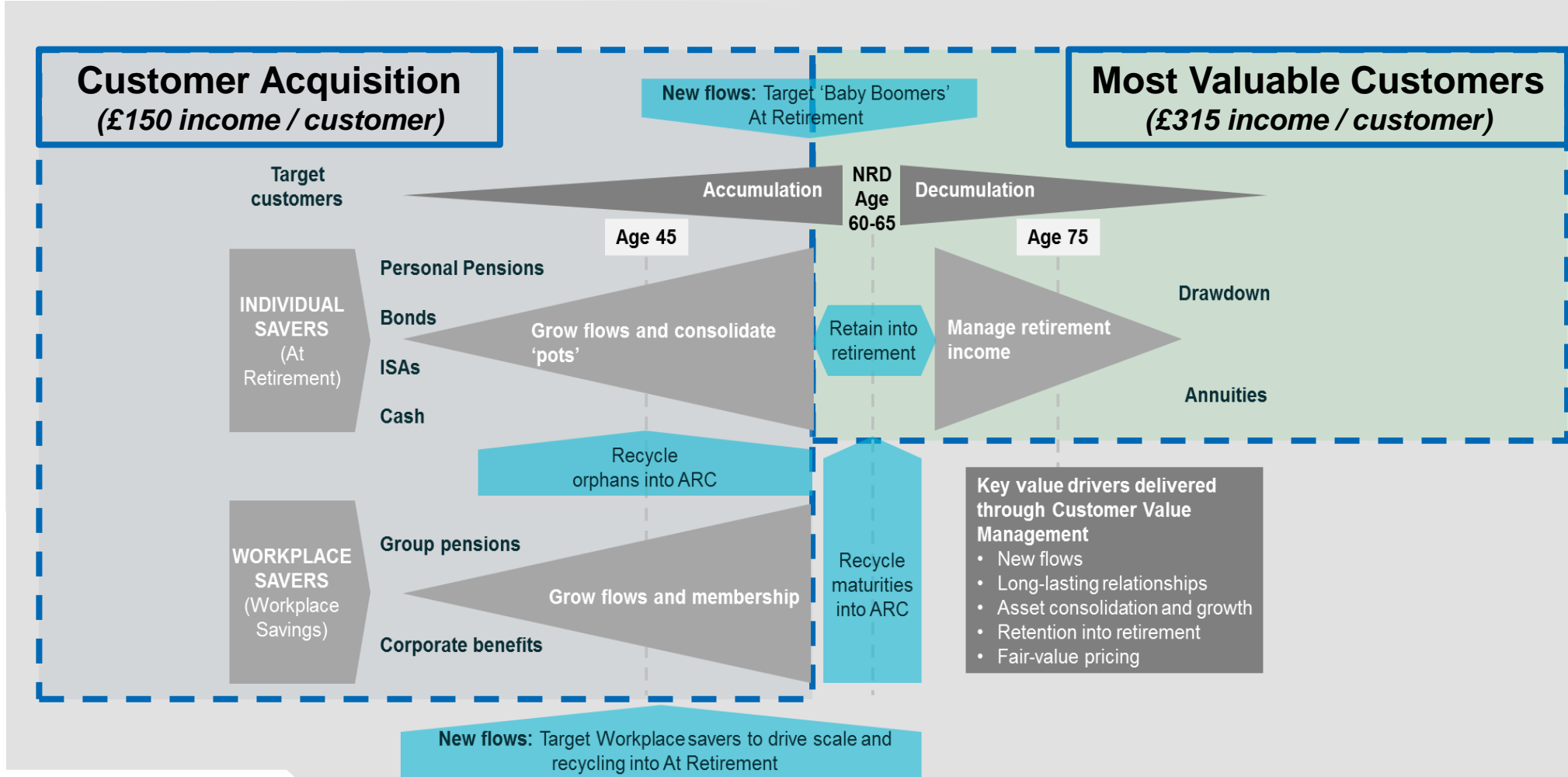
 2010

Neil Machray
Internal Audit



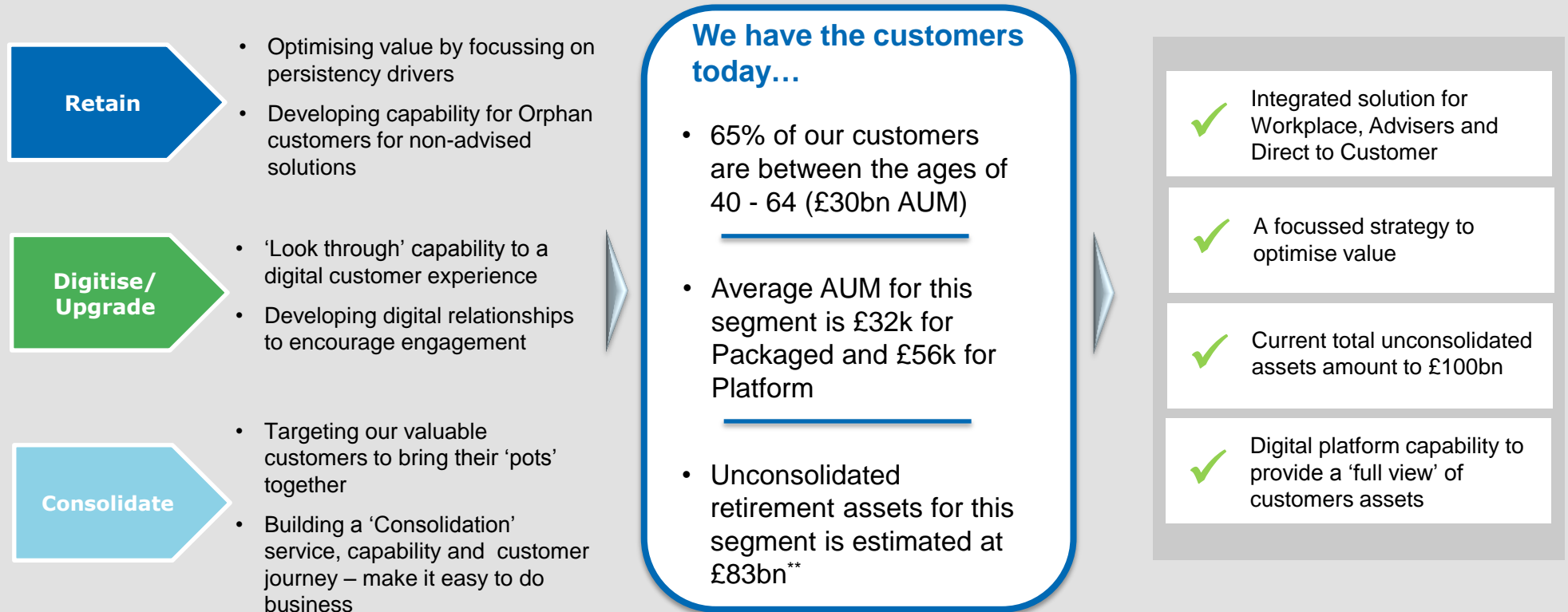
 2013

We understand customer value and our battleground – we are focused on retaining and growing our share of the critical age 50+ market



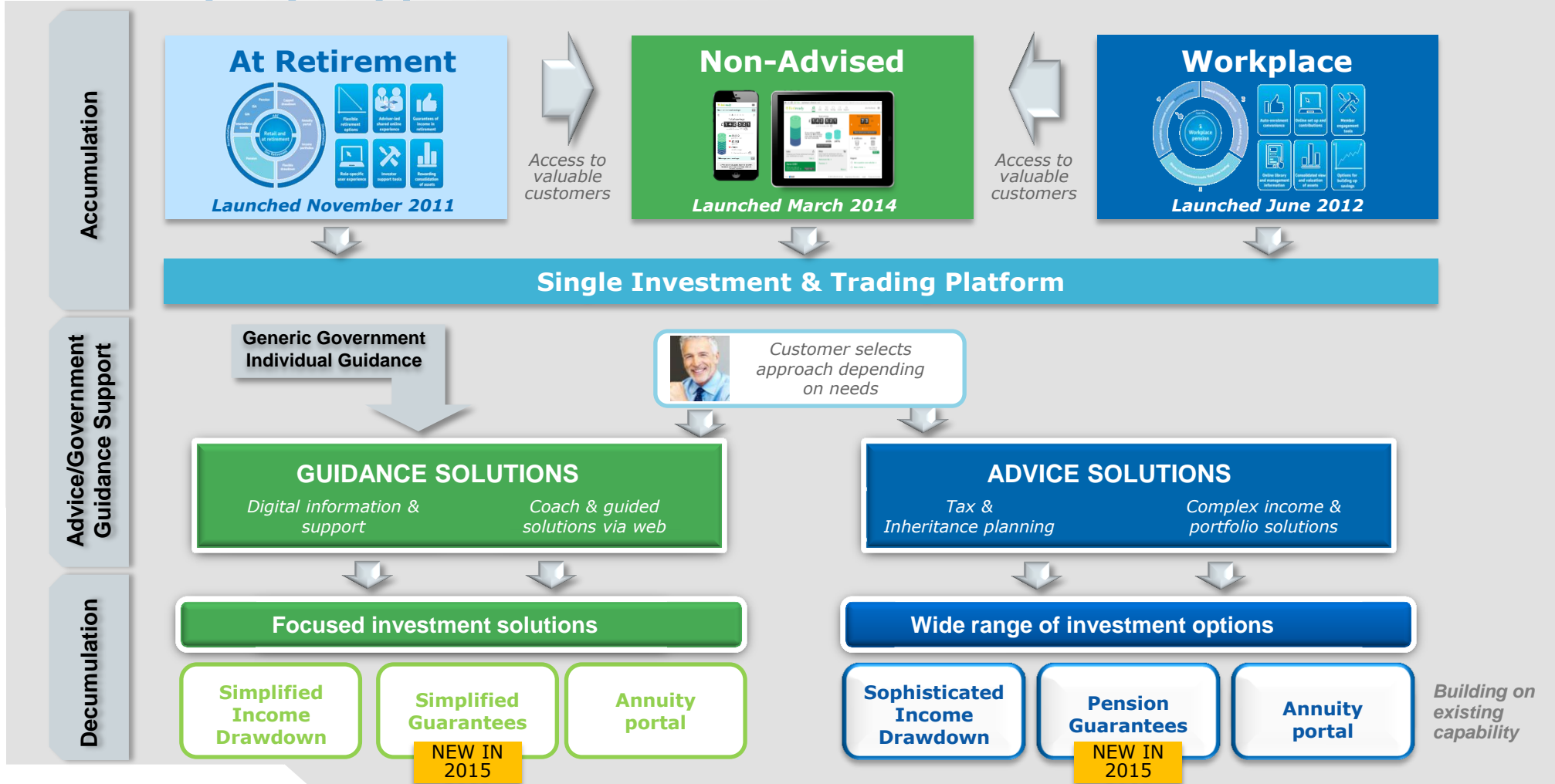
Retaining, Upgrading and Consolidating our existing valuable customers is key to our future growth...

*c80% of the UK's wealth is held by people over the age of 50**



Clear accountabilities and responsibilities for value management across the business will that drive consolidation opportunities

Offering a "to and through" retirement solution on a single platform that uniquely supports seamless customer transition across channels



Retiready demo



<https://www.youtube.com/watch?v=VBeZqKJlbho>



Aegon Retiready Service Flythru

Competitive strengths under-pin our customer strategy and offer



Platform

Award winning,, market leading* 'to and through' retirement platform designed for both the individual and corporate markets

Single technology platform supporting a multi-channel proposition

Integrated solution regardless of advice preference

State of art technology enabling straight through processing

Brand new mobile-first technology rolled out for 'Retiready' our first non-advised customer proposition

Income Drawdown is a standard feature on our platform. Pension Guarantees to be integrated in early 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

600k customers aged 50+



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

Platform growth driven by retaining and acquiring the right customers

Fast growing platform



- ✓ Fastest growing platform in the market in Q4 2013 (Platforum)
- ✓ Awarded major industry award Best Workplace platform (Platforum) 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

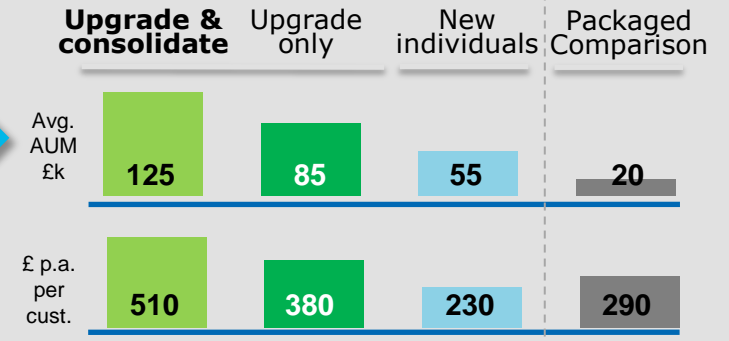
The Platform attracts and retains valuable customers

Attract

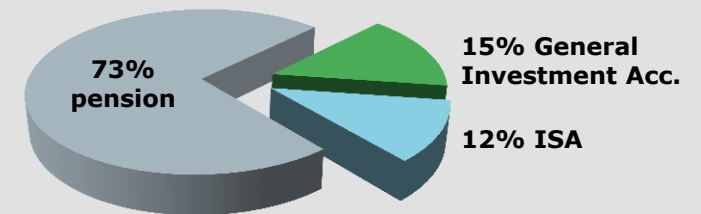
70% of platform customers are new to Aegon

Retain & Consolidate¹

Leading to income growth



Diversify



Growing capital generation supports dividend payment in 2016

Cost base

- Cost base decreasing in 2015
- Current business transformation investments including Retiready will also reduce in 2015

One-offs in 2014

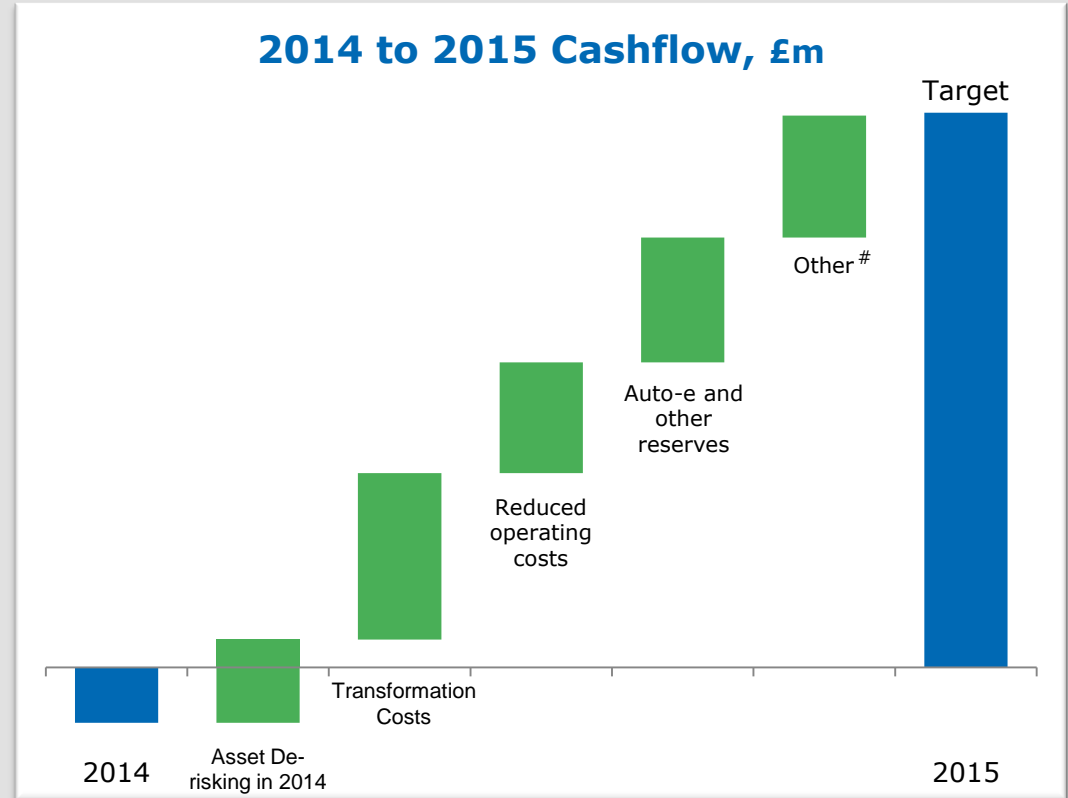
- 2014 asset de-risking has negative cashflow impact
- Excludes potential one-off impact from DWP in 2014

Commission & Securitisation

- Significant improvements in 2013, with additional cashflow invested in transformation and Retiready

Risks

- Auto enrolment volumes dependent on when employers stage with us
- DWP impact will continue to be refined as we work through our detailed assessment



Includes annuities, securitisation and commission impact.

....and delivering on our 2015 cashflow targets

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Thank You



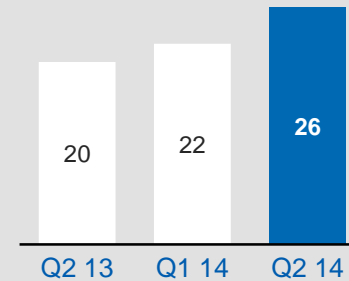
Helping people take responsibility for their financial future



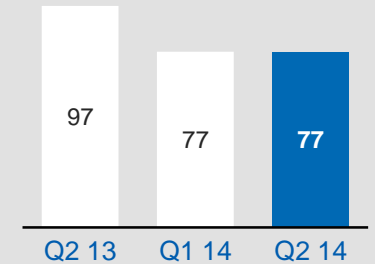
United Kingdom

- Higher earnings driven by improved persistency
- Operating expenses declined 20% due mostly to lower investments in technology and business transformation costs
- Group pensions sales slowed compared with a strong Q2 13 following the introduction of RDR
- Platform balances reach GBP 1.9 billion on strong deposits
- MCVNB decreased due to lower margins in pensions from auto enrollment and lower margins and volumes on annuities

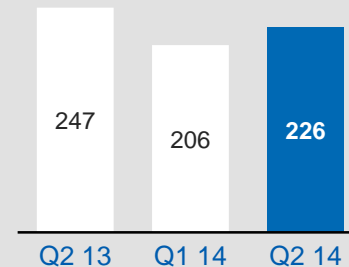
Underlying earnings before tax (GBP million)



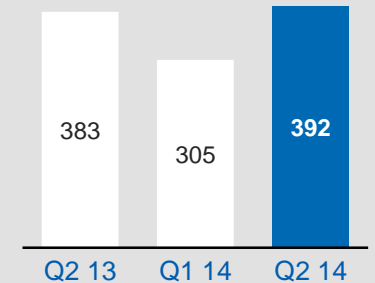
Operating expenses (GBP million)



New life sales (GBP million)



Gross deposits (Platform, GBP million)



Disclaimer

Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS financial measures: underlying earnings before tax, income tax, income before tax and market consistent value of new business. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. The reconciliation of these measures, except for market consistent value of new business, to the most comparable IFRS measure is provided in note 3 'Segment information' of Aegon's Condensed Consolidated Interim Financial Statements. Market consistent value of new business is not based on IFRS, which are used to report Aegon's primary financial statements and should not be viewed as a substitute for IFRS financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Aegon believes that these non-IFRS measures, together with the IFRS information, provide meaningful information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business. In addition, return on equity is a ratio using a non-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.