

# Annual General Meeting of Shareholders AEGON N.V.

The Hague, May 12, 2011



LIFE INSURANCE PENSIONS ASSET MANAGEMENT

# Execution of strategy

Commitment to delivering sustainable profitable growth and shareholder returns

**Alex Wynaendts**

CEO & Chairman of the Executive Board



## AEGON's ambition

*“To be a leader in all of our chosen markets by 2015”*

- Reallocate capital
- Increase returns
- Optimize ONE AEGON



*... resulting in sustainable profitable growth*

# Our ambition: To be a leader in all our chosen markets by 2015

## Changes in the environment

- Volatile financial markets
- Increased regulatory demands
- Credibility of financial sector undermined
- New generations purchasing differently

## Consequences for the sector

- Higher capital requirements
- Customer seeking clearer products
- Non-traditional competitors raising their game

## AEGON Strategy

- Focus on capital efficiency
- Focus on customer satisfaction
- Focus on cost efficiency & quality service levels
- New culture of leadership

## Strategic Priorities

**Reallocate capital**

**Increase returns**

**Optimize ONE AEGON**

# Continued focus on execution of strategy

## Reallocate capital

- Divestments of Transamerica Reinsurance and Dutch funeral business
- Improved risk profile by reduced exposure to financial markets
- Further growth fee business, while reducing spread business
- Focus on new markets

## Increase returns

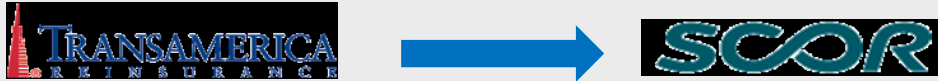
- Group operating expenses further reduced in 2010
- Restructuring in UK on track to achieve target cost reductions of 25% by end 2011
- Consolidation US
- Reorganization AEGON Bank, cost savings EUR 20 million annually
- Roll-out non-life insurance in Central & Eastern Europe

## Optimize ONE AEGON

- New culture of leadership
- Appointments for:
  - ▶ *Human Resources*
  - ▶ *Brand & Customer Strategy*
  - ▶ *Sustainability*

# Transamerica Reinsurance

- Divestment of Transamerica Reinsurance to global reinsurer SCOR



- Total after-tax consideration of USD 1.4 billion
- USD 1.1 billion available to support repayment of Dutch State
- Closing expected in the summer of this year

...divestment supports AEGON's key priority of repurchasing the core capital securities issued to the Dutch State...

# Repayment of Dutch State remains priority

## Repayment Dutch State

(EUR billion)



- Final repayment of EUR 750\* million by end June 2011
  - Including premium: EUR 1.125 billion
- Total premium and interest paid: EUR 1,086 million (IRR: 18%)

# Medium-term targets

## Underlying earnings

- Grow on average 7-10% p.a.\* from rebased level

## Return on equity

- Generate 10-12% medium term
- Increase fee businesses to 30-35% of annual underlying earnings before tax by 2015

## Strong capital position

- Maintain strong capital buffer
- Core capital of at least 75% of total capital by end of 2012

## Cash flows and dividends

- Improve operational free cash flow from current normalized level of EUR 1.0-1.2 billion by 30% by 2015
- Pay a sustainable dividend based on free cash flow and capital position

\* Underlying earnings in 2011 will be affected by strategic management actions. From this new base AEGON expects to grow underlying earnings before tax on average 7 to 10% per annum



## New stakeholder framework

- Company-wide approach
- Consistent with business objectives and long-term ambitions
- Better balancing the interests of all our stakeholders
  - ▶ Customers
  - ▶ Business partners
  - ▶ Employees
  - ▶ Broader community
- Safeguards long-term viability; creates value for shareholders

# Elements of an integrated approach

Customers	Employees	Business partners	Wider community
<ul style="list-style-type: none"><li>▪ Strengthen brand framework</li><li>▪ Roll-out of brand identity</li><li>▪ Extend customer loyalty programs</li><li>▪ Measuring brand performance and customer loyalty</li></ul>	<ul style="list-style-type: none"><li>▪ Global employee survey</li><li>▪ Talent &amp; performance management program</li></ul>	<ul style="list-style-type: none"><li>▪ Strengthen market conduct</li><li>▪ Adapt to changing market circumstances</li><li>▪ 'Loyalty' measure for intermediaries</li></ul>	<ul style="list-style-type: none"><li>▪ Framework for responsible investment</li><li>▪ More targeted approach to corporate donations</li><li>▪ Target to reduce CO<sub>2</sub> emissions</li></ul>
Expand AEGON's financial awareness and education programs			

# Committed to delivering



**transformed  
significantly**

- Sustainable earnings growth
- Improved risk-return profile
- Strong capital position
- Sustainable cash flows and dividends