

# Strong foundations for growth



Helping people take responsibility for their financial future

**Alex Wynaendts**  
CEO

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[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

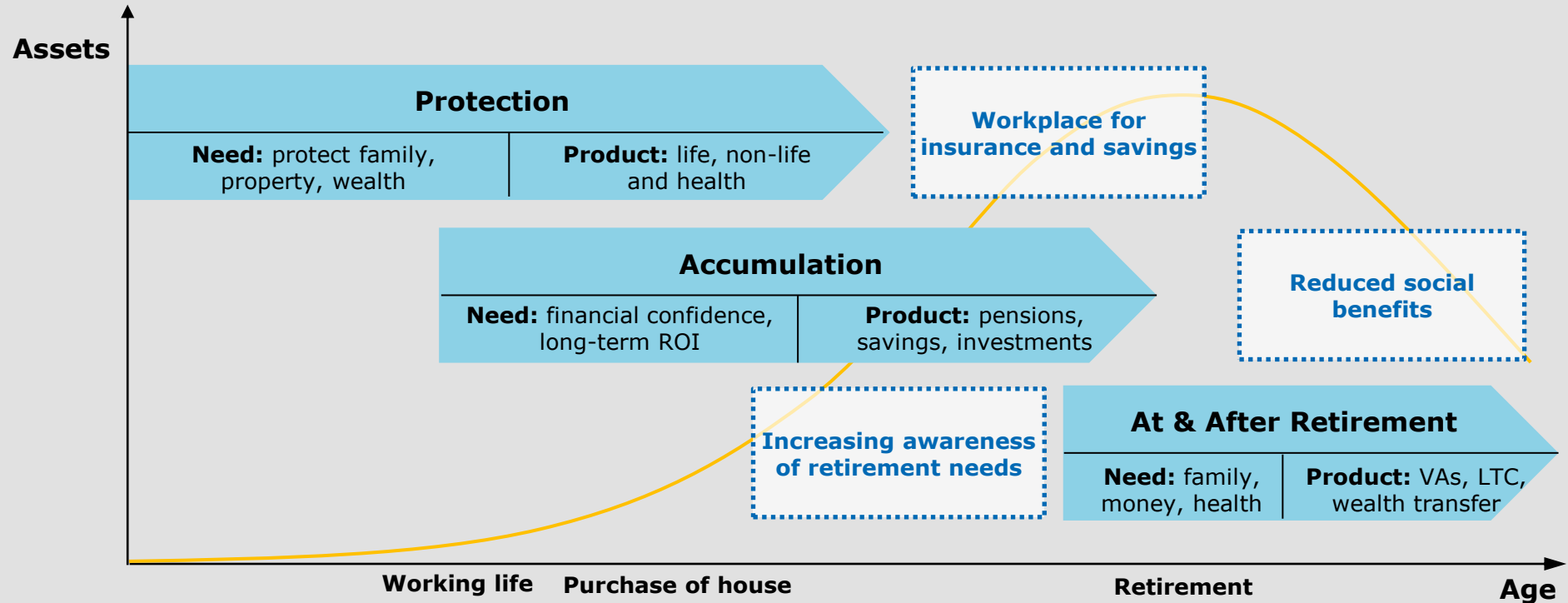
**Attractive propositions for customers**

## 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

## Enabling employees to save

*Pension plan balances\**



USD  
133bn



## Customers in need of retirement solutions

*Pension plan participants\**



3.5 mln



EUR  
61bn



2.7 mln



GBP  
49bn



1.7 mln

## Comparable customer needs



Guaranteed retirement income



Online service, info and purchase



Self-serve propositions as well as advice



Control over personal situation

## Growth opportunities

US

**Increase retention rate from current level of 10%**

NL

**Shift from defined benefit to defined contribution**

UK

**Well positioned to offer guarantees and flexibility**

\* Data per June 30, 2014. 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 expanded to Portugal
  - ▶ 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

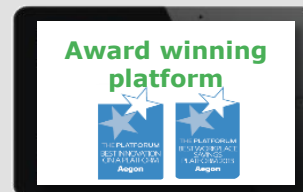
- Similar customer-centric investments across our markets
  - ▶ Creating awareness of retirement needs through retirement apps
  - ▶ Diversifying distribution through self-serve propositions
  - ▶ Enabling customers to access their products and transact online
- Investments enable Aegon to retain pension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



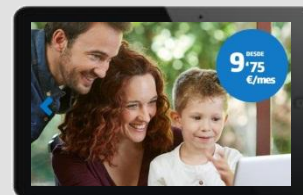
**US**  
~950k participants  
created retirement  
outlooks



**NL**  
~400k customers  
registered for  
MijnAegon.nl



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

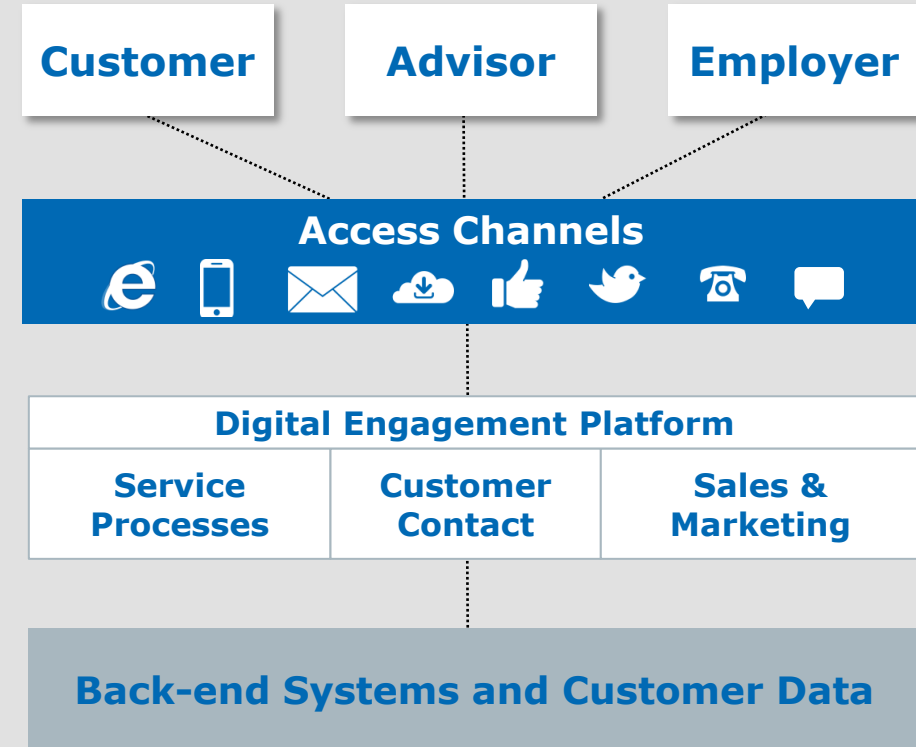


**Spain**  
Full range of life &  
protection products  
available online



# 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



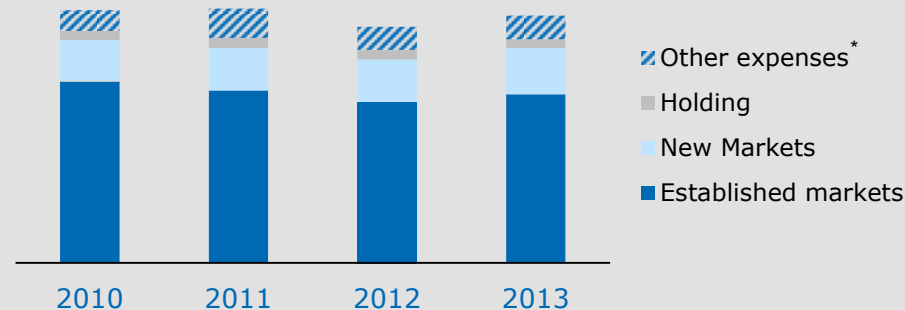


# Reducing expenses while growing and investing in our businesses

- 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

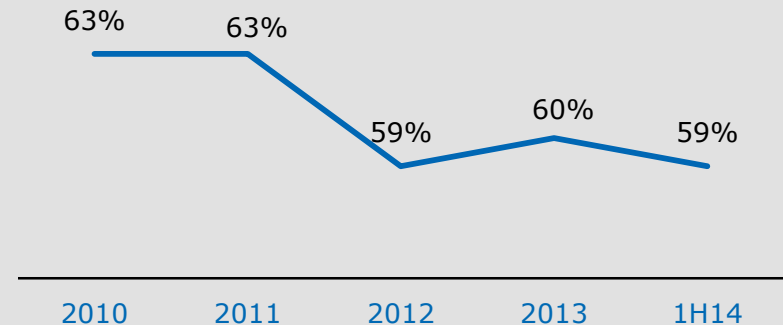
## Operating expenses reduced by 3%...

Established markets expenses down 7%



## ...while efficiency improved

OpEx / (OpEx + UEBT)

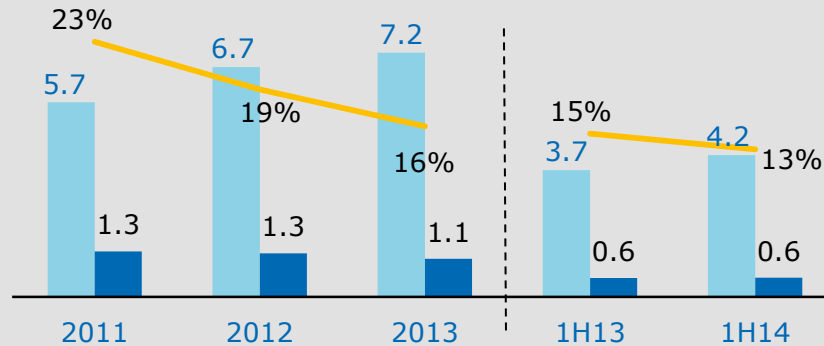


\* Other expenses include defined benefit expenses, restructuring charges, exchange rate impacts and expenses from run-off businesses  
Note: Operating expenses exclude 'other expenses' unless stated otherwise

# Continuous profitable sales growth with lower capital intensity

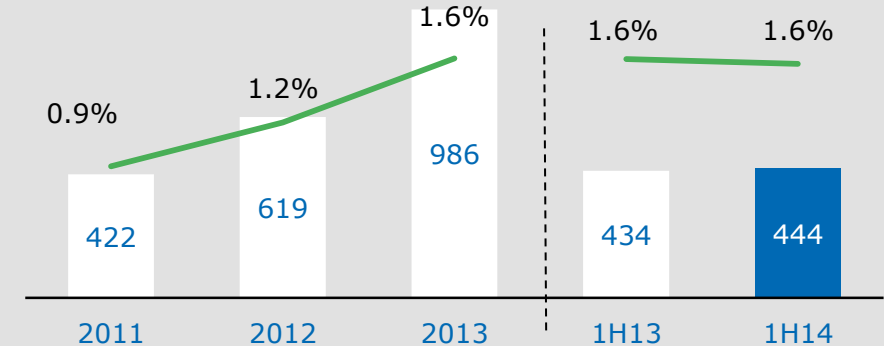
- Strong sales growth with low new business strain as a result of strategic shift in business mix
  - ▶ Focus on fee-based products with lower investments in new business
  - ▶ Hedging of guarantees at point of sale leads to improved risk/return profile
- Significant rise in market consistent value of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

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



■ Sales  
■ New business strain  
— New business strain as % of sales

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

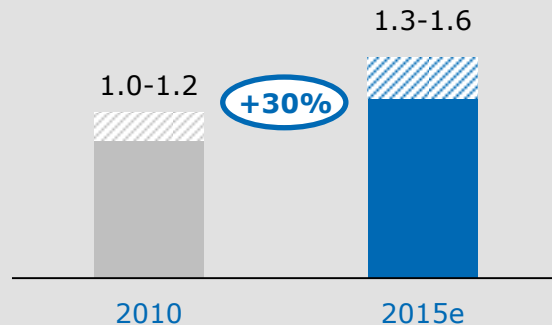


■ MCVNB  
— MCVNB as % of present value of new business premiums

# Strong free cash flow growth

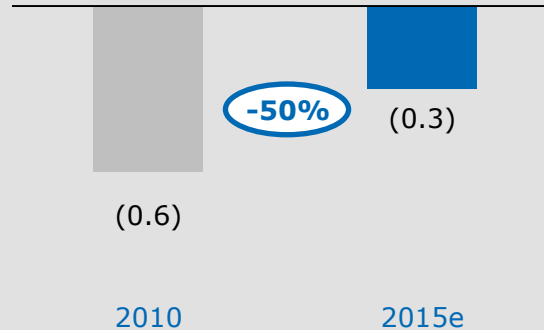
- Free cash flow up strongly as a result of higher operational free cash flow (OFCF) from business growth and lower holding expenses
  - OFCF growth from fee-based businesses more than offsets lower spread-related cash flows
  - Holding expenses halved as result of cost savings and capital management actions

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



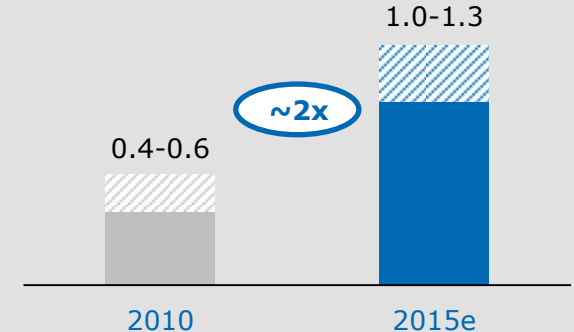
+

**Reduced holding expenses**  
(EUR billion)



=

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



# Free cash flow growth supports sustainable dividend growth

- Free cash flow growth translating into increased use of cash for dividends
  - Pay-out ratio improved to ~50% with full cash dividend commitment
- Continued dividend growth dependent on capital position and cash flow

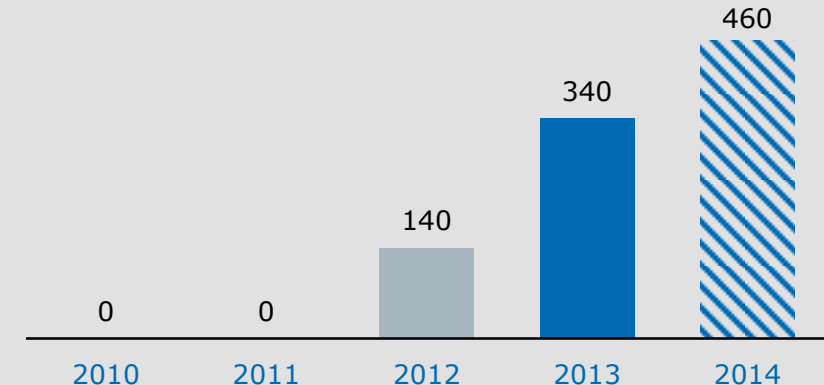
## Free cash flow and payout ratio

(EUR million)

	1H 2014
Normalized operational free cash flows	624
Holding expenses	(159)
<b>Free cash flow</b>	<b>465</b>
Common dividends	230
Dividend payout %	50%

## Cash allocated to dividends

(EUR million)

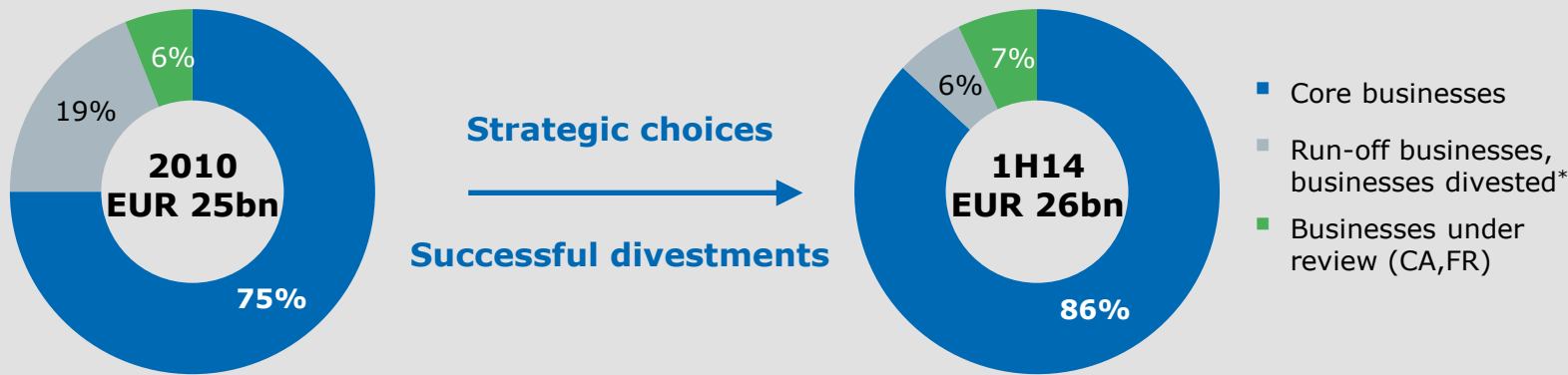


# Increasing share of capital allocated to core businesses

- 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 H1 2014

(EUR million)



\* 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

**35%**

Q2 2014

**€ 1.2**

OFCF in trailing four quarters in billions

**7%**

Q2 2014 vs. Q2 2013

**8.8%**

Q2 2014 (9.6% excl. run-off capital)



# 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

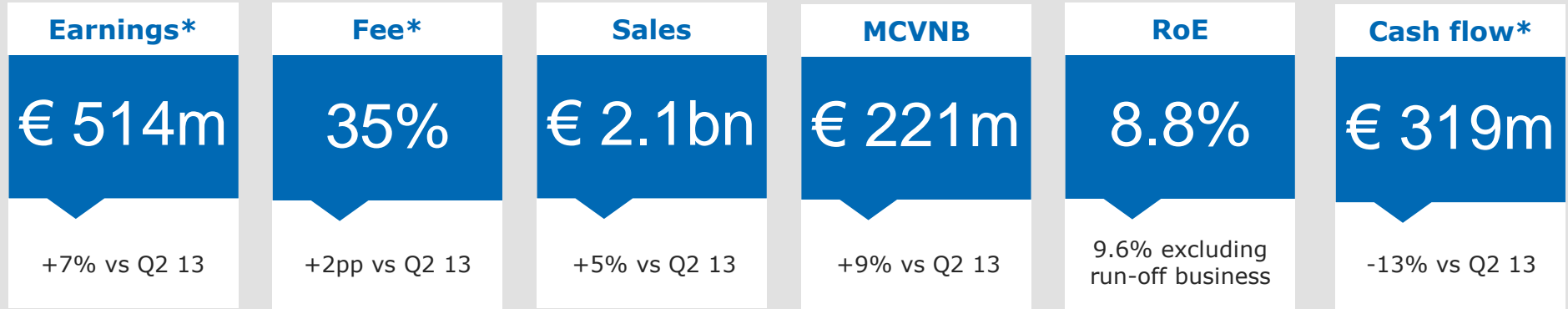


# Appendix



# Strong operational performance

- Earnings up on growth in the US, higher margins and investment income in NL and improved UK persistency partly offset by unfavorable US mortality and adverse currencies
- Higher sales driven by strong US deposits and accident & health production
  - ▶ Record net deposits of EUR 6 billion
  - ▶ Higher margins drive 9% increase of market consistent value of new business
- Revenue-generating investments of EUR 503 billion, exceeding the half trillion euro mark for the first time
- Strong capital position and cash flows support interim dividend of EUR 0.11 per share

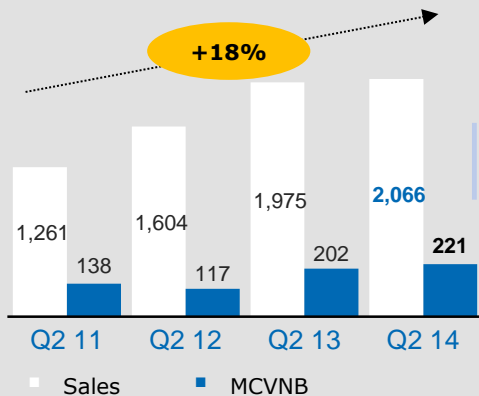


\* Earnings = underlying earnings before tax; Fee = fee-based earnings as a percentage of underlying earnings;  
Cash flow = operational free cash flow excluding market impacts and one-time items

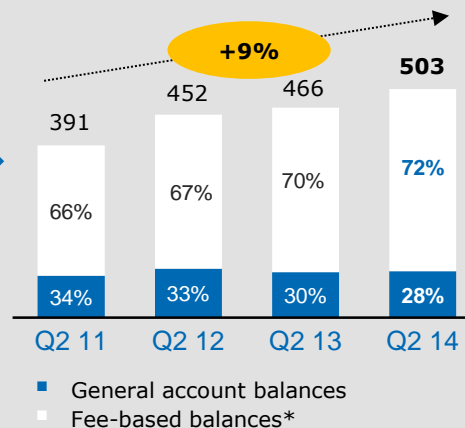
# Profitable sales translating into sustainable earnings growth

- Continued strong profitable sales growth driven by customer focus, expanded distribution and innovation
- Strategic shift into fee-based business, supported by financial markets, resulting in higher asset balances
  - Growth driven by variable annuities and pensions in the US and Aegon Asset Management
- Positioned for continued sustainable earnings growth

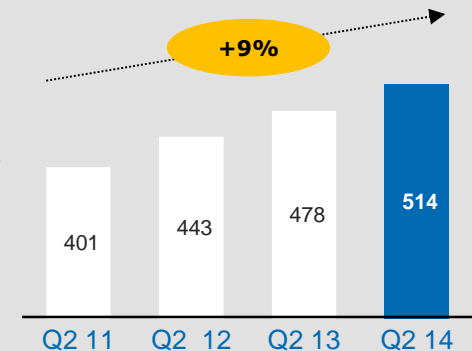
**Profitable sales growth**  
(Sales & MCVNB, EUR million)



**Higher asset balances**  
(RGI, EUR billion)



**Sustainable earnings growth**  
(EUR million\*\*)

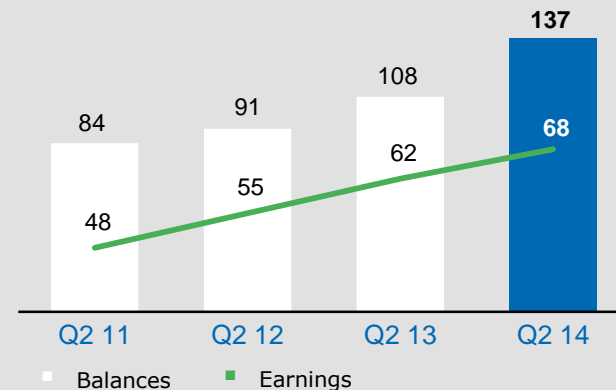


# Asset balances and earnings growth in US pensions and VA

- Successful growth of US pension business driven by focus on retirement readiness and service
  - ▶ Increasing auto-enrollment & auto-escalation
  - ▶ Enhancing customer awareness through technology
  - ▶ Externally recognized superior service
- Scalable platform supports efficient growth
  - ▶ Return on Net Revenues of 33.9% (33.2% FY 2013)
- Strong growth of IRAs, improving asset retention
- VA proposition focused on addressing customer needs while maintaining strict profitability hurdles and risk management
  - ▶ Guaranteed withdrawal benefit provides retirement security
  - ▶ Expanded distribution reaching target customer profile
- Fast re-pricing based on current market conditions supports profitable sales

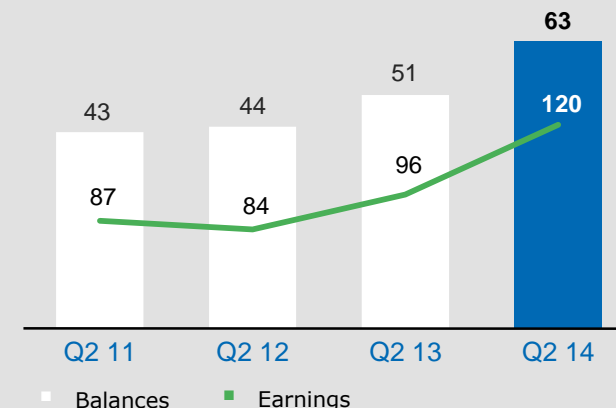
## US pensions

(Balances in USD bln & earnings in USD mln)



## US variable annuities

(Balances in USD bln & earnings in USD mln)



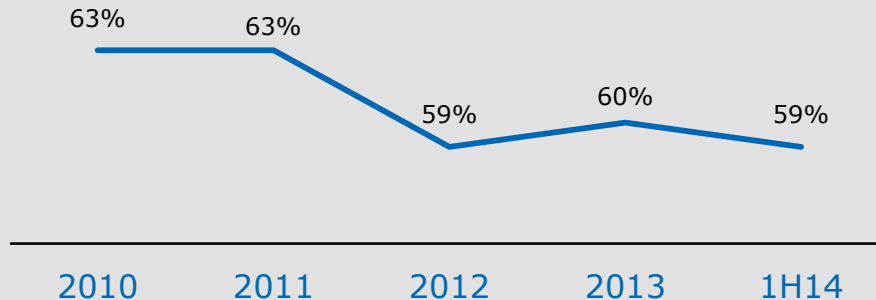


# Investing efficiency improvements for continued growth

- Improving efficiency at all levels of the company
- Investing cost savings from improved efficiency into new initiatives to grow the business
  - UK direct-to-consumer platform Retiready
  - Web, mobile and social initiatives in the US
  - New online portals for customers and intermediaries in the Netherlands
  - Online direct channel in Spain

## Improving efficiency

Operating expenses / (operating expenses + UEBT)\*



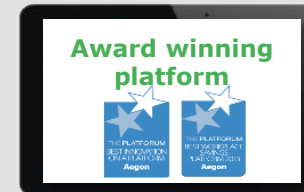
**US**

**~950k participants created retirement outlooks – 65% have a positive outlook**



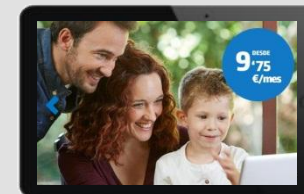
**NL**

**~400k customers registered for MijnAegon.nl**



**UK**

**Average policy size on Platform double that of traditional book**



**Spain**

**Full range of life & protection products available online**

# Strong capital position and cash flows support interim dividend

- Operational free cash flows of EUR 370 million
  - ▶ Market impacts of EUR (25) million driven mostly by lower interest rates in the Americas
  - ▶ One-time items of EUR 76 million due mostly to US reserve financing solution partially offset by selective de-risking in the UK and model updates in NL
- Local capital positions at or above target level
  - ▶ Dividend from the Americas of USD 0.6 billion
- Holding excess capital of EUR 1.7 billion
  - ▶ EUR 500 million allocated to deleveraging in Q4
- Interim dividend of EUR 0.11 per share

## Key capital metrics

	Q2 13	Q1 14	Q2 14
Operational free cash flows* (€m)	366	305	319
Holding excess capital (€b)	1.9	1.7	1.7
Group IGD solvency %	220%	212%	211%
Gross leverage ratio	33.6%	31.5%	31.2%
US S&P excess capital (\$m)	~800	~800	~800
NL IGD ratio (ex. Bank)	~245%	~240%	~240%
UK Pillar 1 ratio (incl. With Profits)	~130%	~150%	~145%

## Free cash flows (EUR million)

	Q1 14	Q2 14	H1 14
Operational free cash flows*	305	319	624
Holding expenses	(71)	(88)	(159)
<b>Free cash flow</b>	<b>234</b>	<b>231</b>	<b>465</b>
Interim 2014 dividend			230
Dividend payout %			50%

\* Excluding market impacts and one-time items

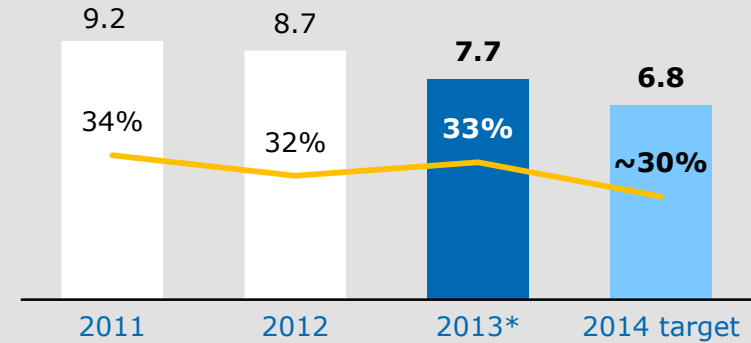


# Reduced leverage improving financial flexibility

- 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

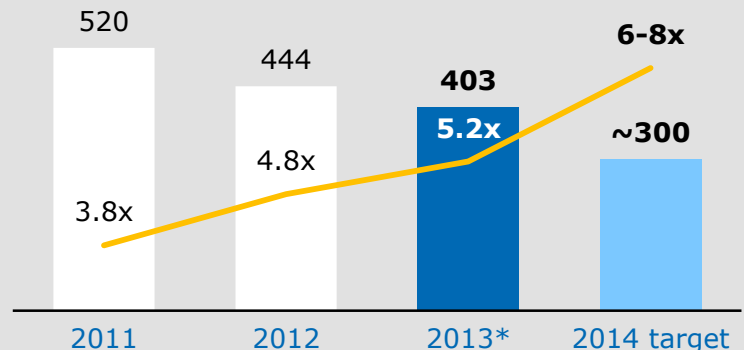
## Gross leverage

(EUR billion, %)



## Funding costs

(EUR million, fixed charge coverage)



\* Restated to reflect DAC and longevity accounting changes

# 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

EUR million	
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>

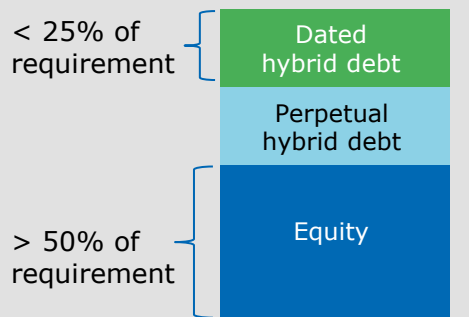
**Holding excess capital  
EUR 2.2 billion at YE-2013**

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

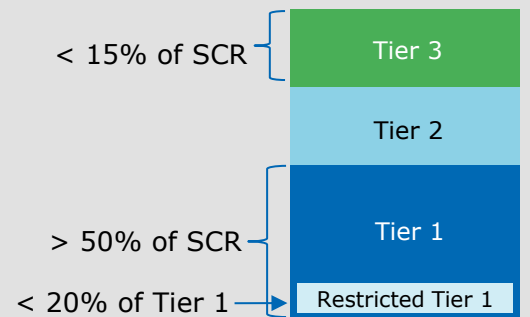
# Key Solvency II considerations

- 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

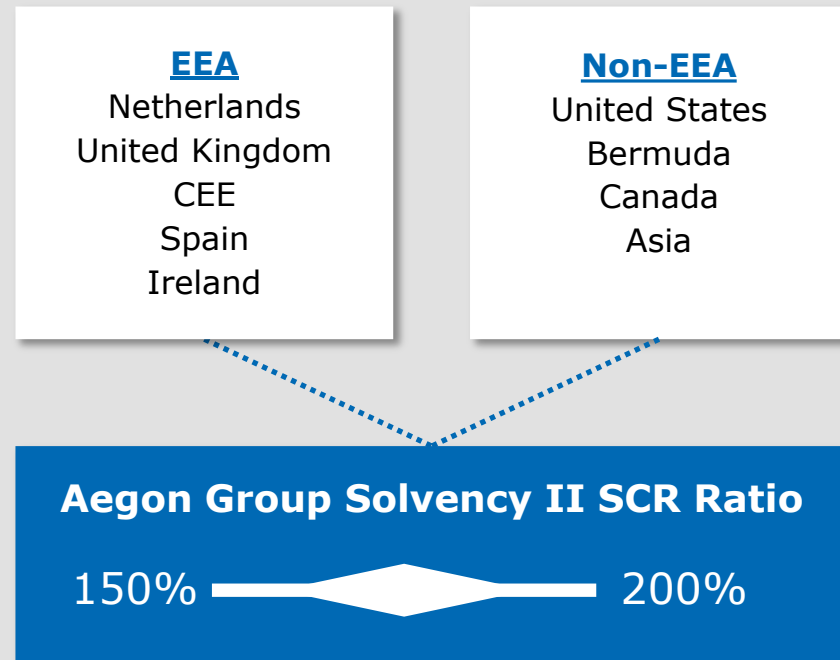


## Solvency II capital tiering



# 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



# Execution of our strategy



## Optimizing our portfolio

- Successful strategic partnership with Banco Santander in Spain extended to Portugal, giving access to over 2 million customers through more than 600 branches
- Acquisition of remaining 50% stake of on-line car insurance broker Onna-Onna



## Enhancing customer loyalty

- Third annual global Retirement Readiness Survey released – creating awareness of retirement needs and Aegon brands
- Direct-to-consumer platform Retiready well received by UK market



## Achieving operational excellence

- Creation of Transamerica Investments & Retirement, combining Individual Savings & Retirement and Employer Solutions & Pensions
- Transamerica Retirement Solutions received many “Best in Class” designations – award-winning customer service drives superior client retention resulting in strong net deposits



## Empowering our employees

- Nomination for best employer in the Netherlands, a result of high scores given by Aegon employees – evidence of steps taken to improve employee empowerment
- Aegon joined Workplace Pride, international non-profit organization that promotes inclusion

# Sustainability ingrained in our strategy

Products and services customers can trust	A responsible approach to investments	Supporting local communities
<ul style="list-style-type: none"> <li>Clear and easy to understand products</li> <li>Value to the customer taken into account at every step of the product design process</li> <li>Market conduct principles focus on meeting customers' needs</li> </ul>	<ul style="list-style-type: none"> <li>Decisions guided by Aegon's <i>Responsible Investment Policy</i></li> <li>Clear standards in areas such as child labor, the environment and corruption</li> <li>Using our influence to promote sustainability governance and economic development</li> </ul>	<ul style="list-style-type: none"> <li>Long history of working with and investing in local communities</li> <li>Volunteering programs encourage employees to take paid time off to work on local initiatives</li> <li>Supporting local charities and good causes worldwide</li> </ul>

## Aegon's approach to sustainability recognized externally



FTSE4Good

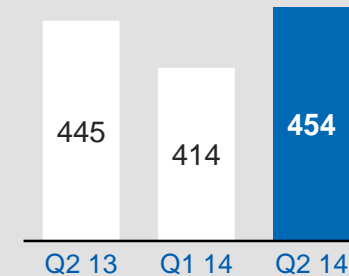


# Underlying earnings increased to EUR 514 million

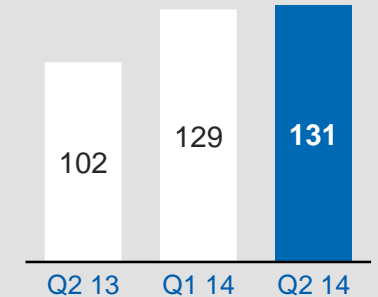
- 2% higher earnings in the Americas as growth in variable annuity, mutual fund and pension balances, driven by both markets and net inflows, more than offset the impact of unfavorable mortality and lower fixed annuity earnings
- 29% higher earnings in NL mainly driven by better Non-life results, higher investment income and improved margins on savings
- UK earnings 28% higher due mostly to improved persistency
- New Markets earnings increased 27% driven by higher earnings in CEE and Asia

## Underlying earnings before tax

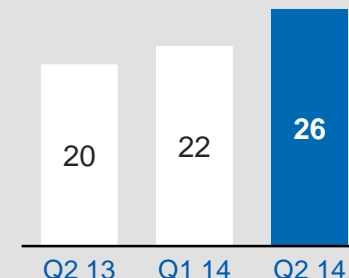
**Americas**  
(USD million)



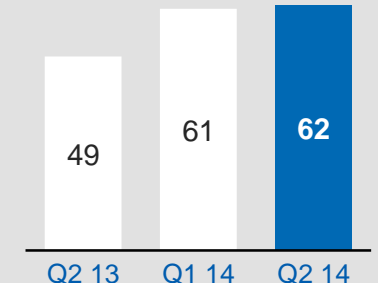
**The Netherlands**  
(EUR million)



**United Kingdom**  
(GBP million)



**New Markets**  
(EUR million)





# Strong net income in Q2 2014

- Fair value items mainly reflect hedging programs without accounting match in the US and NL, and model updates in NL
- Gains on investments mainly driven by selective de-risking in the UK and gains on equity investments in the US and NL
- Impairments on mortgages in CEE offset by net recoveries in the US
- Other charges primarily related to restructuring costs in the UK

## Underlying earnings to net income development in Q2 2014

(EUR million)



# Fair value items mainly impacted by hedge programs

## Total fair value items of EUR (263) million

FV investments  
EUR 5 million

FV hedging with  
accounting match\*

EUR (136) million

Derivatives Δ: EUR 646m  
Liability Δ: EUR (782)m

FV hedging without  
accounting match

EUR (119) million

Derivatives Δ: EUR (119)m  
Liability Δ: -

FV other  
EUR (13) million

### Americas: 8

- Alternative investments
- Credit derivatives
- Real estate

### US GMWB: (47)

- Guarantees net of hedges

### US macro hedging: (84)

- GMIB/DB hedges
- Other extreme event hedges

### Other: (13)

- Credit spread on MTN
- Foreign currency exchange

### Netherlands: (3)

- Alternative investments
- Real estate

### Netherlands guarantees: (89)

- Guarantees net of hedges
- Model updates

### Holding: 14

- Swaps related to hybrids

### UK macro hedging: (13)

### Other: (36)

- Longevity swap
- Hedging mortgage portfolio
- Other

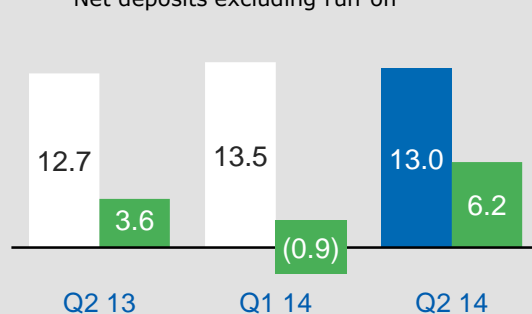
# Total sales up 5% on strong deposits and accident & health sales

- Gross deposits up 3% as strong pension and variable annuity sales in the US more than offset lower Aegon Asset Management deposits
  - ▶ Net deposits excluding run-off up 75% to EUR 6.2 billion
- Higher US universal life production more than offset by adverse currencies and lower pension production in NL and the UK
- Accident & health sales up 36% and general insurance sales up 20% driven by new distribution agreements and growth in supplemental health in the US

## Gross deposits

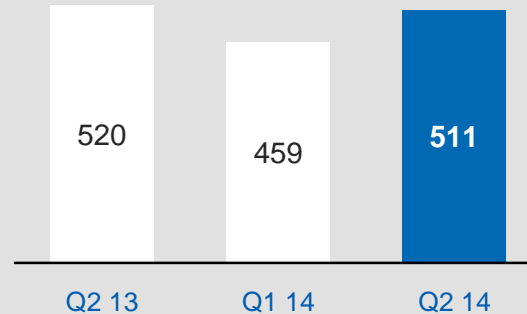
(EUR billion)

■ Net deposits excluding run-off



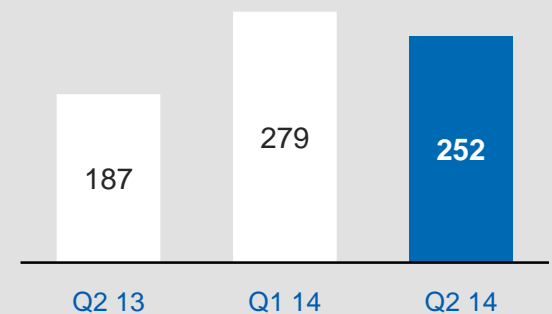
## New life sales

(EUR million)



## A&H and general insurance

(EUR million)



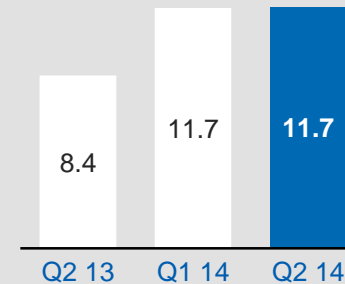
Note: total sales consists of new life sales plus 1/10<sup>th</sup> of gross deposits plus new premiums for accident & health and general insurance

# Gross deposits of EUR 13.0 billion

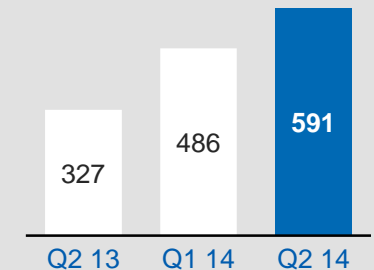
- Gross deposits in the Americas up 40% driven by growth in pensions and variable annuities
- 81% growth in gross deposits in the Netherlands driven by inflows at on-line bank Knab
- Platform deposits in the UK of GBP 0.4 billion, launch of Retiready supports accelerating growth
- New Markets gross deposits decline mainly due to lower institutional sales in Aegon Asset Management

## Gross deposits

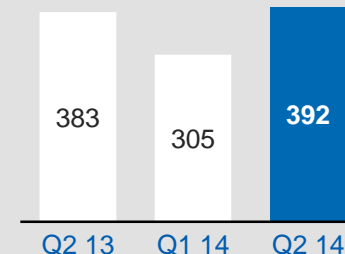
### Americas (USD billion)



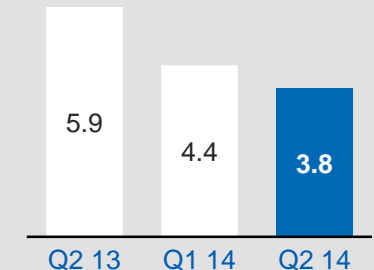
### The Netherlands (EUR million)



### United Kingdom (Platform, GBP million)



### New Markets (EUR billion)

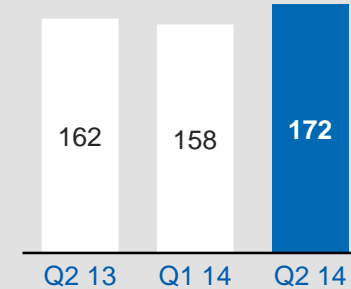


# New life sales of EUR 511 million

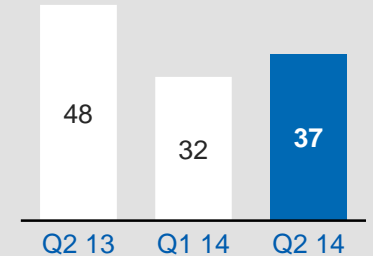
- New life sales in the Americas up 6% driven by higher universal life sales
- New life sales decreased in the Netherlands driven mostly by the continued shift from life insurance to bank savings products and lower pension sales
- Lower new life sales in the UK compared to elevated sales related to the introduction of RDR
- Higher new life sales in New Markets as growth in Asia and Spain more than offsets the decline in CEE

## New life sales

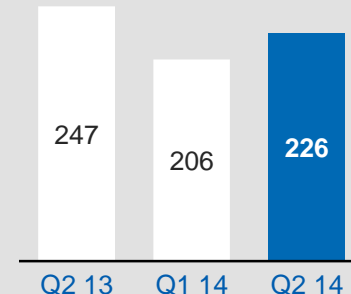
### Americas (USD million)



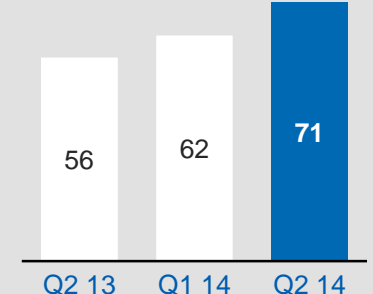
### The Netherlands (EUR million)



### United Kingdom (GBP million)



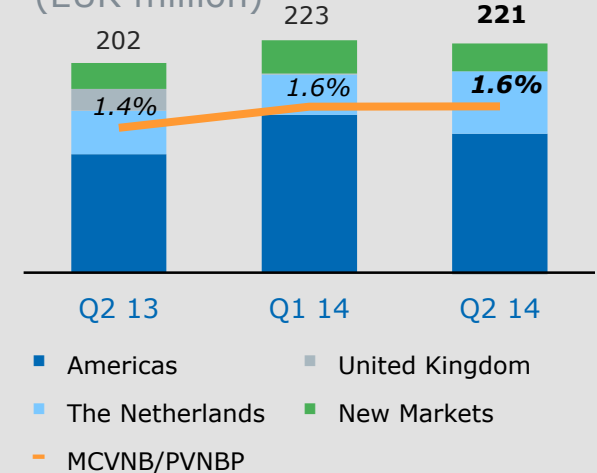
### New Markets (EUR million)



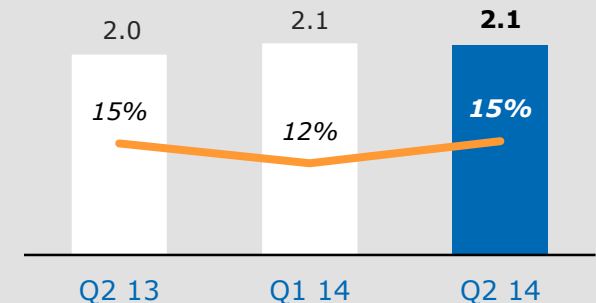
# Strong MCVNB of EUR 221 million

- Americas strong on improvements in variable annuities and universal life
- Higher MCVNB in the Netherlands driven by increased mortgage production
- UK impacted by lower pensions margins from auto-enrollment and lower volumes and margins on annuities
- New markets up as the inclusion of joint venture in Spain with Banco Santander more than offset lower production and margins in CEE
- Investment in new business as % of sales stable mostly as a result of continued strong sales of capital-light deposit business

**Market consistent VNB**  
(EUR million)



**Sales and investments in new business as % of sales**  
(EUR billion)



# Solid operational free cash flows and holding excess capital

- Operational free cash flows of EUR 370 million
  - ▶ Market impacts of EUR (25) million driven mostly by lower interest rates in the Americas
  - ▶ One-time items of EUR 76 million due mostly to executed reserve financing solution in the Americas partially offset by model updates in the Netherlands and selective de-risking in the UK
- Stable holding excess capital of EUR 1.7 billion

## Operational free cash flows

(EUR million)

	Q1 14	Q2 14
Earnings on in-force	802	734
Return on free surplus	14	16
Release of required surplus	(234)	(71)
New business strain	(251)	(309)
<b>Operational free cash flow</b>	<b>331</b>	<b>370</b>
Market impacts & one-time items	26	51
<b>Normalized operational free cash flow</b>	<b>305</b>	<b>319</b>
Holding funding & operating expenses	(71)	(88)
<b>Free cash flow</b>	<b>234</b>	<b>231</b>

## Holding excess capital development

(EUR billion)

	Q1 14	Q2 14
<b>Starting position</b>	<b>2.2</b>	<b>1.7</b>
Net dividends received from business units	(0.0)	0.4
Acquisitions & divestments	-	-
Common dividends	-	(0.2)
Funding & operating expenses	(0.1)	(0.1)
Leverage issuances/redemptions	(0.4)	(0.1)
Other	(0.0)	0.0
<b>Ending position</b>	<b>1.7</b>	<b>1.7</b>
<i>Capital allocated to additional deleveraging</i>	<i>(0.5)</i>	<i>(0.5)</i>

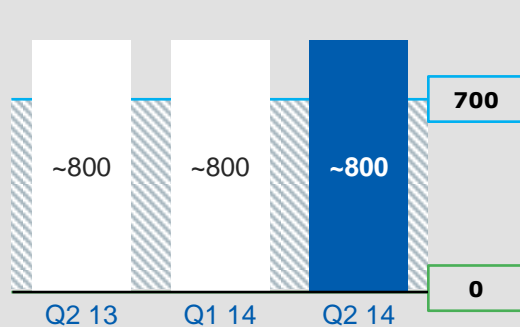


# Solid group and local capital positions

- Group IGD solvency ratio stable at 211% as the benefit of earnings and the reserve financing solution in the US was offset mostly by the payment of dividends
- Excess capital in the United States of USD ~800 million as the benefit of reserve financing and earnings was offset by dividends to the holding
- IGD ratio stable in the Netherlands as earnings are offset by the impact of model updates
- Pillar 1 ratio in the UK down slightly due mostly to selective de-risking

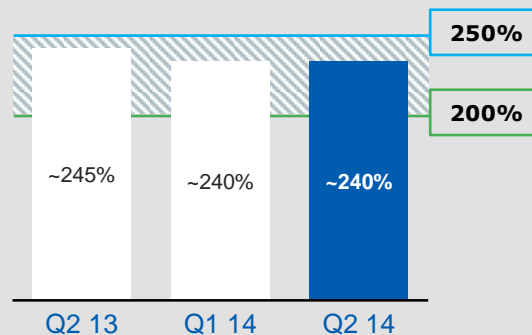
## United States

(USD million excess over S&P AA)



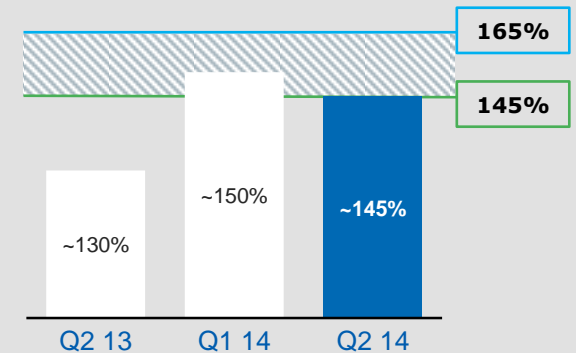
## The Netherlands

(IGD ratio ex. Bank)



## United Kingdom

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



# Capital allocated to run-off businesses

- Current capital allocated to run-off businesses of USD 2.1 billion
  - Return on capital of run-off businesses of 2.3% year to date
- Capital intensive run-off businesses negatively impact return on equity
  - Capital allocated to run-off businesses included in RoE calculations, but earnings are excluded
  - 9.6% RoE excluding run-off capital (8.8% including run-off capital)

## Allocated capital to run-off businesses\* (USD billion)

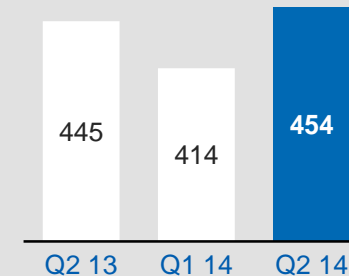
	Run-off period	2010	2011	2012	2013	2014 Q2	2015E
▪ Payout annuities	> 20 years	0.5	0.5	0.5	0.5	0.5	0.4
▪ Institutional spread-based business	~ 5 years	0.8	0.7	0.6	0.4	0.4	0.3
▪ BOLI/COLI	> 10 years	0.7	0.5	0.5	0.5	0.5	0.5
▪ Life reinsurance	~ 15 years	3.1	1.3	1.1	0.7	0.7	0.7
		<b>5.1</b>	<b>3.0</b>	<b>2.7</b>	<b>2.1</b>	<b>2.1</b>	<b>1.9</b>

\* IFRS equity, excluding revaluation reserves

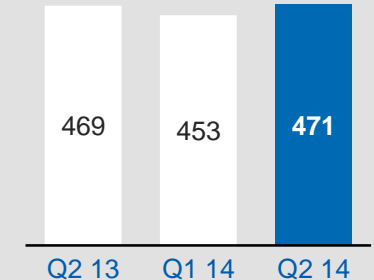
# Americas

- Higher earnings as growth in VA, pension and mutual fund balances partly offset by unfavorable mortality and lower FA earnings
- Operating expenses 1% higher mainly driven by business growth
- New life sales increased 6% mainly driven by higher universal life sales
- A&H sales up 49% to USD 309 million
- 40% increase in gross deposits driven mostly by strong production in pensions (+72%) and variable annuities (+10%)
- Strong MCVNB growth driven by improvements in life insurance and higher variable annuity sales and margins

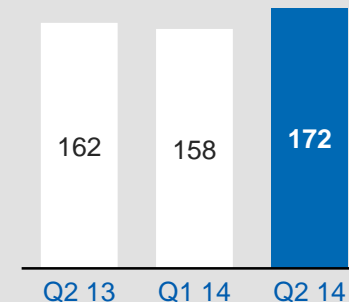
**Underlying earnings before tax** (USD million)



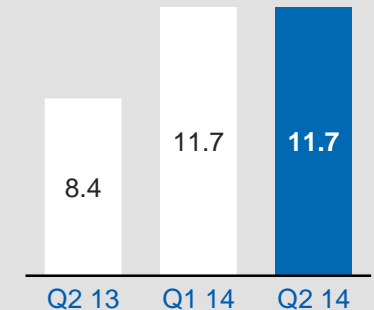
**Operating expenses** (USD million)



**New life sales** (USD million)



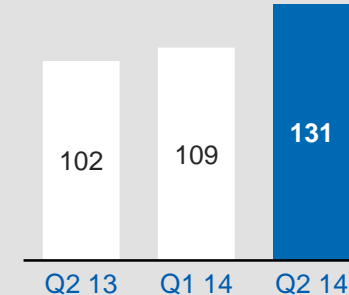
**Gross deposits** (USD billion)



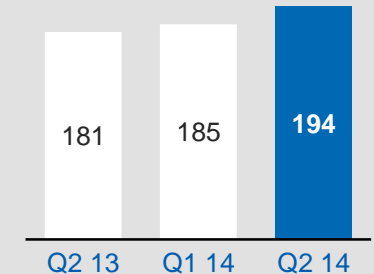
# The Netherlands

- Earnings increased 29% due mostly to improvements in Non-life, higher investment income and improved margins on savings
- Operating expenses increased 8% driven by a reclassification of expenses and higher investments in new ventures
- New life sales decreased due mostly to the ongoing shift to bank savings products and lower pension sales
- Mortgage production increased to EUR 1.4 billion
- 81% higher gross deposits mainly the result of strong performance from online bank Knab, following its successful repositioning
- Higher MCVNB due mainly to increased mortgage production

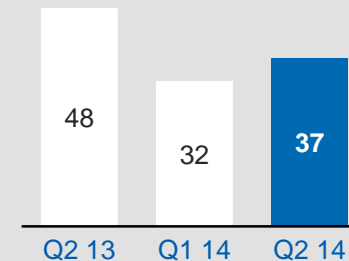
**Underlying earnings before tax** (EUR million)



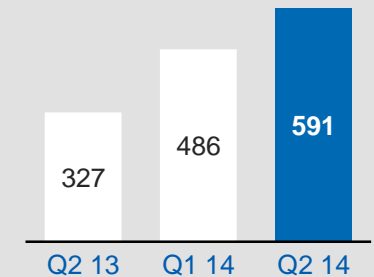
**Operating expenses** (EUR million)



**New life sales** (EUR million)



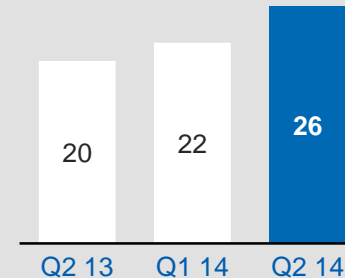
**Gross deposits** (EUR million)



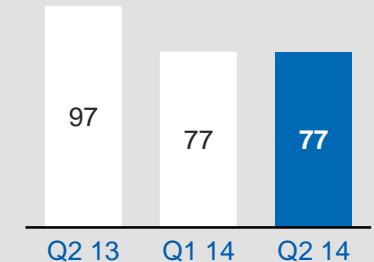
# United Kingdom

- 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

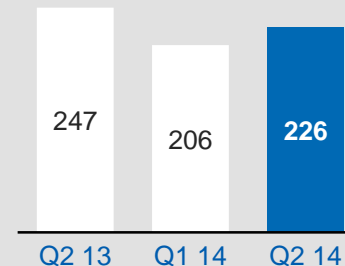
**Underlying earnings before tax** (GBP million)



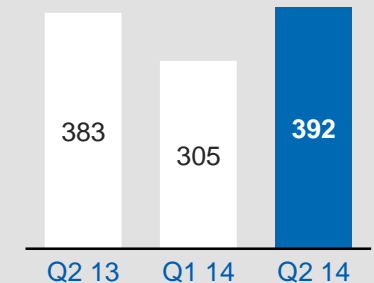
**Operating expenses** (GBP million)



**New life sales** (GBP million)



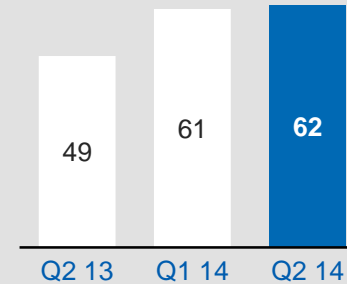
**Gross deposits** (Platform, GBP million)



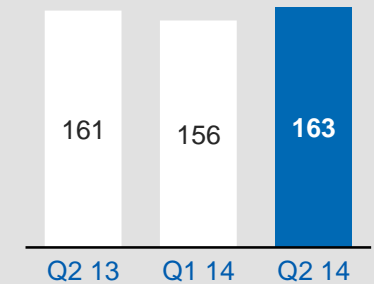
# New Markets

- Earnings increased 27% due mostly to higher earnings in CEE on improved non-life results in Hungary and growth in Asia
- Slightly higher operating expenses driven by growth in Asia and Spain
- New life sales increased 26% as growth in Asia and Spain more than offset lower sales in CEE driven by a decline in Poland and adverse currencies
- Lower gross deposits driven by reduced institutional asset management sales
- Higher MCVNB as the inclusion of joint venture in Spain with Banco Santander more than offset lower production and margins in CEE

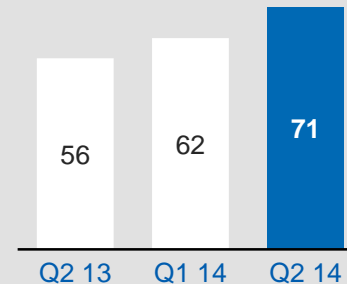
**Underlying earnings before tax** (EUR million)



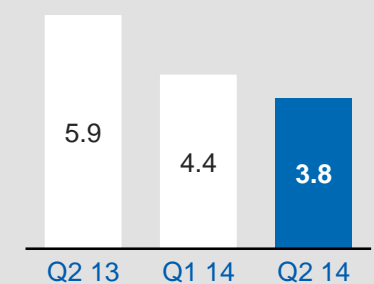
**Operating expenses** (EUR million)



**New life sales** (EUR million)



**Gross deposits** (EUR billion)



# 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		

# Earnings sensitivities to equity markets and reinvestment yields

- Protection of capital position main purpose of macro hedging program
- IFRS accounting mismatch between hedges and liabilities
  - ▶ GMIB liability carried at amortized cost (SOP 03-1)
  - ▶ Macro hedge carried at fair value

Macro hedge equity sensitivity estimates for Q3 2014	
Total equity return in quarter	Fair value items impact
-8%	~USD (10) million
+2% (base case)	~USD (60) million
+12%	~USD (140) million

- Limited reinvestment risk moderates impact of low US interest rates on underlying earnings
  - ▶ Assets and liabilities closely matched
  - ▶ ~5% of general account assets reinvested per annum as a result of declining spread balances

Estimated sensitivity for underlying earnings to flat reinvestment yields*	
2014:	~USD (10) million per quarter
2015:	~USD (15) million per quarter
2016:	~USD (25) million per quarter

\* Average impact of flat reinvestment yields on underlying earnings per quarter in 2014, 2015 and 2016 compared to 2013



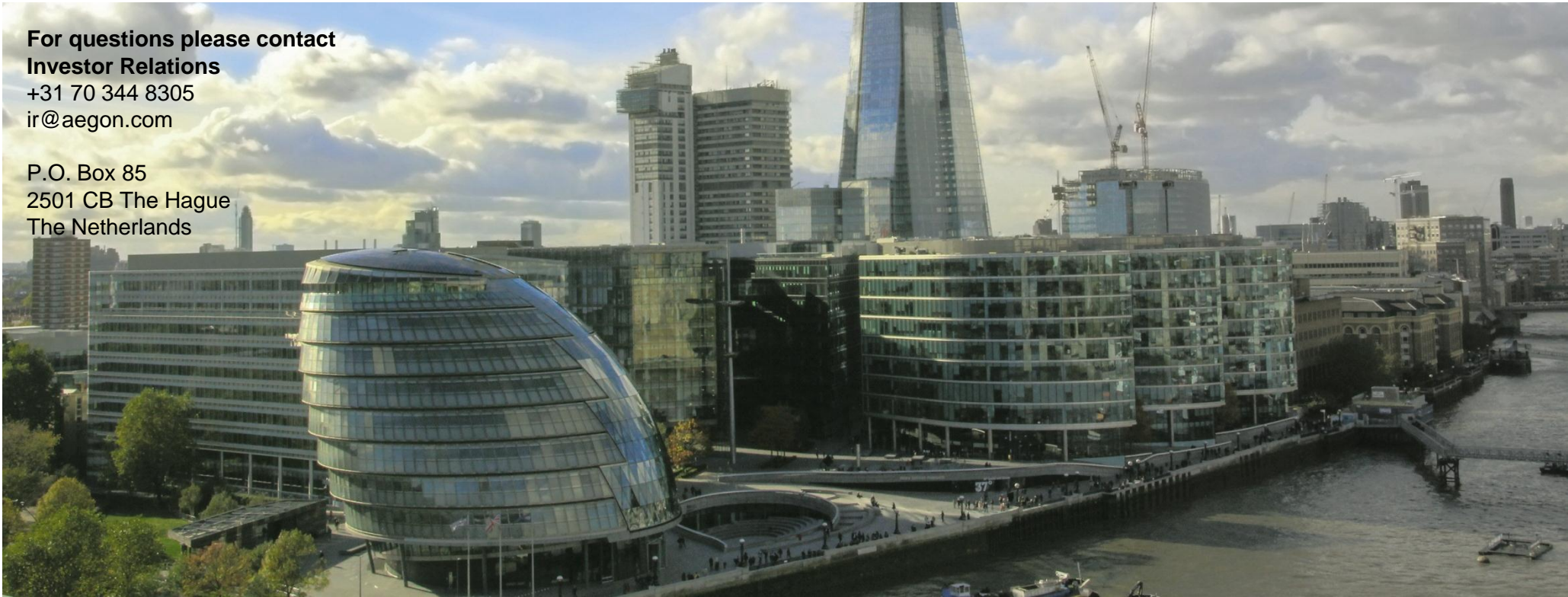
# Thank you



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.