

Questions and answers received and given prior to the AGM of Aegon N.V. of May 15, 2020

This document shows the answers to questions received from shareholders in advance of the Aegon N.V.'s 2020 Annual General Meeting (AGM). The AGM took place virtually on May 15, 2020.

The answers to questions received are listed in accordance with the relevant agenda items for the AGM. Click on each agenda item to view the associated question(s) and answer(s).

2.0 2019 Business overview

Introduction:

The following question is related to Aegon's capital position and financial strength in light of the Covid-19 pandemic.

Question:

Is Aegon planning on making tactical changes to limit sensitivity to future interest rate changes? If so, what actions are included?

From: VEB; Errol Keyner

Answer:

- Our current hedge programs, including interest rate hedges, are highly effective as demonstrated during our first quarter 2020 update published on May 12, 2020.
- The remaining sensitivity of our capital position to interest rate changes can be seen in our published sensitivities that we update with each results presentation.

Introduction:

The following question is related to Aegon's capital position and financial strength in light of the Covid-19 pandemic.

Question:

To what extent is Aegon concerned about currency fluctuations regarding the EUR/USD exchange rate? Is this a (long term) risk that, considering Aegon's geographic distribution of activities, deserves additional attention?

From: VEB; Errol Keyner

Answer:

- For Aegon, currency risk primarily is a translation risk (or currency exchange risk). Note 4 of our 2019 annual accounts provides sensitivities for translation risk (page 212).
- The main principal of Aegon's Group currency policy is to neutralize the Financial leverage impact for currency volatility. In this framework the amount of debt, including derivatives, held in euro, US dollar and pound sterling, are proportional managed to the currency allocation of the equity invested in the relevant units.
- Within our operating units, the asset liability matching is managed in local currency; potential currency risk in the investment portfolio is generally hedged.

Introduction:

The following question is related to Aegon's capital position and financial strength in light of the Covid-19 pandemic.

Question:

In the last few years, the worldwide economy has been relatively strong, with as a result rising equity markets and, but at the same time lower interest rates. The year to come will be – due to the pandemic – unfavorable, according to recent predictions by the IMF and the European Commission. Can Aegon give any insight into what way this recession will affect its business model and give insight per activity?

From: VEB; Errol Keyner

Answer:

- As indicated in the first quarter 2020 update published on May 12, 2020, Aegon is positioned well, with a solid capital position and strong liquidity.
- Let's recognize however that there are significant uncertainties about how the COVID-19 crisis will develop. It is really too early to be precise on the impact, if any, on our business model.
- We are taking management actions to protect the economic value of the balance sheet and our capital position, and are looking at opportunities to increase our cost efficiency. Our aim is to position the company well as we emerge from the COVID-19 crisis to ensure the best possible outcome for all our stakeholders.

Introduction:

The following question is related to Aegon's capital position and financial strength in light of the Covid-19 pandemic.

Question:

In its Business Environment scan, Aegon considers the impact of the pandemic to be high. Has Aegon performed any new stress tests based on the pandemic? If so, what is the expected impact on the operational results, cash flows, liquidity and solvency in a worst case scenario? What have been the guiding principles for developing this?

From: VEB; Errol Keyner

Answer:

- Earnings and capital sensitivities to moderately adverse scenarios have been shared in our annual reports, Solvency and Financial Condition Reports and results updates.
- We regularly perform stress tests to assess the resilience of our balance sheet under stretched circumstances. The results hereof are discussed with the Executive Board and the Supervisory Board.

Introduction:

The following question is related to Aegon's capital position and financial strength in light of the Covid-19 pandemic.

Question:

Is Aegon expecting to depend on government support? In making the decision to seek support, is the decision to seek government support in 2008, and the subsequent negative publicity, a factor?

From: VEB; Errol Keyner

Answer:

- Aegon has a solid solvency and capital position, as highlighted most recently in the first quarter 2020 update published on May 12, 2020.
- Aegon has not used and does not plan to use temporary support offered by governments.
- Furthermore, Aegon has not and does not plan to defer any social security or tax payments in the countries in which it operates.

Introduction:

The following question is related to Aegon's capital position and financial strength in light of the Covid-19 pandemic.

Question:

Would Aegon consider issuing new shares? Under which circumstances would this be a possibility? Is Aegon of the opinion that issuing new shares can be done successfully, considering the discount at which the stock is trading?

From: VEB; Errol Keyner

Answer:

- Aegon's capital and liquidity positions are solid, as highlighted most recently during the first quarter 2020 update published on May 12, 2020.

- Therefore, there is no need to issue new shares based on the current capital position.
 - Shareholders can make an assessment of potential threats to Aegon's capital position based on the sensitivities provided.
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3.1 Reports of the Boards

(no questions submitted)

3.2 Annual Accounts 2019 and report independent auditor

Question:

The share price of Aegon has been on the down trend for past 3 years. What's the company's long-term plan to increase shareholder value, especially now dividends has been suspended indefinitely?

From: Mr. Chau; private shareholder

Answer:

- Aegon's management recognizes that the company's share price performance is disappointing despite its efforts to improve the financial performance of the Group.
- In the past strategic plan period 2016-2018, Aegon focused on executing its modernization strategy which led to significant results:
 - Over EUR 350 million expense savings;
 - EUR 2.1 billion capital return to shareholder; and
 - An increase in the return on equity by 2%-points.
- We have set ambitious targets for the period 2019-2021 in order to create long-term value for our shareholders, on which we have shown good progress in 2019.
- The uncertainty around how the COVID-19 pandemic will play out and the continued economic impact it will have, make it difficult to provide a full assessment of COVID-19 related impacts on our medium-term targets.

- In the first quarter of 2020, Aegon maintained a strong balance sheet and liquidity position at the Group and in its main units in these extraordinary times. We are taking management actions to protect the economic value of the balance sheet and our capital position, and are looking at opportunities to increase our cost efficiency.
- Our aim is to position the company well as we emerge from the COVID-19 crisis to ensure the best possible outcome for all our stakeholders.

Introduction:

Aegon makes nice presentations and stories on value creating but the stock has been declining over a long period. Trust is ebbing away. It seems as if Aegon is not able to turn this around. If the share price keeps falling Aegon will become a 'penny stock'. Aegon is managed badly because the way up does not become visible. In my perception, Aegon has been failing in a big way in the last years. I have gotten the feeling that you do not know how you can accomplish improvements and on which term this should lead to tangible positive effects. Aegon muddles on while time keeps passing.

Question:

Do you yourselves still see the possibility to accomplish meaningful progress?

From: Mr. van der Graaf; private shareholder

Answer:

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- In the past strategic plan period 2016-2018, Aegon focused on executing its modernization strategy which led to significant results:
 - Over EUR 350 million expense savings;
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 - An increase in the return on equity by 2%-points.

- We have set ambitious targets for the period 2019-2021 in order to create long-term value for our shareholders, on which we have shown good progress in 2019.
- The uncertainty around how the COVID-19 pandemic will play out and the continued economic impact it will have, make it difficult to provide a full assessment of COVID-19 related impacts on our medium-term targets.
- In the first quarter of 2020, Aegon maintained a strong balance sheet and liquidity position at the Group and in its main units in these extraordinary times. We are taking management actions to protect the economic value of the balance sheet and our capital position, and are looking at opportunities to increase our cost efficiency.
- Our aim is to position the company well as we emerge from the COVID-19 crisis to ensure the best possible outcome for all our stakeholders.

Question:

On hedging, Aegon regularly underperforms. Could you please conduct a thorough review of the department responsible for this?

From: Mr. van der Graaf; private shareholder

Answer:

- Please note that Aegon generally shows strong hedge results for the risks it aims to hedge, see for example the hedge performance in the first quarter of 2020 as published on May 12, 2020.
- Aegon continuously assesses the actual hedge performance versus the ambition level and risk appetite, and takes actions if necessary.

Introduction:

We recognize the challenges faced by companies in these times. We appreciate your statement about providing financial relief measures for customers, for instance in mortgage payments holidays. We feel it is of utmost importance for companies in the financial sector to help their customers where they can, in order to prevent individuals from losing their home, causing personal tragedy, but also causing

destabilization of the economy as a whole.

Question:

Could Aegon elaborate on these types of measures to provide relief for customers? Do they go beyond mortgage payment? How do you make sure customers are aware of these possibilities?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- Our response has been global – as it consists of multiple local measures specific to the markets and geographies where we are present. As general themes, we focused on (A) payment flexibility and financial relief on a case-by-case basis, (B) additional (often free-of-charge) services, and (C) informing and coaching our customers.
- As a matter of fact, the customer feedback has been very positive across the board. As an example, Aegon the Netherlands has achieved record-high NPS scores in March and April 2020. We have also witnessed similar dynamics in other geographies.
- We share information with customers via the regular channels, i.e. via websites, direct mail, call centers, etc.

Introduction:

We would like to congratulate Aegon with enhancing the disclosures based on the recommendations from the TCFD. To manage the risks that stem from climate change, AEGON initiated the new Responsible Business Investment Committee (RBIC) that instructs the Climate Change Working Group (CCWG). The RBIC is chaired by AEGON's CEO of the Americas. The initial climate change risk analysis only covered the Dutch general account and insurance assets and the Dutch mortgage portfolio, while these in turn only cover for one-third of the underlying earnings before tax over 2019.

Question:

When does Aegon expect to conduct climate risk analyses for the Americas and for other geographical locations where AEGON's assets under management and business activities could be negatively impacted by the consequences of climate change?

From: VBDO; Mart van Kuijk

Answer:

- We started our disclosure effort at Aegon the Netherlands driven by importance of the climate matters to our Dutch stakeholders.
- For Transamerica and other businesses with a substantial General Account, we are benefiting from learnings derived from work at Aegon the Netherlands. Yet a lot of work still lies ahead – e.g., given some specificity in (smaller) local asset classes, availability of information for local securities/ from local issuers, etc.

Introduction:

VBDO would like to compliment Aegon on its updated Responsible Investment Policy. The policy now mentions eight important labor rights risks. However, no strategy or progress to remedy these risks is disclosed. We are wondering if Aegon can provide more transparency on its approach to human rights and labour conditions, especially for its assets under management. In addition, Aegon does not specifically indicate that preventing human rights violations or upholding labor conditions are covered in engagement with portfolio companies.

Question:

Can Aegon commit to providing transparency and publishing the human rights and labor conditions risk assessment for its assets under management and its strategy to prevent, mitigate and remedy these risks?

From: VBDO; Mart van Kuijk

Answer:

- Our updated Responsible Investment Policy draws heavily on international standards.
- To ensure that the companies in which we invest meet these standards, Aegon Asset Management conducts screening to identify risks and potential laggards in the portfolio, which are then targeted for engagement. This includes both human rights and labor conditions.
- The objective of these engagements is to fully understand breaches or potential breaches, advocate for appropriate remediation measures to mitigate the risk in question going forward and more generally to promote best practices.
- Aegon believes engagement is more effective than exclusion to improve sustainability performance and corporate behavior. However, if a company's progress falls short of expectations after prolonged and unsuccessful engagement efforts, exclusion may become a necessity to ensure our portfolio remains compliant with our expected standards.
- Aegon believes in transparency with respect to all its responsible investment practices. For more information, please refer to Aegon NV's 2019 Integrated Annual Report and its Responsible Investment report.

Introduction:

VBDO is delighted to read that Aegon, as one of the few Dutch listed companies, has evaluated the gender pay gap for a large share of its employees (NL and US). The results indicated no significant disparities between men and women. In order for stakeholders to scrutinize these results and to understand if parity is actually reached, we ask companies to publish the results of the assessment in the Annual Report.

Question:

Is Aegon willing to disclose the (mean and unadjusted) gender pay gap for the entire workforce, senior management and executive management in the Annual Report next year?

From: VBDO; Mart van Kuijk

Answer:

- Addressing the gender pay gap is an essential part of our Inclusion & Diversity commitments. We are closely watching – and addressing via management targets – both main drivers of it, equal pay and workforce composition.
 - We regularly conduct equal pay analyses in our organization and so far, we as a Group have no reasons to believe that equal pay is not adhered to in any of our businesses. We have provided well-founded evidence in our Annual Report.
 - We also have included Inclusion & Diversity targets in remuneration of our managers at all levels in multiple organizational units, and set the aspirational target of 30% females in senior management.
- That said, there are no global plans to publish gender pay gap information per se, other than in the UK where there is a legislative requirement to do so.

Introduction:

On the Annual Financial Statements for 2019, VEB has the following questions with regard to the reinsurance transaction. In Aegon's annual report, Aegon indicates that the variability in profits have been reduced by re-insuring a quarter of the Dutch life insurance portfolio longevity risks, with Canada Life Insurance (per December 31st 2019).

Question:

To what extent was the reinsurance necessary to bring capital buffers up to standard within Aegon the Netherlands?

From: VEB, Errol Keyner

Answer:

- For the life backbooks, notably in the Netherlands and UK, our strategy is to focus on efficiency and accelerating capital generation where possible.
- The longevity reinsurance deal in the Netherlands is an example thereof.
- Our Solvency II capital position in the Netherlands is strong, 249% as of the end of March 2020.

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Question:

In what way was the Supervisory Board part of the decision to reinsure such a large part of the portfolio?

From: VEB; Errol Keyner

Answer:

- The Supervisory Board has been kept abreast of the process, as is also written on page 47 of our 2019 annual accounts (in the report of the Supervisory Board).

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Question:

Did regulators play a part in making this decision?

From: VEB, Errol Keyner

Answer:

- Aegon has involved DNB in every step of the process even though the reinsurance contract requires no formal approval.
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Question:

Generally, to what extent are reinsured portfolios easier to sell to a third (private) party?

From: VEB, Errol Keyner

Answer:

- The market for (parts of) backbooks of life insurers in the Netherlands seems to attract mainly private equity.
 - For private equity, in our view, there is no meaningful impact as they are generally interested in the asset risks, and not the insurance risks.
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Introduction:

Dutch pension funds apply the Ultimate Forward Rate (UFR), just like insurers. This currently (per May 2020) stands at 1.9%. This rate, as prescribed by De Nederlandsche Bank, is, however, much lower than the UFR prescribed by the EIOPA to European insurers (which stands at 3.9% per 12/2019).

Question:

What would be the effect to Aegon Group's solvency ratio if the UFR for insurers (3.9%) would be brought in line with those of the pension funds (200 basis points lower)? Contrary to Aegon, ASR and NN do provide this insight.

From: VEB, Errol Keyner

Answer:

- The UFR is an integral part of the Solvency II framework, as set by the European Commission.
- There is a process underway to review elements of the Solvency II, including the UFR. However, a drastic scenario like a 200 basis points lowering of the UFR is not on the table.
- We publish the sensitivity for a 15-basis point reduction of the UFR, and update this with each results presentation. Most recently during our first quarter 2020 update published on May 12, 2020.

Introduction:

The current EIOPA system is to slowly lower the UFR every year, to bring it in line with observed interest rates. This decrease has a maximum of 15 basis points. In your annual report (page 98), you mention that the effect to Aegon of lowering the UFR by 15 basis points, would equal a decrease in the solvency ratio for Aegon the Netherlands of 5%. This roughly equates to EUR 200 million of capital that, in theory, could be paid out to shareholders.

Question:

Would it make sense to - considering the threat of this "gap" between the currently applied UFR (2019: 3.9%), and on the other, the development of long term risk-free interest rates in Europe (for Germany, government bonds currently stand below 0%) – consider a strategy not partly based on growth, but primarily on monetization of the existing portfolio, radical cost reduction and quickly paying

out freed-up capital to shareholders?

From: VEB, Errol Keyner

Answer:

- For the life backbooks, notably in the Netherlands and UK, our strategy is exactly such, i.e. to focus on efficiency and capital generation.
- We do so via continued expense savings and considering options to accelerate capital generation.
- Examples are the longevity reinsurance deal in the Netherlands as well as the administration outsourcing agreement with Atos in the UK which reduces our expenses and makes them more variable.

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Question:

If not, does Aegon expect growth segments to be substantially more profitable than the current portfolio?

From: VEB, Errol Keyner

Answer:

- The businesses where we focus most of our growth efforts are in our strategic categories 'drive for growth' and 'scale up for future'.
- These are in several cases capital-light businesses with innovative business models, which bring new platforms, technology, and business models into Aegon, which other businesses leverage.

- These have the potential to achieve a higher return on equity if they have sufficient scale.
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Question:

To what extent is Aegon considering putting large portions of the life portfolio in run-off to free up capital or selling them?

From: VEB, Errol Keyner

Answer:

- We will always consider all options for these businesses in order to optimize shareholder value.
 - For example, for our individual life business in the Netherlands, we announced in February 2020 that we would stop selling new policies, putting this business into run-off as a result of the challenging competitive conditions in the market.
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Question:

What other (balance sheet) measures can Aegon take to improve buffers, in case of a dramatic decrease of solvency?

From: VEB, Errol Keyner

Answer:

- Our solvency and liquidity positions are strong.
- We are taking management actions to protect the economic value of the balance sheet and our capital position, and are looking at opportunities to increase our cost efficiency.
- For examples of these management actions, please see page 7 of first quarter 2020 update published on May 12, 2020.

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Question:

Can Aegon give an indication of the consequences, per measure, on the buffer ratios?

From: VEB, Errol Keyner

Answer:

- We will provide you an update on the management actions to protect our capital position and opportunities to increase our cost efficiency during our first half year results.

Introduction:

In previous years, Aegon's strategy focused primarily on customer satisfaction. In the past, Aegon measured the relative Net Promoter Score (NPS), which compared Aegon's customer satisfaction to its competitors. In 2018, Aegon scored 38% in the top two quadrants, which was a poorer result compared to its competitors (50% would be a neutral score). In 2019, however, Aegon's score decreased to 9% (see page 413 annual report).

Question:

How can Aegon explain this decrease?

From: VEB, Errol Keyner

Answer:

- In 2019, Aegon was executing a number of challenging and critical agreements with external parties regarding administration services for its business in the United States and the UK.
- By ensuring service level agreements with our partners, and through continued focus on execution, we were able to achieve an improvement in our customer loyalty score on an absolute basis. However, we have seen our relative position deteriorate.

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Question:

Is Aegon concerned about this decrease?

From: VEB, Errol Keyner

Answer:

- We always try to improve the quality of our customer interactions.
- By ensuring service level agreements with our partners, and through continued focus on execution, we were able to achieve an improvement in our customer loyalty score on an absolute basis.
- To underscore the importance of satisfied customers, relational NPS is retained as a remuneration target in 2020, with the target set at the 2019 result +3. In light of the above we believe this target is very ambitious and underlines our commitment to continue to improve our customer experience.

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Question:

Why doesn't Aegon include a meaningful explanation on this decrease in its annual report?

From: VEB, Errol Keyner

Answer:

- Please note that we give an explanation for the decline in relative NPS in our 2019 annual accounts on page 20.

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Question:

Aegon uses the Relational NPS (see page 76 annual report) in 2019. Why would this benchmark be better than the relative NPS? How is it possible that Aegon scores well on its Relational NPS, but at the same time there is a dramatic decrease in its Relative NPS?

From: VEB, Errol Keyner

Answer:

- First of all, relative NPS that can be influenced by a number of factors that is not under management's control.
- Furthermore, our comprehensive relational NPS program covers the majority of our customers in all relevant geographies in which we operate.
- The relative NPS is only measured for our main business units, the US, UK and The Netherlands.
- Because of the above, we prefer relational NPS.
- On page 20 of the 2019 annual accounts we explain the difference between absolute and relative performance.

Introduction:

In 2019, Aegon tried to acquire parts of the Vivat portfolio, to no avail. Aegon could have realized (temporary) economies of scale.

Question:

The NN / Athora bid turned out to be preferred over the Aegon / Blackstone bid. Can Aegon indicate what the consequences are of missing out on this acquisition, to the cost saving plans and ambitions for Aegon the Netherlands?

From: VEB, Errol Keyner

Answer:

- There is no impact as our strategic plans were and are based upon our current business, and hence did not include the potential acquisition of parts of Vivat.

Introduction:

In 2019, Aegon tried to acquire parts of the Vivat portfolio, to no avail. Aegon could have realized (temporary) economies of scale.

Question:

Considering the planned acquisition didn't pan out, does Aegon have to double down on cost savings at Aegon the Netherlands to realize its ambitions?

From: VEB, Errol Keyner

Answer:

- There is no impact as our strategic plans were and are based upon our current business, and hence did not include the potential acquisition of parts of Vivat.

Introduction:

In 2019, Aegon tried to acquire parts of the Vivat portfolio, to no avail. Aegon could have realized (temporary) economies of scale.

Question:

What are the effects of the failed acquisition on Aegon, especially considering Aegon is now unable to benefit from increased diversification under Solvency II that would come with the acquisition?

From: VEB, Errol Keyner

Answer:

- There is no impact as our strategic plans were and are based upon our current business, and hence did not include the potential acquisition of parts of Vivat.

Introduction

In the section Controls and Procedures (page 118 in annual report), the Executive Board indicates the following (underlining by VEB):

"The directors and management of Aegon have adopted a going concern basis, in preparing the consolidated financial statements, on the reasonable assumption that the Company is, and will be, able to continue its normal course of business in the foreseeable future."

In addition, in the In Control statement, we can read the following (underlining by VEB):

"Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; [...] expectation of the Company's continuity for the period of twelve months after the preparation of the report."

Question:

Can Aegon indicate why, at the section on a going concern basis, it includes comments such as "reasonable assumption" and "based on the current state of affairs". Why is Aegon so careful when it comes to wording the continuity of the business?

From: VEB, Errol Keyner

Answer:

- Management has no concerns over the going concern of the company considering the components that were assessed and disclosed in the 2019 annual report.
- 'Reasonable assumption' in this regard refers to the period assessed for which it is expected to be able to continue its normal course of business. For these types of assessments generally a period of (just) over a year is considered.
- This doesn't mean however that the company would not be able to continue its normal course of business for a longer period.
- The wording 'reasonable assumption' is adopted as the stronger form 'absolute assurance' does not exist in this context.
- The use of 'based on the current state of affairs' is pointing to the moment in time that the assessment was made by management and should not be interpreted as a disclaimer on the conclusion reached.

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Question:

Can the external accountant PwC indicate to what extent the going concern assumption was a subject of discussion with the Executive Board and the Supervisory Board?

From: VEB, Errol Keyner

Answer:

(From Aegon)

- Management can confirm that going concern has been discussed extensively also by the Executive Board and Supervisory Board and with the external auditor.
- In light of the COVID-19 pandemic, extensive discussions took place as the depth and the length of the crisis was unknown (and to date still is).
- Measures were taken by management to assess the possible impact of the COVID-19 outbreak which is causing significant disruption to society, impacting Aegon, its employees, suppliers and customers worldwide.

The answer from PwC is reflected in the full set of minutes.

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Question:

To what extent does PwC, when judging the going concern assumption, consider a period longer than 12 months?

Answer:

The answer from PwC is reflected in the full set of minutes.

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Question:

Can the Executive Board and Supervisory Board give qualitative feedback on the consequences of not wielding the going concern assumption on the level of shareholders' equity, as was reported end

2019?

From: VEB, Errol Keyner

Answer:

- Not assuming a going concern assumption would mean assets and liabilities can no longer be valued under the current IFRS accounting principles but that a valuation at fair value or exit value should be adopted.
- Per asset or liability class a detailed exercise should be performed, and this could lead to higher or lower valuations, depending on the asset or liability class.
- The difference between the current valuation and the valuation at fair value or exit value would affect shareholders' equity with the equal and opposite amount.

3.3 Remuneration Report 2019

Question:

Aegon has offered the new CEO a sign-on arrangement. Can Aegon disclose the details?

From: Eumedion; Rients Abma

Answer:

- The sign-on arrangement concerns a total sum of EUR 1.25 million, which is split in (almost) half cash, and the other half in Aegon shares.
- Half of the sign-on payment is paid upfront and the other half is deferred to vesting dates in future years.
- The sign-on arrangement is offered for a combination of reasons, including the market value of the candidate, making the transfer to Aegon as direct competitor more attractive and compensation for loss of income during the transfer period.

Question:

We wanted to ask if there is further background to the decision to award a pension level of 40% of the base salary?

From: ISS; Robbert Gerritsen

Answer:

- Aegon realizes that a 40% pension contribution is at the high end of the market.
- Variable compensation at Aegon is significantly below the median for the European Insurance peer group as well as for the Dutch AEX peer group. In view of the legal limitations on variable pay, Aegon needs to offer some additional fixed compensation (including pension contributions) to ensure an overall competitive package.
- The pension contribution for Mr. Friese is aligned with what the other member of the Executive Board (Matt Rider) has been receiving since his appointment in 2017.

Introduction:

We thank Aegon for disclosing the sign-on agreement for the new CEO, Lard Friese, on the website. Half of the sign-on payment is paid upfront and the other half is deferred to vesting dates in future years.

Question:

Could it be specified what the vesting dates of the share grant are? And what the respective bucket size is per vesting date?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- Half of the sign-on payment has been paid/vested this year. The pay-out of the remaining half has been deferred to 2021 (ca. 20%), 2022 (ca. 15%), 2023 (ca. 10%) and 2024 (ca. 5%).

Introduction:

In order for investors to adequately assess if the remuneration fits its purpose, being in line with the strategy of the company, it is crucial for us to understand the particular STI-components of the payment. We have asked Aegon before for more disclosure, especially on the performance targets.

Question:

Would Aegon consider at least ex post full disclosure – in the next remuneration report – of the performance indicators, their weightings and the targets set?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- Aegon will continue to disclose the performance indicators, their weights and relative results compared to their target levels.
- Per 2020 Aegon will also disclose the absolute target levels of the multi-year performance indicators (i.e. Relative Total Shareholder Return and Normalized Capital Generation) and will consider disclosing other absolute target levels after reviewing their commercial sensitivity.

Introduction:

According to Aegon, the company has achieved the highest absolute number of r-NPS ever, possibly a result of the NPS program. Of course, we are happy that Aegon was able to get this absolute number up and we are happy that Aegon started reporting on this absolute r-NPS. Since we have no absolute r-NPS numbers from the previous years, we have no way of comparing the absolute numbers. Aegon reports on the relative r-NPS in total (all markets), and qualitatively states the r-NPS has gone up relative to peers in Europe and the UK, but not in the US. The relative r-NPS number in total is not very convincing (we deduce this is due to the lower score in the US).

Question:

You disclose that the performance indicator of the r-NPS reached the maximum in the remuneration scheme (150% over target), being 10% of CEO/CFO's non-financial 1 year performance. Is this ambitious enough, in light of the above comments?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- When setting our targets, we look at the average scores over the past years and look at next year's plans to construct a target. This target is then challenged internally and by the Supervisory Board to ensure the targets are challenging enough.
- In 2019, Aegon was executing a number of challenging and critical agreements with external parties regarding administration services for its business in the United States and the UK.
- By ensuring service level agreements with our partners, and through continued focus on execution, we were able to achieve an improvement in our customer loyalty score on an absolute basis.
- The 2020 target was set at the 2019 result +3. In light of the above we believe this target is very ambitious and underlines our commitment to continue to improve our customer experience.

Introduction:

At Aegon, board members received bonuses in the last decade, while the stock price was mediocre to poor. It seems that the market is more critical of the results achieved than Aegon's Supervisory Board.

Question:

How do Supervisory Board members explain the substantial difference between achieving a performance target and Aegon's TSR?

From: VEB, Errol Keyner

Answer:

- Aegon is focused on creating value for a number of stakeholders, and not on TSR only. Aegon aims to create long-term value for the societies and communities in which the company operates, their shareholders, customers and business partners.
- Note that the variable pay awarded is in line with the current Executive Board (EB) remuneration policy that was approved by shareholders in 2011, which includes part financial and part non-financial performance.
- In addition, note that the Dutch Financial Supervisory Act and the Solvency II Legal Framework do not allow variable compensation to be based on only financial performance. At least 50% needs to be based on non-financial performance.
- Finally, please note that we propose to include relative TSR as part of the financial indicators for 2020.

Introduction:

As discussed previously, the VEB is exceptionally unhappy with the EUR 1.25 million sign-on bonus for the CEO, which is granted without any conditions.

Question:

Is Mr. Friese open to adjusting earlier arrangements and make the signing bonus conditional based on (challenging) targets?

From: VEB, Errol Keyner

Answer:

- The sign-on arrangement is not considered to be variable compensation and can therefore – by definition – not contain performance criteria.

- The sign-on arrangement is offered for a combination of reasons, including the market value of the candidate, making the transfer to Aegon as a direct competitor more attractive, and compensation for loss of income during the transfer period
- The sign-on arrangement is split in (almost) half cash, and the other half in Aegon shares.
- Half of the sign-on payment is paid upfront, and the other half is deferred to vesting dates in future years. The pay-out of the deferred part is subject to continued employment.
- The sign-on arrangement is in line with both the current and the proposed executive board remuneration policy.
- Mr. Friese and the Supervisory Board see no reason to change the sign-on agreement made.
- When appointed on May 15, 2020 Mr. Friese will start with very challenging performance indicators for his 2020 variable compensation. For the 70% Group performance targets were set before the COVID-19 crisis. The 30% personal performance targets will contain a strong focus on managing the company through the COVID-19 crisis.

3.4 Adoption of the Annual Accounts 2019

(no questions submitted)

3.5 Dividend 2019

Question:

Aegon has foregone the final 2019 dividend, following a call by DNB. This is on 2019, when there was no impact of Coronavirus. Mr. Wynaendts indicated just before the foregoing of dividend was announced to the market that Aegon has a solid capital position, notwithstanding the Corona crisis. If the capital position is so good, the dividend could just have been paid. Aegon does not dare to oppose DNB. Aegon cancelled the dividend, after having announced it. Another action that does not add to the trust. Regarding

dividends, Aegon is apparently no longer reliable. Dividends have become uncertain as well. Is Aegon planning to do a catch-up in the future? I expect you to have some thoughts on this and ask you to answer this question concretely. Are you for instance planning to in a few months do a share buyback for the same amount (as the foregone 2019 final dividend) or to do another form catching up at a later stage?

From: Mr. van der Graaf; private shareholder

Answer:

- We decided to comply with EIOPA's and DNB's call to postpone paying dividends to shareholders, as have many other European insurance companies, including all insurance companies in The Netherlands. Unfortunately, different regulators interpret EIOPA's call in this respect differently.
- We engaged actively with DNB before making the decision to comply.
- Aegon will review opportunities for returning capital to its shareholders as soon as appropriate.
- We will take a decision on the 2020 interim dividend in August 2020 in line with our dividend policy, taking circumstances and outlook at that time into consideration.
- It is too early to say to what extent we will make any other distributions in the second half of 2020.
- Please note that this is irrespective of our capital position which has remained solid – as indicated also in our market update on May 12 – despite the challenges the COVID-19 crisis brings.

4.1 Release from liability for the members of the Executive Board for their duties performed during 2019

(no questions submitted)

4.2 Release from liability for the members of the Supervisory Board for their duties performed during 2019

(no questions submitted)

5.1 Adoption of the Remuneration Policy for members of the Executive Board

Introduction:

Among other criteria, we believe paying for performance is a crucial aspect of a well-balanced remuneration policy. Aegon has indicated the higher fixed income (also including pension contributions) is to make up for the relative lower variable pay.

Question:

Could you reflect on the broader philosophy of your pay framework? To what extent do you want your framework to be variable for performance?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- Aegon has four remuneration principles which state that our remuneration should be: employee-oriented, performance-related, fairness-driven and risk-prudent.
- Performance-related means:
 - establishing a clear link between pay and performance by aligning objectives and target setting with performance evaluation and remuneration;
 - reflecting individual as well as collective performance in line with Aegon's long-term interests;
 - enhancing the transparency and simplicity of Aegon Group remuneration, consistent with the principle of pay for performance; and

- avoiding any pay for non-performance.
- Our proposed Executive Board Remuneration Policy is in line with the principles. It results in 36% of the Total Compensation package being variable in case of target performance. This is based on the proposed target Variable Compensation of 80% and the Pension Contribution of 40% of the Fixed Compensation level (excluding the value other benefits for this illustration).

Introduction:

According to the proposed executive remuneration policy, the Supervisory Board is entitled to grant shares as part of the fixed compensation (p. 6 of the proposed policy). In conversation with the company, we expressed our wish to learn more about the conditions to introduce these share-based fixed payments, holding requirements and their relation to the total fixed compensation. Aegon expressed not having the intention to start using this option.

Question:

How should shareholders judge this remuneration policy including unused options? Has Aegon considered to remove this unused option, and, should Aegon feel this or other measures are required in the future, asking shareholders to vote on the remuneration policy?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- Aegon has decided to include some compensation options in this proposal, in order for the Supervisory Board to have some degree of flexibility during the four-year policy term. This is also common in general remuneration policies for employees (e.g. optional monthly allowances for various reasons).
- If the introduction of such an option is considered in the next four years, Aegon will always take the total compensation level into consideration. The introduction could have a neutral impact (e.g. when swapped for a different part of the remuneration package) or increase the total compensation level.

- In case of the latter, the increase must be justified and stay in line with the internal and external references as defined in the proposed policy.
 - Examples for such an increase are offering an Executive a temporary Fixed Allowance for additional interim responsibilities or a permanent Fixed Allowance for expatriate arrangements in line with internal policies and market practice.
-

Introduction:

This also applies to the option in the Remuneration policy of the Supervisory Board's entitlement to pay a monthly fixed allowance to Executives. Aegon states this is solely used for Alex Wynaendts.

Question:

Will you remove this option from the remuneration policy after the departure of Mr. Wynaendts?

From: Eumedion; Louise Kranenburg of MN, also on behalf of APG Asset Management

Answer:

- No. The Supervisory Board has a degree of flexibility during the four-year policy term, as is also common for employees.
 - If the introduction of such an option is considered in the next four years, Aegon will always take the total compensation level into consideration. The introduction could have a neutral impact (e.g. when swapped for a different part of the remuneration package) or increase the total compensation level.
 - In case of the latter, the increase must be justified and stay in line with the internal and external references as defined in the proposed policy.
 - Examples for such an increase are offering an Executive a temporary Fixed Allowance for additional interim responsibilities or a permanent Fixed Allowance for expatriate arrangements in line with internal policies and market practice.
-

Introduction:

At Aegon, board members received bonuses in the last decade, while the stock price was mediocre to poor. It seems that the market is more critical of the results achieved than Aegon's Supervisory Board.

Question:

Is this cause for the Supervisory Board be more strict in assessing management in the future?

From: VEB; Errol Keyner

Answer:

- In the proposed new EB remuneration policy the Supervisory Board proposes a shift in how variable compensation is calculated and paid.
- This is aimed to further align the long-term interests of the EB members with Aegon's shareholders by 1) re-introducing multi-year performance indicators and 2) increasing the portion of variable compensation which is paid in deferred shares from 50% to 66.67%.
- These changes were based but on constructive feedback from shareholders on our current EB remuneration policy and the increased flexibility the Solvency II legal framework provides.

Introduction:

At Aegon, board members received bonuses in the last decade, while the stock price was mediocre to poor. It seems that the market is more critical of the results achieved than Aegon's Supervisory Board.

Question:

Why is the Relational NPS used as a target within the STI, instead of the relative NPS (compared to the competition)?

Answer:

- First of all, relative NPS can be influenced by a number of factors that is not under management's control.
- Furthermore, our comprehensive relational NPS program covers the majority of our customers in all relevant geographies in which we operate.
- The relative NPS is only measured for our main business units, the US, UK and The Netherlands.
- Because of the above, we prefer relational NPS.

5.2 Adoption of the Remuneration Policy for members of the Supervisory Board

(no questions submitted)

6.1 Appointment of Mr. Thomas Wellauer as member of the Supervisory Board

(no questions submitted)

6.2 Appointment of Mrs. Caroline Ramsay as member of the Supervisory Board

(no questions submitted)

7.1 Appointment of Mr. Lard Friese as member of the Executive Board

Introduction:

VEB would like to ask a few questions on the plans of the new CEO, Mr. Lard Friese.

Question:

For which strategic pillars is Lard Friese expecting to make a notable difference, during his term as CEO?

From: VEB; Errol Keyner

Answer:

- Mr. Friese will take over as CEO, pending your approval. His first priority will be to navigate Aegon through the COVID-19 crisis together with his management team.
- As indicated in the first quarter 2020 update on May 12, 2020, management is taking actions to protect the economic value of the balance sheet and the company's capital position, and is looking at opportunities to increase the company's cost efficiency.
- Mr. Friese and his team will work out their plans to improve Aegon's long-term performance.
- As customary in a CEO transition, management will update the market on their plans once they have been finalized.

Introduction:

VEB would like to ask a few questions on the plans of the new CEO, Mr. Lard Friese.

Question:

If Lard Friese succeeds in his mission, how does he expect Aegon's balance sheet to look in five years?

From: VEB; Errol Keyner

Answer:

- Mr. Friese and his team will develop plans in due course. It is too early to comment on this question.

Introduction:

VEB would like to ask a few questions on the plans of the new CEO, Mr. Lard Friese.

Question:

What steps does Lard Friese consider to be necessary, in order to reshape Aegon into an economic success, whereby profitability is defined as total return for shareholders that exceeds the cost of capital?

From: VEB; Errol Keyner

Answers:

- Mr. Friese and his team will develop plans in due course. It is too early to comment on this question.

8.1 Proposal to cancel common shares and common shares B

(no questions submitted)

8.2 Authorization of the Executive Board to issue common shares with or without pre-emptive rights

(no questions submitted)

8.3 Authorization of the Executive Board to issue shares in connection with a rights issue

(no questions submitted)

8.4 Authorization of the Executive Board to acquire shares in the Company

(no questions submitted)

9. Any other business

(no questions submitted)
