



# Second quarter 2010 results



LIFE INSURANCE | PENSIONS | INVESTMENTS

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CEO

Media presentation

August 12, 2010

# Key messages

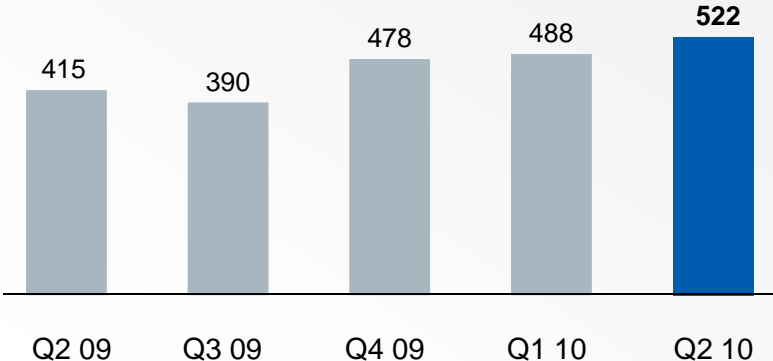
- Increase in underlying earnings and net income
- Strong sales and deposits, mainly driven by pensions
- Impairments at lowest level in two years
- Continued strong capital position



# Execution of strategy demonstrated by strong results

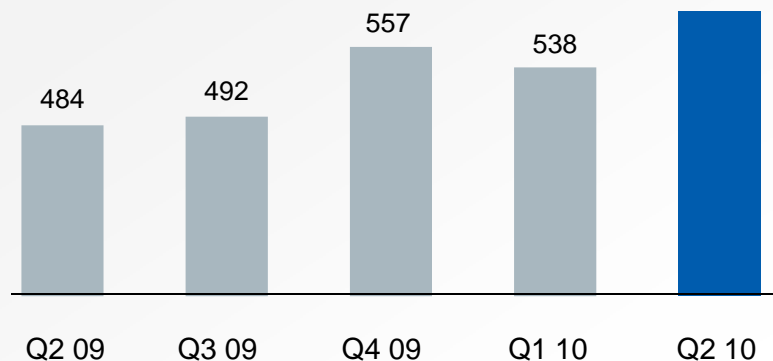
## Underlying earnings before tax

(EUR million)



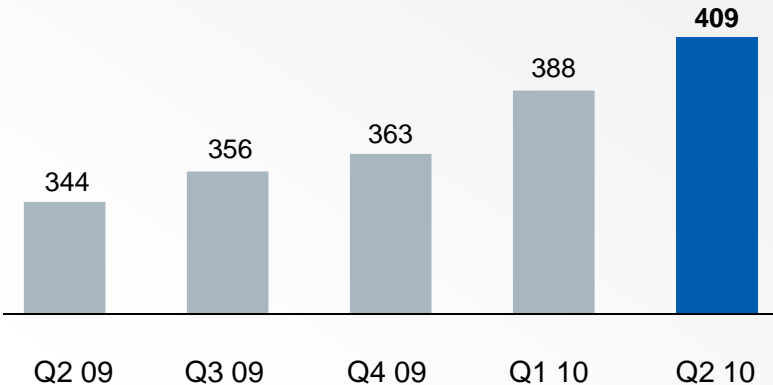
## New life sales

(EUR million)



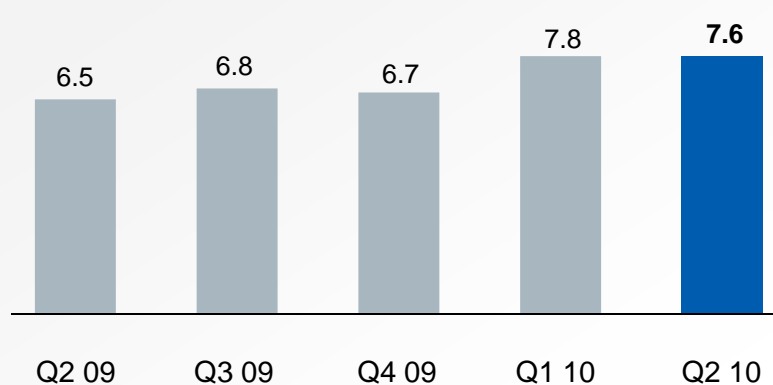
## Revenue-generating investments

(EUR billion)



## Gross deposits\*

(EUR billion)



\* Excluding run-off businesses

# Continued focus on execution of strategy in Q2

## Reallocate capital

- Run-off institutional spread-based business in the US on track
- Increased fee business, reduced spread business in the US
- Capital preservations of EUR 250 million in Q2 2010
- Exploring strategic options for Transamerica Re, including sale

## Increase returns

- Operating expenses 2% lower at constant currencies
- Continued focus on cost control
- Restructuring in the UK on track
- Withdrawal from the UK bulk annuities market
- Exploring strategic options for parts of UK back books
- Launch of global talent management program
- Roll out non-life in CEE

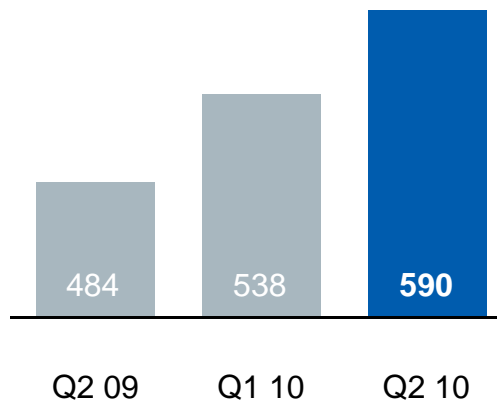
## Optimize one AEGON

- Global head of human resources appointed
- New CEO AEGON Asset Management

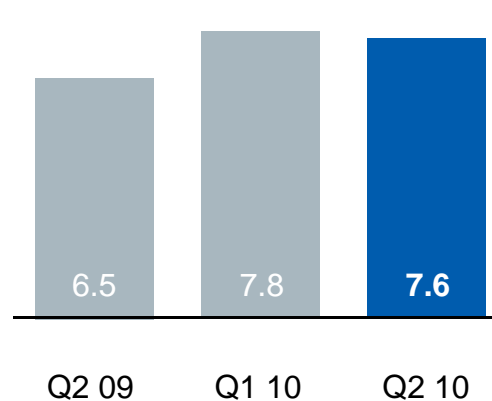
## Strong sales and deposits

- New life sales increased 22% YoY driven by almost all units, especially by increased sales in the US and the UK
- Gross deposits\* up on strong US pensions and asset management
- Fixed annuities continued to be managed lower
- VNB declined due to earlier repricing of immediate annuities in the UK and lower fixed annuity sales in the United States

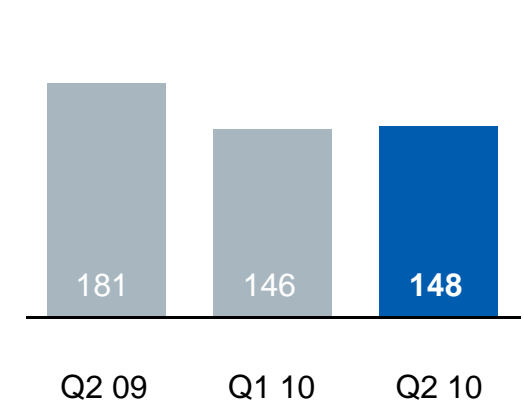
**New life sales**  
(EUR million)



**Gross deposits\***  
(EUR billion)



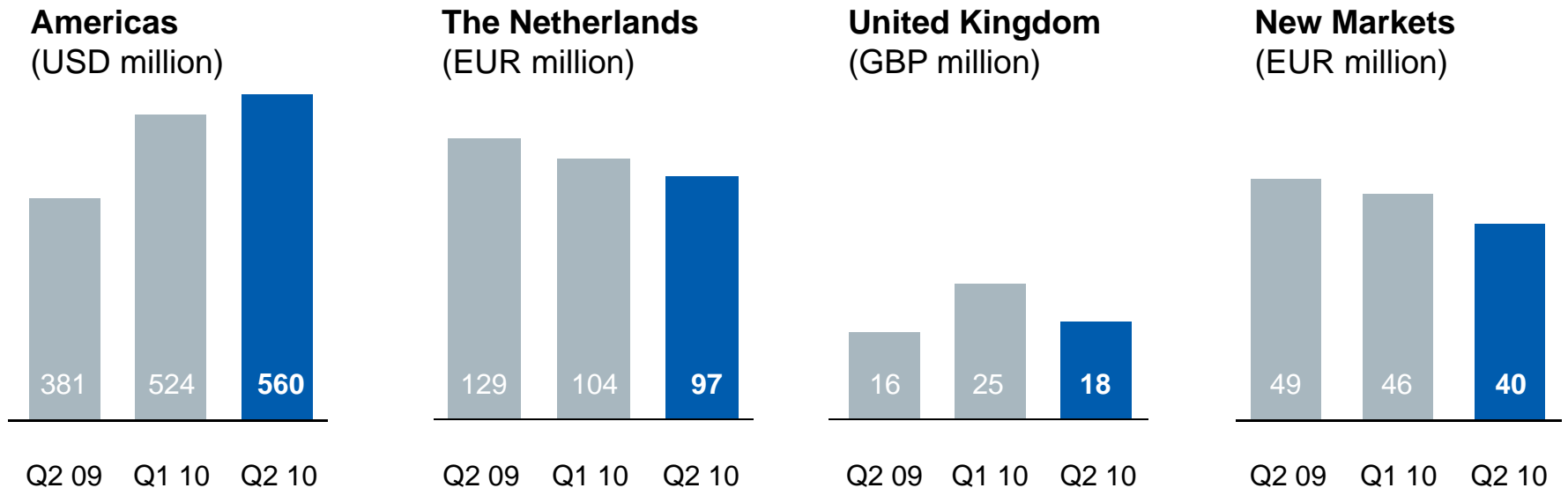
**Value of new business**  
(EUR million)



\* Excluding run-off businesses

## Underlying earnings increase 26%

- Americas earnings rose 47% due to higher fee and investment income as well as lower expenses; Q2 09 included several exceptional charges
- Strong earnings in the Netherlands; Q2 09 included a provision release
- Results in the UK rose due to increased annuity book
- New markets declined due to claims related to storms and floods in Hungary and investments in Turkey and Asia

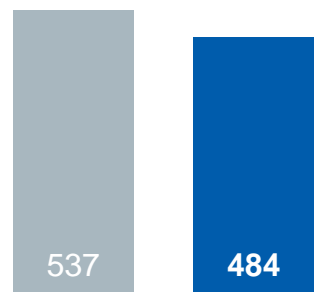


## Operating expenses declined by 2% at constant currencies

- Total operating expenses increased 3% due to dollar and pound sterling strengthening against the euro; however at constant currencies declined by 2%
- Operating expenses:
  - Americas decreased on a comparable basis as result of cost savings
  - Netherlands stable as cost savings were offset by investments in new business
  - UK increased due to project related costs and investment in new business
  - New markets was impacted by currency and investments in Asia & Turkey

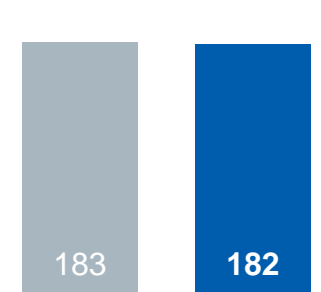
### Operating expenses

**Americas**  
(USD million)



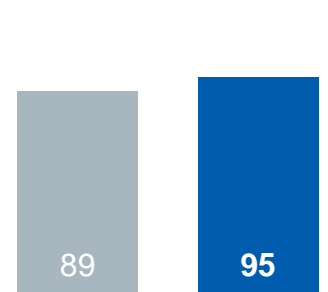
Q2 09\*      Q2 10

**The Netherlands**  
(EUR million)



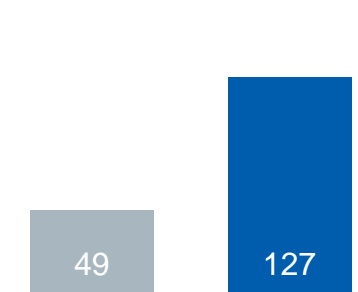
Q2 09\*      Q2 10

**United Kingdom**  
(GBP million)



Q2 09\*      Q2 10

**New Markets**  
(EUR million)



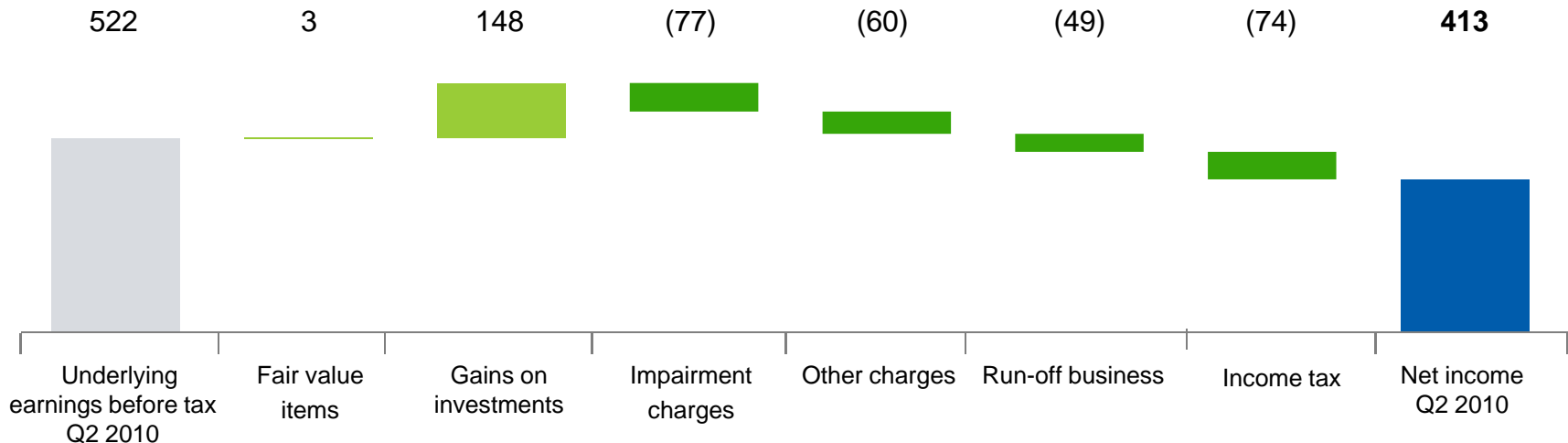
Q2 09\*      Q2 10

\* Operating expenses excluding AEGON asset Management

## Net income driven by strong underlying earnings

- Investment gains as a result of bond sales
- Impairments at lowest level in two years, approaching long-term assumptions
- Other charges impacted by one-time provision for settlement in the US
- Run-off businesses better than expected due to better portfolio yields

### Underlying earnings to net income development in Q2 2010 (EUR million)

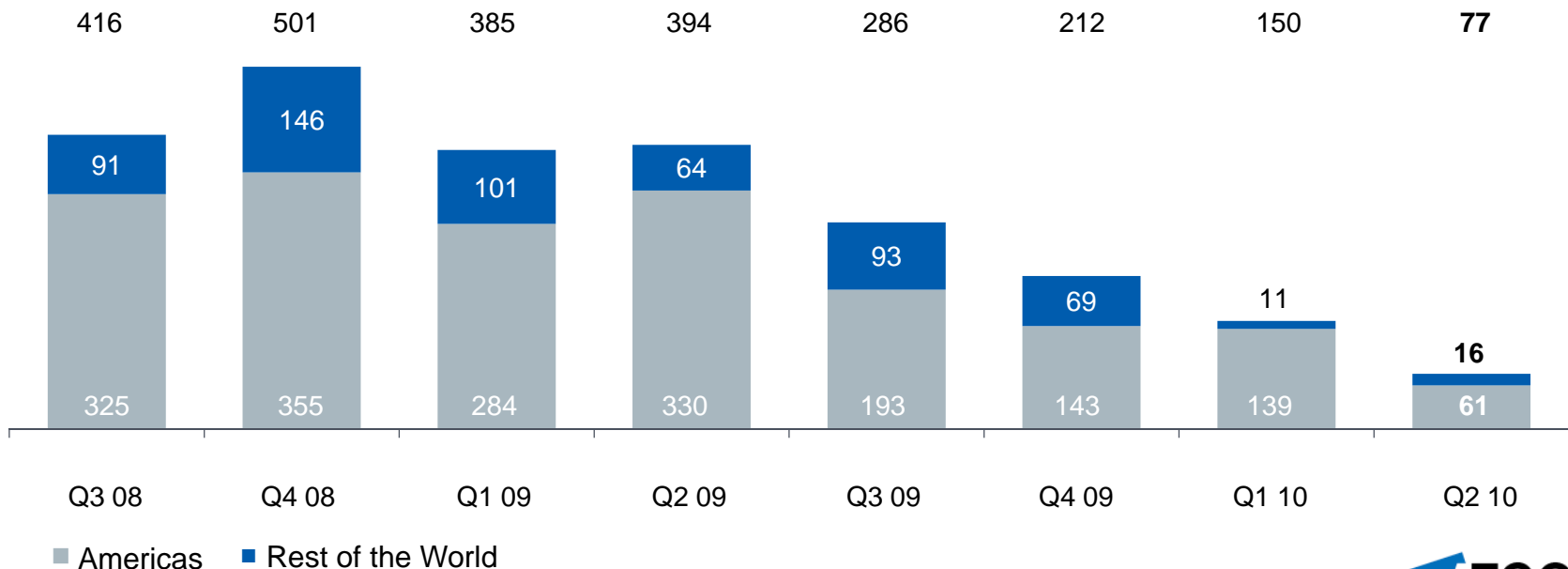




## Impairments at lowest level in two years

- US impairments continued their downward trend, approaching AEGON's long-term assumption of 30-35 bps
- Q2 2010 impairments are primarily related to US housing related securities
- Impairments expected to remain at somewhat elevated levels

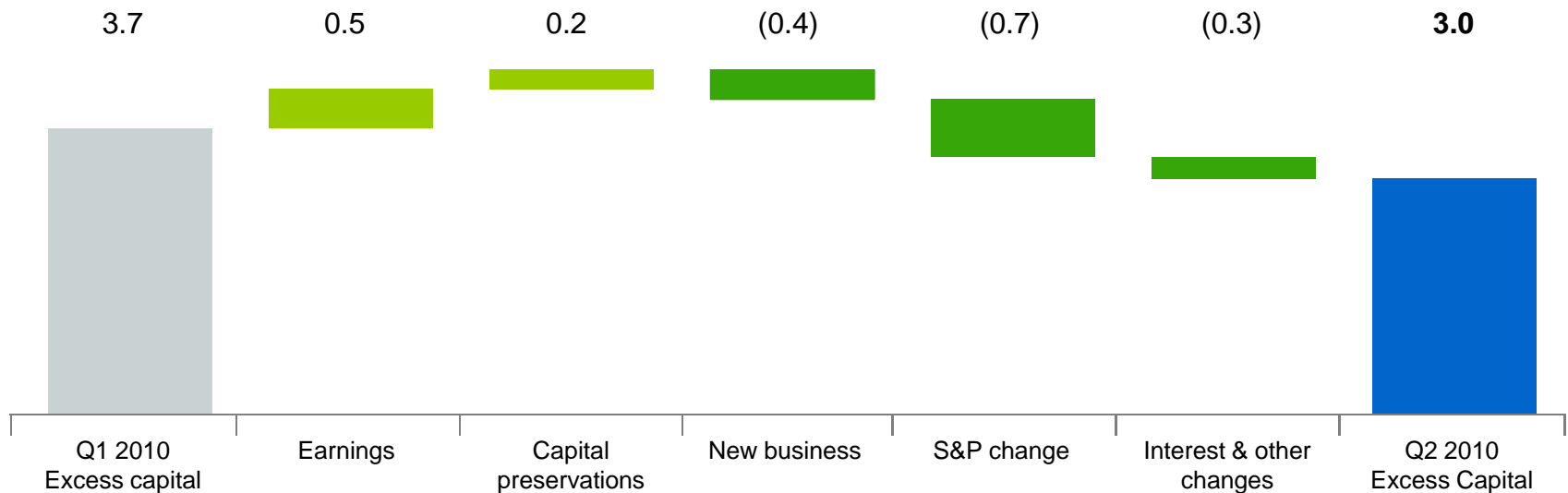
### Impairments (EUR million)



## Excess capital lower due to higher S&P capital requirements

- Excess capital of EUR 3.0 billion above S&P's AA capital adequacy requirements
  - EUR 1.9 billion in operating units (Q1: EUR 2.4 billion)
  - EUR 1.1 billion at the holding company (Q1: EUR 1.3 billion)

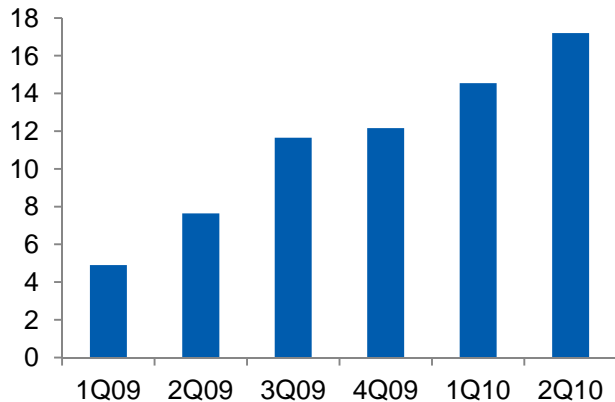
### Excess capital development Q2 2010 (EUR billion)



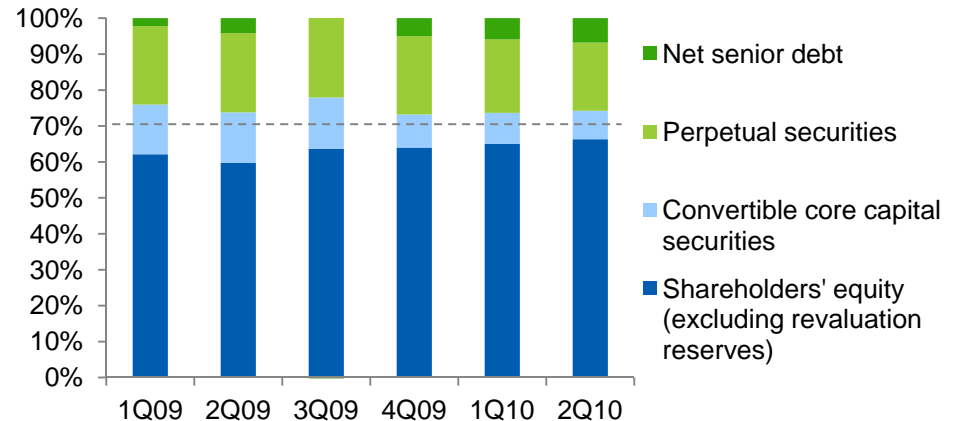
# Continued strong capital position

- IGD capital surplus of EUR 7 billion; solvency ratio of ~200%
- Core capital\* at 74% of total capital base – above threshold of 70%; managing to 75% over time

**Shareholders' equity\*\*** (EUR billion)



**Total capital base**



Priority to repay remaining EUR 2 billion of core capital to Dutch State

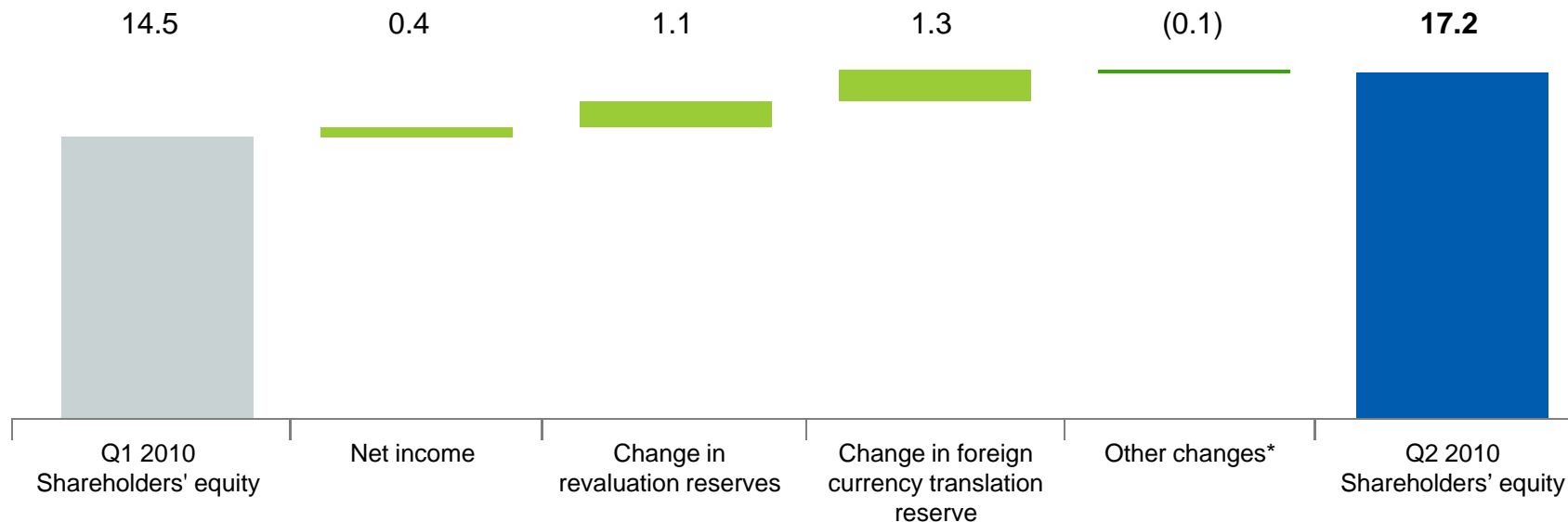
\* Core capital consists of convertible core capital securities and shareholders' equity excluding revaluation reserves

\*\* Including revaluation reserves

## Shareholders' equity continues to improve

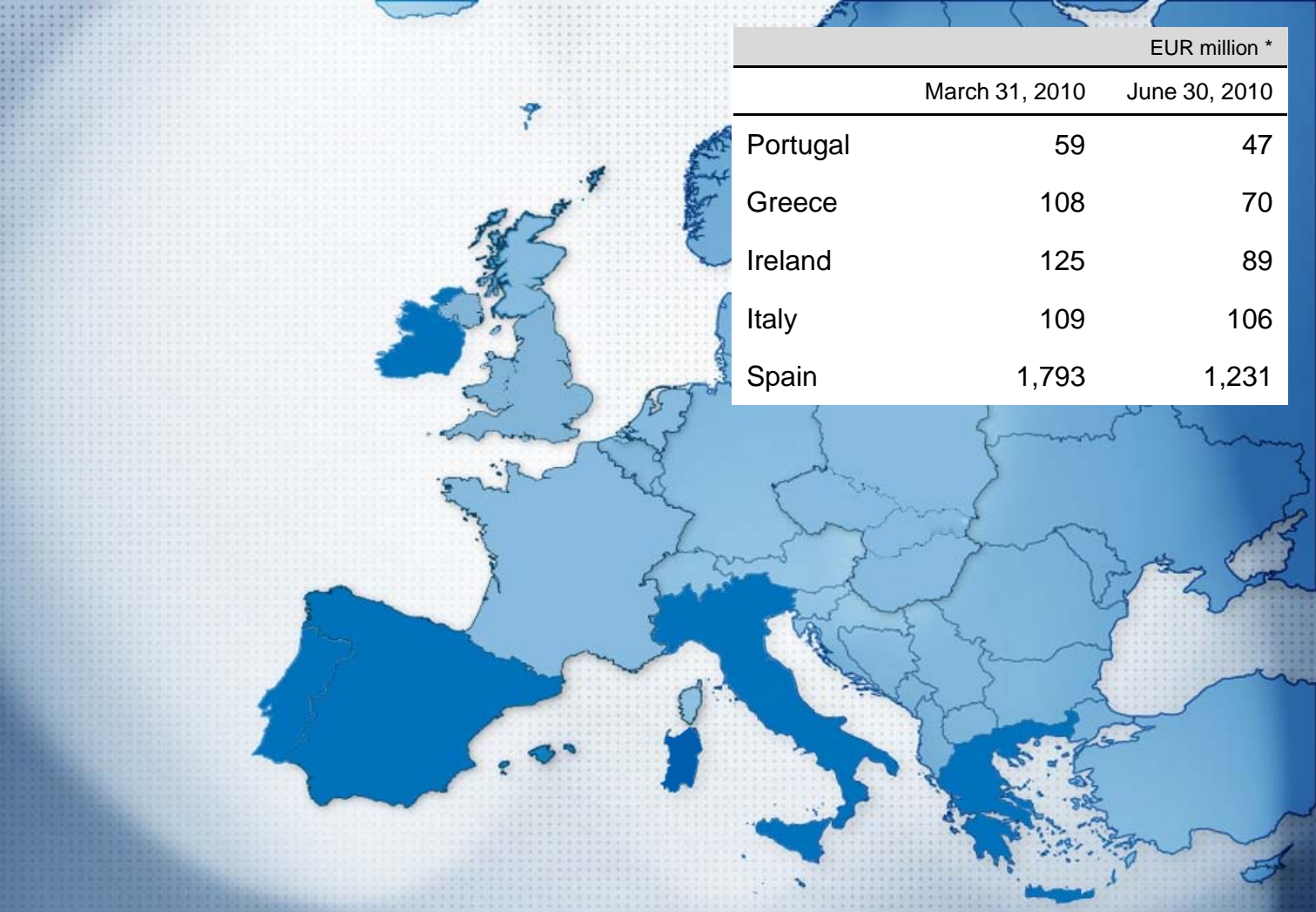
- Shareholders' equity rose 18% due to strengthening of the dollar, improvement in revaluation reserves and net income
- Shareholders' equity per common share of EUR 8.83, up from EUR 7.28 in the previous quarter
- Positive revaluation reserves of EUR 0.6 billion

### Shareholders' equity development Q2 2010 (EUR billion)



\* Other changes includes coupons on perpetuals, preferred dividends and other

# Limited exposure to peripheral European sovereigns reduced



\* At fair value

# Conclusion

- Increase in underlying earnings and net income
- Strong sales and deposits, mainly driven by pensions
- Impairments at lowest level in two years
- Continued strong capital position





# Q&A

# Disclaimer

## Cautionary note regarding non-GAAP measures

This press release 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 quarterly statements and should not be viewed as a substitute for IFRS financial measures. 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 press release 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 press release 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 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;
- Effects of deliberations of the European Commission regarding the aid we received from the Dutch State in December 2008;
- 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 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; and
- The impact our adoption of the International Financial Reporting Standards may have on our reported financial results and financial condition.

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 document. 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.

