Transforming AEGON

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Key messages

- Transforming AEGON significantly – 2011 a year of transition
- Aim to deliver sustainable earnings growth with an improved risk-return profile
- Ambition to be a leader in all our chosen markets by 2015
- Reaffirming a balanced set of targets
- Delivery on four strategic objectives key to realize our ambition
AEGON is on a journey of transformation

Before the crisis...
- Businesses managed on earnings growth
- Growing spread businesses key earnings driver
- Increasing operational leverage
- Increasing exposure to the US
- Investing capital in new ventures in new countries
- Limited focus on capturing synergies

Since the crisis...
- Businesses managed on combination of RoE and economic framework
- Reducing spread businesses, de-risking and growing fee business
- Disposals of non-core businesses
- Major cost reduction programs
- Broad leadership changes
- Repayment Dutch State

Long-term vision
- Transformed company with an improved risk-return profile, broader geographic balance and greater customer focus
- Create value by capturing synergies
- Ambition to be a leader in all our chosen markets
AEGON aims for sustainable earnings growth with improved risk-return profile

- Sustainable earnings growth
- Improved risk-return profile
- Strong capital position
- Sustainable cash flows and dividends
Ambition is to be a leader in all our chosen markets by 2015

- Focus on key long-term growth opportunities in attractive, chosen markets
- All businesses have been reviewed on:
  - Return on capital, earnings growth potential, cash flows and product offering/profitability
  - Businesses that do not meet criteria have been or will be turned around, put in run-off or divested

<table>
<thead>
<tr>
<th>Chosen established markets</th>
<th>Chosen new markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>Asset management</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Central &amp; Eastern Europe</td>
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<tr>
<td>United Kingdom</td>
<td>Variable annuities Europe</td>
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<tr>
<td></td>
<td>Spain &amp; France</td>
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<td>Latin America</td>
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## Strategy based on realities of new environment

<table>
<thead>
<tr>
<th>Changes in the environment</th>
<th>Consequences for the sector</th>
<th>AEGON strategy</th>
<th>Strategic objectives</th>
</tr>
</thead>
</table>
| ▪ Volatile financial markets | ▪ Higher capital requirements | ▪ Efficient use of capital  
  ► Reduce financial markets exposure  
  ► Expand in capital-light products |                     |
| ▪ Increased regulatory demands | ▪ Customers seeking simple and transparent products | ▪ Better connect with customers  
  ► Redesign products and services  
  ► Build new distribution capabilities |                     |
| ▪ Credibility of financial sector undermined | ▪ Non-traditional competitors raising their game | ▪ Reduce costs and improve service  
  ► Increase efficiency and accuracy  
  ► Improve quality service levels |                     |
| ▪ New customer groups with different demands | | ▪ New leadership  
  ► Stimulate innovation  
  ► Strengthen employee alignment  
  ► Enforce accountability |                     |
Reaffirming a balanced set of financial targets

- Achieve return on equity of 10-12% by 2015
- Grow underlying earnings before tax by 7-10% on average per annum between 2010 and 2015
- Double fee-based earnings to 30-35% of underlying earnings by 2015
- Increase annual operational free cash flow to €1.3-1.6 billion by 2015

Note: assumptions embedded in these targets can be found in the Appendix on slide 26
Grow underlying earnings before tax by 7% to 10% on average per annum

- Organic growth in underlying earnings driven by
  - Strong growth in fee businesses in the Americas, while reducing spread businesses
  - Turnaround of business in the United Kingdom
  - Investments in New Markets over the past 10 years start paying off
  - Cost reductions in established markets

- Accelerate growth of underlying earnings by redeployment of capital generated
  - Redeployment of capital to areas with strong growth prospects and higher returns

Average annual growth of underlying earnings before tax (EUR million)

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<tbody>
<tr>
<td></td>
<td>1,972</td>
<td>(164)</td>
<td>1,808</td>
<td>~5%</td>
<td>~2%</td>
<td>&lt;3%</td>
<td>7-10%</td>
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</table>

Growth of business

- Earnings on excess capital held at holding: ~5%
- New Markets: 0.5%
- United Kingdom: 1.5%
- Americas: 1.5%

* Life reinsurance and BOLI/COLI earnings of EUR 80 million and EUR 59 million respectively are reported in run-off businesses since Q1 2011.
Earnings from CEE are impacted by EUR 25 million due to new pension regulations in Hungary and Poland.
Achieve a return on equity of 10% to 12% by 2015

- **Strategic focus supports increase in return on equity**
  - Organic growth of business
  - Shift to fee-based from spread-based business in the US
  - Cost reduction in established markets

- **Enhance return on equity by redeploying excess capital**
  - Reallocation capital to areas with strong growth prospects and higher returns
    - Focus on US pensions, Poland, Turkey, Spain, Asia and Latin America
  - Return capital to shareholders

**Drivers of increase in return on equity**

- 9.8% RoE 2010
- (1.1)% Rebase of earnings
- 8.7% Adjusted RoE
- ~2% Increase in shareholders’ equity
- ~2% Organic growth of business
- ~1% Cost reductions
- ~2% Redeployment of capital
- 10 - 12% RoE 2015

**Growth of business**

- ~2% Other
- 0.2% New Markets
- 0.6% United Kingdom
- 0.6% Americas

Life reinsurance and BOLI/COLI earnings are reported in run-off businesses since Q1 2011.

*Note: RoE of 10% is achieved with an average growth of underlying earnings before tax of 8% per annum.*
Structurally reduce costs in established markets

The Netherlands
(EUR million)
- Cost reduction of 20% targeted to be achieved by end 2012, full benefits in 2013
- Operating expenses to be reduced by EUR 110 million from 2009 base of EUR 544 million
- Cost reduction to offset impact of increased longevity and margin compression

United Kingdom
(GBP million)
- On track to achieve cost reduction of GBP 80 million by end 2011, full benefits in 2012
- Restructuring charges** of GBP ~60 million in 2011

Transamerica Life & Protection
(USD million)
- Grow business faster than industry while operating expenses remain flat
- Cost savings of USD 100 million to offset inflation and benefit increases

* For further details see country unit presentations
** Restructuring charges are not taken through underlying earnings but through Other income/(charges).
Redeployment of capital in New Markets

- **Asia**
  - Continued investments in all businesses
  - Joint ventures in China, India and Japan
  - Fully-owned direct marketing operations

- **Central & Eastern Europe**
  - Acceleration of growth in all markets with focus on Hungary, Poland and Turkey
  - Investments in expanding distribution
  - Roll out of non-life products in Poland and Slovakia

- **Spain**
  - Expand through joint ventures with regional banks

- **US pensions**
  - Leverage strong capability to accelerate growth of US pension business

- **Latin America**
  - Accelerate growth in Brazil & Mexico
  - Expand through bancassurance agreements / joint ventures

- **AEGON Asset Management**
  - Expand unit-linked and investment solutions business in NL and US
  - Expand 3rd party business from UK platform and joint venture in China

- **Variable annuities Europe**
  - Accelerate growth of VA products in the UK, NL and France
  - Expansion in other European markets
Increase fee business to 30% to 35% of underlying earnings by 2015

- Growth in fee income driven by
  - 30% growth of fee-based earnings in the Americas, mainly variable annuities and pensions
  - More than double fee-based earnings growth in the United Kingdom as a result of cost reductions
  - 50% fee-based earnings growth in New Markets, mainly asset management and VA Europe
- Relative weight of spread income further reduced

Clear shift from spread income toward fee-based earnings
Increase operational free cash flow by 30% by 2015

- Increase normalized level of annual operational free cash flow of EUR 1.0-1.2 billion by 30% to EUR 1.3-1.6 billion in 2015
- Increase is result of
  - Higher operational cash flows in Americas, UK and CEE
  - Relatively stable new business strain as a result of shift in business mix and reduction in commissions in UK and NL

**Normalized operational free cash flow**
(EUR billion)

![Diagram showing increase from 1.0-1.2 billion in 2010 to 1.3-1.6 billion in 2015 with a +30% increase]
Continue to maintain a strong capital position consistent with AA rating

- Capital base ratio of 75% by end 2012
- Excess capital in holding >€900 million by end 2012
- Insurance Group Directive solvency ratio of >209% on March 31, 2011
- On track for implementation of Solvency II
Four strategic objectives to realize ambition

- Optimize Portfolio
- Empower Employees
- Loyal Customers
- Operational Excellence
Optimize our portfolio

- Improve risk-return profile
  - Reduce exposures to equity, credit and interest rate risks
  - Increase fee business
  - Reduce spread business

- Higher growth and profitability
  - Expand in high-return businesses in established and new markets
  - De-emphasize low profitability businesses
  - Manage businesses on economic framework basis

- Broader geographical balance
  - Grow further in CEE, Asia, Spain and Latin America

- Further diversify distribution mix
  - Expand and broaden distribution
    - Tied agent networks
    - Bancassurance
    - Worksite marketing
    - Direct offering
Optimize our portfolio – growth opportunities in established markets

- **Americas**
  - Pensions - attractive products and high-quality service
  - Variable annuities - distinguished product and distribution approach
  - Mutual funds – flexible and scalable platform shifting focus to equity funds

- **The Netherlands**
  - Leverage best-in-class pension administration capabilities by introducing new products and fee-based services
  - Improve proposition and expand distribution to capture share in SME market
  - Offer customer-focused and transparent banking solutions to be successful in retail market

- **United Kingdom**
  - Focused on core markets of "workplace" and "at retirement"
  - Innovative, low-cost platform solution combined with traditional packaged products
  - Leveraging market position with proven technology
Optimize our portfolio – managing for value

- Company managed on economic framework basis
  - Market consistent value of new business (MCVNB) part of management remuneration
  - Shift from spread to fee business leads to convergence between VNB and MCVNB
  - Increase in MCVNB driven by focus on fee-based products and pricing discipline
- Start to publish MCVNB as of Q1 2012
- Most of our product lines show positive MCVNB
  - Appropriate management actions will be taken to further improve MCVNB

<table>
<thead>
<tr>
<th>Product lines</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Netherlands</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>UK</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>New markets</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

Product lines:
- ● = Mostly MCVNB negative
- ○ = Some MCVNB negative
- ○○ = Mostly MCVNB positive
Enhance customer loyalty

- Understand our customer and chosen customer segments
- Getting closer to our customers
- Deliver simple and transparent solutions
- Focus on delivering best in class products and services
- Building strong brands (AEGON/Transamerica) and leverage sponsorships
- Measure customer satisfaction consistently
- Innovation pipeline full, with many new products launched
- Over 40 million customers worldwide

Retaining customers as important as acquiring new ones
Deliver operational excellence

- Continue to structurally reduce costs and retain cost efficiencies
- Moving toward global IT hardware platform
- Redesign processes and establish centers of excellence
- Improve service and establish regional service centers
- Leverage best practices and product innovation
- Increase scalability

*Increase operational efficiency and improve service levels*
Empower employees

- Substantial changes in leadership across country and business units
- Global talent review launched
- Consistent remuneration policy supportive of targets
- Global Leadership Team focused on four strategic objectives
- Global employee satisfaction survey to be performed in October 2011
- AEGON University relaunched

Stimulate innovation and increase accountability
AEGON in 2015

- Return on equity of 10-12%
- Underlying earnings before tax of >€2.5 billion
- Fee-based earnings of >30% of underlying earnings
- Operational free cash flow of €1.3-1.6 billion
Thank you!
Economic assumptions embedded in our targets

<table>
<thead>
<tr>
<th>2015 assumptions</th>
<th>NL</th>
<th>US</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>1.7%</td>
<td>2.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>10-year interest rate</td>
<td>4.5%</td>
<td>5.3%</td>
<td>5.6%</td>
</tr>
<tr>
<td>3-month interest rate</td>
<td>2.5%</td>
<td>3.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Annual gross equity market return</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

EUR/USD rate of 1.35  
EUR/GBP rate of 0.82  

Normalized operational free cash flows are based on Solvency I for our European based insurance companies
Gradual release of capital from run-off businesses

- Net earnings from run-off businesses of USD 19 million
- Current capital allocated to run-off businesses of USD 3.9 billion (incl. life reinsurance)
  - Return on capital of run-off businesses of 1.9%
- Capital intensive run-off businesses negatively impact return on equity
  - Capital allocated to run-off businesses is included in RoE calculations, but run-off earnings are not

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

<table>
<thead>
<tr>
<th>Run-off period</th>
<th>Q1 2011</th>
<th>YE 2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payout annuities, &gt; 20 years</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Institutional spread-based business, ~ 5 years</td>
<td>0.9</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>BOLI/COLI, &gt; 10 years</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Life reinsurance, ~ 15 years</td>
<td>2.1</td>
<td>0.9</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.9</strong></td>
<td><strong>2.1</strong></td>
<td><strong>1.6</strong></td>
</tr>
</tbody>
</table>
### Asia: growth engine under common leadership

<table>
<thead>
<tr>
<th>China</th>
<th>Japan</th>
<th>India</th>
<th>AEGON Life &amp; Affinity Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>- JV with CNOOC since 2003&lt;br&gt;- #8 in terms of APE among foreign life insurers joint venture</td>
<td>- JV with Sony Life since 2009&lt;br&gt;- Focuses on Variable Annuities</td>
<td>- JV with Religare and Bennett Coleman since 2008&lt;br&gt;- Exceeding average industry growth with sales of around EUR 43 million(^1) in third year of operation</td>
<td>- Active in 7 countries throughout Asia Pacific&lt;br&gt;- Affinity marketing mainly sells insurance products for third parties&lt;br&gt;- Transitioning from the US&lt;br&gt;- HNW proposition</td>
</tr>
<tr>
<td>- Successful rebranding campaign&lt;br&gt;- Retain strict cost management&lt;br&gt;- Anticipated to break-even in next 2 years</td>
<td>- Strong partner with attractive Life Planner distribution channel&lt;br&gt;- Growing customer segment for retirement products</td>
<td>- First successful online term product in India&lt;br&gt;- Proven to be successful launching the most new Unit-linked products post regulatory changes&lt;br&gt;- Strong brand positioning</td>
<td>- Center of excellence for affinity marketing&lt;br&gt;- Local expertise in customer analytics&lt;br&gt;- Exploring synergies with AEGON JV’s</td>
</tr>
</tbody>
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\(^1\) Note: Sales on a 100% basis in terms of APE as per March 31, 2011; in local currency around INR 2.6bln
Spain: successful bancassurance model

- **JV structure with AEGON back-office**
  - 5 JV’s with >2,000 branches in total: #7 in life insurance
  - Platform for selective growth with existing partners (Unnim and Banca Civica)
  - 50/50 ownership structure allowing for management control and economies of scale

- **Solid business plans**
  - Sustainable growth in spite of economy
  - Lapses below Bancassurance benchmark
  - Common back-office will increase fee-based earnings further
  - Earnings to grow by >10% on average annually

- **Innovative products**
  - Share products across JV’s:
    - Positive MCVNB of all products
    - Full innovation pipeline
    - Developing in new customer niches
## Asset Management: transformation into one company

### Global organisation
- EUR 200 billion assets under management
- Global standards
  - General Account service framework; Risk Management Framework; HR Framework
- Global functions
  - Finance, Risk and Compliance, HR, Communications, Strategy
- Global brands
  - With affiliate brands where it makes sense
- Resource sharing
  - Centres of excellence; innovation and knowledge transfer
- Local awards
  - 5 Morningstar Awards; 2 UK Lipper awards
  - TKPi award-winning fiduciary manager

### Serving 3 client groups

#### General Account
- Dedicated local account managers
- With professional mandates
- Managed cost effectively

#### Unit-Linked
- Leveraging existing GA expertise
- Serving new clients in US and NL
- Distributed mainly via insurance affiliates

#### Third Party
- Distinctive culture
- Focused product range (FI, UK Equity, Real Estate and Multi Asset)
- Distributed across Europe and Asia
VA Europe: successes so far

- **ONE AEGON**
  - Introduced in 2005 by leveraging experience from US VA business
  - Manufacturing from Ireland, using global hedging capabilities in US

- **United Kingdom**
  - Strong recovery
  - Market for guarantees shows steady recovery, returning to pre-crisis levels
  - Growth from new products and adding guarantee solutions to the new UK platform business

- **France**
  - On growth track
  - Introduced in close cooperation with partner La Mondiale
  - New product introduced in September 2010
  - On track to deliver according to plan in 2011

- **Netherlands**
  - In development
  - Launched early 2010
  - Currently slow market
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Disclaimer

Cautionary note regarding non-GAAP measures
This presentation includes certain non-GAAP financial measures: underlying earnings before tax and value of new business. The reconciliation of underlying earnings before tax to the most comparable IFRS measure is provided in Note 3 “Segment information” of our Condensed consolidated interim financial statements. Value of new business is not based on IFRS, which are used to report AEGON’s primary financial statements and should not viewed as a substitute for IFRS financial measures. We may define and calculate value of new business differently than other companies. Please see AEGON’s Embedded Value Report dated May 12, 2011 for an explanation of how we define and calculate.

AEGON believes that these non-GAAP measures, together with the IFRS information, provide a meaningful measure for the investment community to evaluate AEGON’s business relative to the businesses of our peers.

Local currencies and constant currency exchange rates
This presentation contains certain information about our results and financial condition 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 us presented in EUR, which is the currency of our primary financial statements.

Forward-looking statements
- The statements contained in this presentation 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 our company. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. We undertake 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 our fixed income investment portfolios; and
    - 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 we hold;
  - The frequency and severity of insured loss events;
  - Changes affecting mortality, morbidity, persistence and other factors that may impact the profitability of our insurance products;
  - 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;
  - Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
  - Changes in laws and regulations, particularly those affecting our operations, the products we sell, and the attractiveness of certain products to our consumers;
  - Regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
  - 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 our debt ratings issued by recognized rating organizations and the adverse impact such action may have on our ability to raise capital and on our liquidity and financial condition;
  - Lowering of one or more of insurer financial strength ratings of our insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability of its insurance subsidiaries and liquidity;
  - The effect of the European Union’s Solvency II requirements and other regulations in other jurisdictions affecting the capital that we are required to maintain;
  - Litigation or regulatory action that could require us to pay significant damages or change the way we do business;
  - Customer responsiveness to both new products and distribution channels;
  - Competitive, legal, regulatory, or tax changes that affect the distribution cost of or demand for our products;
  - The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including our ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
  - Our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives;
  - The non-fulfillment of the conditions precedent underlying the agreement to divest Transamerica Reinsurance.

Further details of potential risks and uncertainties affecting the company are described in the company’s filings with Euronext Amsterdam and the US Securities and Exchange Commission, including the Annual Report on Form 20-F. These forward-looking statements speak only as of the date of this presentation. Except as required by any applicable law or regulation, the company 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 the company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.