Active portfolio management

Matt Rider
CFO

London, March 21, 2019

Helping people achieve a lifetime of financial security
Simplification and growth to create value

Pivoting to sustainable growth after simplifying the business and optimizing the portfolio

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>• Doubling of free cash flow</td>
<td>• Improving operational performance</td>
<td>• Profitable sales growth</td>
</tr>
<tr>
<td>• Changing business profile</td>
<td>• Strengthening of capital base</td>
<td>• Sustainably growing capital return</td>
</tr>
</tbody>
</table>

Simplification of business and portfolio optimization

Growth
Strong capital position and reduced leverage

Quality of capital increased concurrently

- Strong improvement in level and quality of capital supported by increased capital generation, divestments and other management actions
  - Unrestricted Tier 1 capital as a percentage of SCR increased by 39%-pts since 2016
- Maintaining target range of 26 – 30% despite more conservative calculation of leverage ratio reflecting focus on further reduction in leverage ratio
  - Retained earnings to lead to gradually declining ratio in the coming years

1. Numbers are based on revised methodology as agreed with DNB in 2017, and confirmed in 2018
2. To align closer to definitions used by peers and rating agencies, Aegon has retrospectively changed its internal definition of adjusted shareholders’ equity used in calculating the gross financial leverage ratio. As of the second half of 2018, shareholders’ equity will no longer be adjusted for the remeasurement of defined benefit plans. Comparative numbers have been adjusted accordingly.
Remittances supported by strong local capital ratios

Strong capital position supported by solid remittances provides financial flexibility

- All main units in the upper end or above the top-end of their local target ranges
  - Aegon the Netherlands has started a process to raise its capitalization zones as a result of higher capital sensitivities arising from the adoption of the new dynamic VA model per 4Q 2018 and the exclusion of Aegon Bank
  - Group Solvency II target zone likely to remain unchanged
- Strong capitalization levels and capital generation support remittances to the group
  - The Netherlands and United Kingdom resumed regular dividend payments in 2018

Local capital ratios (2018 in %)

- US RBC: 465% Target range 350 – 450%
- NL SII: 181% Target range 150 – 190%
- UK SII: 184% Target range 145 – 185%

Capital generation and remittances (in EUR million, 2018)

<table>
<thead>
<tr>
<th></th>
<th>Capital generation</th>
<th>Gross remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>1,050</td>
<td>908</td>
</tr>
<tr>
<td>Netherlands</td>
<td>413</td>
<td>200</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>95</td>
<td>113</td>
</tr>
<tr>
<td>All other units</td>
<td>173</td>
<td>159</td>
</tr>
<tr>
<td><strong>Total before holding expenses</strong></td>
<td><strong>1,731</strong></td>
<td><strong>1,380</strong></td>
</tr>
<tr>
<td>Holding funding &amp; operating expense</td>
<td>(333)</td>
<td>(333)</td>
</tr>
<tr>
<td><strong>Total after holding expenses</strong></td>
<td><strong>1,398</strong></td>
<td><strong>1,047</strong></td>
</tr>
</tbody>
</table>

1. Changes are planned to become effective per May 2019
2. Capital generation excluding market impact and one-time items

Strong capital position supported by solid remittances to the group.

- The Netherlands and United Kingdom resumed regular dividend payments in 2018.
Focus on growth in 2019 – 2021

Engaging our large customer base and growing in core markets based on a strong capital position

Customers

Goals
- Broader and longer customer relationship
- Improved customer engagement

Focus
- Offer bundled products and advisory
- Provide customers with relevant guidance
- Evolve operating model
- Use of data and data analytics

Markets

Goals
- Growth in key markets
- Benefits from secular retirement trends

Focus
- Leverage leading positions
- Grow market share
- Markets with growth opportunities
- Multi-product relationship potential

Helping people achieve a lifetime of financial security
Targets 2019 – 2021

Growth strategy will deliver sustainable and attractive returns to all stakeholders

- Strong focus on customer centricity
- Building on strong market positions
- Simplifications and optimizations executed successfully
- Sustainable business

**Normalized capital generation**
Cumulative for 2019 – 2021¹

**Dividend pay-out ratio**
Of normalized capital generation²

**Return on equity**
Annual target³

**Gross remittances**
Guidance for 2019

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¹ Capital generation excluding market impact and one-time items after holding funding & operation expenses
² Assuming markets move in line with management’s best estimate, no material regulatory changes and no material one-time items other than already announced restructuring programs
³ To align closer to definitions used by peers and rating agencies, Aegon has retrospectively changed its internal definition of adjusted shareholders’ equity used in calculating return on equity for the group, return on capital for its units, and the gross financial leverage ratio. As of the second half of 2018, shareholders’ equity will no longer be adjusted for the remeasurement of defined benefit plans
Active portfolio management
Grouping our businesses in three distinct categories

Implementing the growth strategy
• Manage portfolio actively
• Group businesses in three distinct strategic categories
• Recognize the distinct maturity of Aegon’s businesses
• Apply focused strategies reflecting the business characteristics
• Unlock full potential of the larger customer base and market positions
• Leverage capabilities and attractive propositions in the right markets

Strategic categories

Manage for Value
• At scale business
• Single product relationship
• Mostly spread-based
• Capital generative

Drive for Growth
• At scale / leading market position
• Digital / platform, relationship-based
• Fee and protection-focused
• Multi-product relationships
• Capital generative; reinvesting in growth

Scale-up for Future
• Meaningful, scalable market opportunity
• Fee and protection-focused
• Multi-product relationship potential
• Balanced capital needs
• Investments in technology, new capabilities
Attractive portfolio structure

Strong portfolio with businesses at different development stages

- Drive for Growth and Manage for Value each generate about half of the capital
- Vast majority of new business strain in Drive for Growth category
  - Scale-up for Future with limited strain due to focus on fee and protection business
  - Manage for Value strain mainly due to new contributions on existing pension contracts
Targeting EUR 4.1 billion normalized capital generation
Sustainably growing capital generation mainly driven by Drive for Growth category

2019 – 2021 cumulatively:
Over EUR 8 billion normalized capital generation before new business strain and before holding funding and operating expenses expected, of which

- EUR ~3 billion new business strain supporting sustainable growth
- EUR ~1 billion holding funding and operating expenses
- EUR 4.1 billion target for normalized capital generation

Normalized capital generation
(in EUR billion, cumulative for 3 years)

Strategic categories of businesses

- Scale-up for the Future
- Drive for Growth
- Manage for Value

Holding & other units

1. Capital generation excluding market impact and one-time items after holding funding & operation expenses
Manage for Value businesses

Focussing on efficiency and capital generation

Manage for Value businesses

- Americas
  - Fixed Annuities
  - Stable Value Solutions
  - Run-off
- Europe
  - NL – Life
  - UK – Existing business
- Asia
  - Insights

Normalized capital generation¹ (in EUR billion)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>0.4</td>
<td></td>
</tr>
</tbody>
</table>

Underlying earnings before tax (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>749</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>565</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>175</td>
<td></td>
</tr>
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</table>

IFRS capital allocated (in EUR billion)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>1.5</td>
<td></td>
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</tbody>
</table>

Return on capital (in %)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Continue expense savings, e.g., in Netherlands Life and UK Existing Business
- Selectively consider options to optimize capital position and accelerate capital generation

¹ Capital generation excluding market impact and one-time items after holding funding & operation expenses
**NL Life: Strong cost discipline**

**Development of portfolio requires lower and more variable expense base**

Operating expenses NL Life (in EUR million, excl. NL-holding)

- **2015**: 264
- **2016**: 263
- **2017**: 235
- **2018**: 206

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**/-7% CAGR**

Strong track record of expense savings

- Broad initiatives towards digitization of business and automation of processes
- Increased efficiencies in the marketing and sales organization
- Aegon PPI and part of DC portfolio successfully transferred to TKP

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Policy and participant count

(Participants for pensions, policies for other businesses, in thousands)

- **2015**: 874
  - Protection: 139
  - Pensions: 735
  - Service book (unit-linked): 964
  
- **2016**: 793
  - Protection: 149
  - Pensions: 644
  - Service book (unit-linked): 976
  
- **2017**: 722
  - Protection: 157
  - Pensions: 565
  - Service book (unit-linked): 904
  
- **2018**: 657
  - Protection: 159
  - Pensions: 598
  - Service book (unit-linked): 883

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/-5% CAGR

Continued expense discipline required going forward

- In line with industry-wide trends, policy and participant count are expected to decline
  - Number of unit-linked policies expected to halve within seven years
  - Number of pension participants declining due to switch to PPI
  - Protection business showing consistent growth
UK Existing Business: Optimizing administration

Increased shareholder value and improved long term customer experience

Lowering cost base
Adjusted operating expense (in GBP million)

- Attractive return: GBP ~400 million benefit in underlying earnings over duration of contract for GBP 130 million investment

Improving customer experience
- Servicing ~1.4 million customers with a multitude of different policy types

Retaining AM fees
- GBP ~25 million annual AM revenues retained
- Continuous management of GBP 35 billion assets

Making expenses variable
Average cost per policy (in-scope cost\(^2\), in GBP)

- Contract-year 1: 32
- Contract-year 6: 15
- Contract-year 10: 13

Focus on long-term
- Securing jobs in Edinburgh by transferring 800 employees to Atos
- 15 year contract with well-known partner

Note: AM = Asset Management
1. 2018 adjusted operating expenses pro forma for full benefit of extended partnership with Atos servicing and administering Existing Business in the UK
2. In-scope cost of outsourcing only, excludes other Existing Business cost
Drive for Growth businesses

Capturing market share and growing customer base with well established businesses

Drive for Growth businesses

**Americas**
- Life
- Accident & Health
- Retirement Plans
- Variable Annuities

**Europe**
- UK – Digital Solutions
- CEE²

**Asset Management**
- HNW

**Asia**
- CEE
- UK
- Digital Solutions
- Variable Annuities
- HNW

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**Normalized capital generation**
(in EUR billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.7</td>
</tr>
<tr>
<td>2018</td>
<td>0.9</td>
</tr>
</tbody>
</table>

**IFRS capital allocated**
(in EUR billion)

<table>
<thead>
<tr>
<th>Region</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>9.1</td>
</tr>
<tr>
<td>2018</td>
<td>11.2</td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,003</td>
</tr>
<tr>
<td>2018</td>
<td>1,309</td>
</tr>
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</table>

**Return on capital**
(in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

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1. Capital generation excluding market impact and one-time items after holding funding & operation expenses
2. Excluding Czech Republic and Slovakia

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- Reinvest in new business while growing capital generation
- Leverage platform propositions to deepen customer relationships
- Benefit from technology investments to increase efficiency and improve customer experience
UK Digital Solutions: Positioned for growth

Leverage leading market position; Nationwide migration planned to complete in 1H19

Aegon UK platform (2018)

- Strong base: GBP 128 billion platform assets
- Growing business: GBP 2.5 billion net inflows
- Added capabilities with BlackRock’s DC business
- Retail core trading and service levels returned to target levels
- 2/3 of GBP 60 million annual expense savings realized
- Upgrade program delivered GBP 14 billion assets to digital platform
- 1H2019: Completion of the Nationwide migration

Market leadership
- #1 retail platform and #3 in workplace savings market (2017)
- >20% market share in platform market

Growing platform market
- Market growth YOY is expected to be ~20% through 2021
- Market is expected to surpass GBP 1.2 trillion by 2021

Attractive market opportunities
- Leading position offers strong asset consolidation and cross-selling opportunities
- Diversified product mix across multiple business lines

Leveraging technology
- Becoming a digital provider
- Leveraging state-of-the-art technology

Achieving cost efficiency
- Scale and cost reductions drive future profitability
- Reactive continuation of upgrade program

Aegon UK platform (2018)

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- Growing business: GBP 2.5 billion net inflows
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Scale-up for the Future businesses

Investing in a diversified portfolio of opportunities as building blocks for the future

**Scale-up for the Future businesses**

- **Americas**
  - Mutual Funds
  - Latin America

- **Europe**
  - NL – Bank
  - NL – Non-life & income protection
  - NL – Service business
  - Spain & Portugal

- **Asia**
  - Joint ventures

### Normalized capital generation

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.1</td>
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</tbody>
</table>

### IFRS capital allocated

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1.6</td>
<td></td>
</tr>
</tbody>
</table>

### Underlying earnings before tax

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>199</td>
<td>36</td>
</tr>
</tbody>
</table>

### Return on capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>6.9%</td>
<td></td>
</tr>
</tbody>
</table>

1. Capital generation excluding market impact and one-time items after holding funding & operation expenses

- Develop profitable new business based on clear and closely tracked investment criteria
  - IRR > 10% plus country risk adjustment
  - Pay-back period <10 years
  - Positive MCVNB
- Invest in modern platforms, technology, and capabilities, such as Knab and digital propositions in Asia
Spain and Portugal: Scaling-up joint ventures

Building a thriving JV business with significant growth and earnings potential

Strategically positioned
• Santander as key strong strategic joint venture partner
• Upfront investment in partnerships earned back over time
• Extensive distribution network of JV partners with 5,600 bank branches enables significant growth potential
• Agreement with Santander signed in 2018 to expand JVs in Spain and Portugal using Banco Popular’s distribution network
• Digitization and automation program well underway

Strongly growing business …
New premium (in EUR m)

… with strong new business value
MCVNB (in EUR m, in %)

Building a strong back book …
Reserves (in EUR m)

… with growing earnings
Underlying earnings before tax (in EUR m)

Note: Figures based on Aegon’s share in joint ventures in Spain and Portugal. These do not add-up to reported segment figures for Spain & Portugal due to exclusion of own business and local overhead expenses.
NL Services: Efficient service provider TKP

Experienced in onboarding complex third-party pension portfolios onto own system

- Consolidator in the administration of pension funds
- Gaining economies of scale with an increasing number of active and retired participants
- Ability to manage complex and tailored pension structures
- Efficient and reliable processing with broad scope of services

2017

- 34 Pension and social funds
- 3.3m Participants
- 63k Employers
- 120bn Assets under administration

Scale-up for the Future
NL Services: Increasing operational efficiency

Growing TKP service business
- Consistently adding large-company and industry-wide pension funds to grow participant base
- Low cost service provider enabling benefits elsewhere in Aegon, e.g. more variable expenses
- Aegon’s PPI portfolio has successfully been transferred to TKP; transfer of Aegon’s DC book is in process

Increasing operational efficiency
- Ongoing investments in digital pension platform to further increase customer satisfaction and drive scalability
- Cost per policy depends on complexity of contract and status of the participants (active, pensioner, dormant)
- Exploring opportunities to administer Aegon’s defined benefit books and closed books

Participants and growth (in million, CAGR 2014-17)

<table>
<thead>
<tr>
<th></th>
<th>apg</th>
<th>TKP</th>
<th>PGGM</th>
<th>NN</th>
<th>AZL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.5</td>
<td>3.3</td>
<td>3.0</td>
<td>2.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Cost per participant (in EUR, 2017)

<table>
<thead>
<tr>
<th></th>
<th>apg</th>
<th>TKP</th>
<th>PGGM</th>
<th>NN</th>
<th>AZL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>52</td>
<td>24</td>
<td>37</td>
<td>43</td>
<td>50</td>
</tr>
</tbody>
</table>

Cost per participant for TKP (in EUR, in million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost per participant</th>
<th>Participants (rhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>2013</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>2014</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>2015</td>
<td>23</td>
<td>35</td>
</tr>
<tr>
<td>2016</td>
<td>23</td>
<td>36</td>
</tr>
<tr>
<td>2017</td>
<td>24</td>
<td>37</td>
</tr>
<tr>
<td>2018</td>
<td>22</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: Company data
Note: APG owned by ABP, AZL is owned by NN Group
Focus 2019 – 2021

Attractive returns to shareholder based on a strong global franchise

- Large customer base
- Strong market positions
- Solid capital position
- Active portfolio management

Focus on profitable growth and sustainable capital generation
Thank You!

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The Netherlands

Helping people achieve a lifetime of financial security
Disclaimer

Cautionary note regarding non-IFRS/EU measures

This document includes the following non-IFRS/EU financial measures: underlying earnings before tax, income tax, income before tax, market consistent value of new business and return on equity. These non-IFRS/EU measures are calculated by consolidating on a proportionate basis Aegon’s joint-ventures and associated companies. Market consistent value of new business is not based on IFRS-EU, which are used to report Aegon’s primary financial statements and should not be viewed as a substitute for IFRS-EU financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Return on equity is a ratio using a non-IFRS-EU measure and is calculated by dividing the net underlying earnings after cost of leverage by the average shareholders’ equity adjusted for the revaluation reserve. Aegon believes that these non-IFRS/EU measures, together with the IFRS-EU information, provide meaningful supplemental information about the underlying operating results of Aegon’s business including insight into the financial measures that senior management uses in managing the business.

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 Asia, and in 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, plan, should, would, could, is confident, will, and similar expressions as they relate to Aegon. These statements are not guarantees of future performance and involve risks, uncertainties and contingencies that could cause actual results to differ materially from projected results.

- Aegon’s ability to raise capital and on its liquidity and financial condition;
- Aegon’s ability to manage changes in accounting regulations and policies or a change by Aegon in applying such regulations and policies, voluntarily or otherwise, which may affect Aegon’s reported results, shareholders’ equity or regulatory capital adequacy levels;
- Aegon’s projected results are highly sensitive to complex mathematical models of financial markets, mortality, longevity, and other dynamic systems subject to shocks and unpredictable volatility. Should assumptions to these models later prove incorrect, or should errors in those models escape the control in place to detect them, future performance will vary from projected results;
- The impact of acquisitions and divestitures, restructuring, 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;
- Aegon’s ability to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess cash 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 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 in response to, changes in conditions or circumstances on which any such statement is based.