Transforming and innovating

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CEO Aegon Bank

Helping people achieve a lifetime of financial security

December 1, 2017
Summary

Cornerstone of strategy
• Aegon Bank is a focused player in financial services and enabler of strategy
• Operating with two strong, distinct propositions: Aegon Bank and Knab
• Leading in BankSparen market and top-ranked for customer and intermediary satisfaction

Growth of fee businesses
• Knab is transforming from online bank into an all-round financial services platform
• Aegon Bank is focused on providing relevant 3rd & 4th pillar investment solutions
• New online lending platform aimed at replicating success of Dutch mortgage fund

Significant earnings contribution
• Successful management actions have led to balance sheet, revenue and earnings growth
• Attractive margins supported by investments in mortgages and consumer loans
• Banking activities already represent 20% of Aegon NL’s underlying earnings
Aegon Bank at a glance

Highlights

360 Employees
September 30, 2017

EUR 78 million
Underlying earnings
20% of Aegon NL YTD

EUR 7.3 billion
Deposits
95% of Aegon NL

19.3%
CET-1 ratio
September 30, 2017

Key market positions

#2 ranked bank by NPS

#5 in savings market

#3 crowd-funding platform

Balance sheet of EUR 13 billion

- Aegon Bank: 47%
- Knab: 15%
- Wholesale funding: 34%
- Equity: 4%

Over 600k customers

- Aegon Bank: 75%
- Knab: 25%

Note: Deposits based on last four quarters. NPS = Net Promoter Score
Aegon Bank cornerstone of NL strategy

- Bank operates with two strong, distinct propositions

- Online-only bank Knab provides consumers and entrepreneurs with insight in their personal financial situation and a state-of-the-art banking experience

- Aegon Bank offers efficient and tax-friendly third and fourth pillar products to consumers, directly and through intermediaries

- Aegon Bank provides (retail) investment solutions where possible to complement offerings in Retail and Wholesale segments
Banking activities completely transformed

2012
- Restructuring
- First mortgage loans on Aegon Bank balance sheet
- ‘One Aegon’ experience by implementing new CRM system

2013
- Launch of new online banking platform
- Consumer loans from Crédit Agricole on balance sheet

2014
- Acquisition of mortgage advisor
- Strategic partnership with Funding Circle
- Launch of Knab Insurance

2015
- Inaugural Covered Bond issued
- Knab Mortgages integrates €

2016
- Younited credit
- Agreement signed with UK consumer lending platform
- Knab Crowdfunding platform launched

2017
- Launches Knab Mortgages
- Enters into strategic partnership with Aegon
Knab delivers consistent strong growth

- Knab’s attractive offering leads to strong growth…
  - 40,000 customers joined annually since launch
  - 85% are paying a monthly fee
  - EUR 4.6 billion gross deposits and EUR 0.7 billion net deposits during 9M 2017

- …and satisfied customers
  - Highest NPS score in the Dutch banking market (+35) with strong results for both retail and small business owners¹
  - NPS score is ~65 points ahead of the average for large Dutch banks
  - Small business owners represent almost 50% of customers

- Success allows for expansion of services: Knab 2.0

1 Full year 2016 Net Promoter Scores
Evolving into independent financial services platform
Appealing third and fourth pillar solutions

• Aegon Bank secured a strong market position in bank savings
  - Third pillar wealth accumulation has shifted from insurance products to tax-friendly bank savings (BankSparen)
  - Aegon Bank’s competitive rates on bank savings are supported by attractive yields on mortgages and consumer loans

• Development of new administration and distribution platform
  - Efficient platform for Aegon Bank’s savings, pension and investment products to drive down expenses and optimize customer experience
  - Leveraging due diligence knowledge and experience of TKPI for manager selection

• Leverage leading position in 2nd pillar pension market to drive future growth in 3rd & 4th pillar solutions
  - Focus on individual investment solutions offered through employers as well as intermediaries

Bank savings growing at expense of annuities
(In EUR billion)

Aegon’s increasing market share
(In EUR billion and in %)

Sources: DNB, Dutch Association of Insurers
Strategic alliances to diversify online lending

- Aegon Bank has strategic partnerships with international partners to invest in consumer and SME loans
  - Each platform is a leading player in its local market
  - Total funding rights with 6 partners of EUR 3.5 billion
  - Further expansion of network currently underway

- Multi-channel approach provides geographic diversification and flexibility in allocating liabilities across assets
  - Production per platform is dependent on performance of loan portfolios

- Aegon Bank recognized as a key player in online lending market
Strong liquidity and prudent capital position

Note: LCR = Liquidity Coverage Ratio, NSFR = Net Stable Funding Ratio, CET-1 = Common Equity Tier 1. All data per September 30, 2017
Loan platform to replicate success of mortgage fund

• Various Aegon entities join forces in setting up online lending service providing platform

• Part of this portfolio will be used for the balance sheets of Bank and Leven

• Part will be available to third-party investors generating fee business for both Aegon Bank and Aegon Asset Management
Transformation and innovation lead to strong growth

- Successful management actions lead to balance sheet, revenue and earnings growth
  - Balance sheet has grown ~40% since 2013 as a result of increased market share in bank savings and Knab customer growth
  - Revenues increased significantly as a result of increased savings margins as well as a higher allocation to mortgages
  - Shareholders’ equity increased to over EUR 500 million as a result of retained earnings to support strong growth

- Banking activities represent ~20% of the underlying earnings of Aegon the Netherlands
  - Underlying earnings exceed statutory profits as a result of adjustment for intra-group ALM transactions
  - Underlying earnings include investments of almost EUR 200 million for Knab since 2013; Knab break-even point reached in 2017

Shift to higher yielding assets
(Balances in EUR billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments</th>
<th>Mortgages</th>
<th>Retail loans</th>
<th>Cash &amp; Other</th>
<th>NIM</th>
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<td>2013</td>
<td>8</td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
<td>9</td>
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<td>2015</td>
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<td>2016</td>
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<td>1.07%</td>
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<tr>
<td>3Q 2017</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td>1.13%</td>
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</tbody>
</table>

Improved efficiency and profitability
(EUR million, %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Underlying earnings</th>
<th>Cost / Income ratio</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>17</td>
<td>82%</td>
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<tr>
<td>2014</td>
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<td>59%</td>
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<tr>
<td>2015</td>
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<td>2016</td>
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<td>59%</td>
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<tr>
<td>2017</td>
<td>104</td>
<td>53%</td>
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</table>

1 Based on Aegon Bank’s 2017 YTD underlying earnings
2 Metrics adjusted for amortization of market premium of mortgages purchased as part of strategic asset & liability management transactions
Conclusion

Growth of fee businesses + Strong market positions + Significant earnings contribution

Bank is a cornerstone of strategy
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Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS EU financial measures: underlying earnings before tax, income tax before tax, market consistent value of new business and return on equity. Those non-IFRS EU 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 EU measure is provided in note 3 “Segment information” of Aegon’s Condensed Consolidated Interim Financial Statements. Market consistent value of new business is defined as the net-present value of future business contributions discounted by the two-year risk-free rate. Underlying earnings are calculated by excluding material extraordinary and other non-recurring items such as acquisitions and disposals. Return on equity is calculated by dividing net underlying earnings by average shareholders' equity.

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- 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 respect 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 public sector securities and the resulting decline in the value of government exposure that Aegon holds;
- Changes in the performance of Aegon’s investment portfolio and decline in ratings of Aegon’s counterparties;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as in the credit conditions in financial markets, such as in conditions as changes in borrower and counterparty creditworthiness;
- 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 in the credit conditions in financial markets, such as in conditions as changes in borrower and counterparty creditworthiness;
- 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;
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- Regulatory changes relating to the pensions, investment, and insurance industries in the jurisdictions in which Aegon operates;
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- 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 variability. Should assumptions to these models later prove incorrect, or should errors in those models escape the controls in place to detect them, future performance will vary from projected levels;
- 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 impact Aegon’s business;
- 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; and
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon’s products; and
- 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;
- The effect of the European Union’s Solvency II requirements and other regulations in other jurisdictions affecting the capital adequacy of Aegon’s businesses.

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.

Local currencies and constant currency exchange rates

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