



Growing capital generation

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Helping people achieve a lifetime of financial security



Summary

Strong execution

- Shift to fee and protection businesses visible in sales and earnings
- Strong capital position reflects capital injection and management actions
- Well on track to deliver expense savings

Clear strategy

- Maximize value of heritage business through alternative investments and expense reductions
- Grow fee-based and protection businesses
- Sustainable capital generation and dividends

Financial targets

- Expense reduction of EUR 50 million in insurance business by 2018
- Normalized capital generation of EUR 300 million in 2018
- Upstream of EUR 100 million dividend, payable in the first half of 2018; resuming regular pattern of interim and final dividends

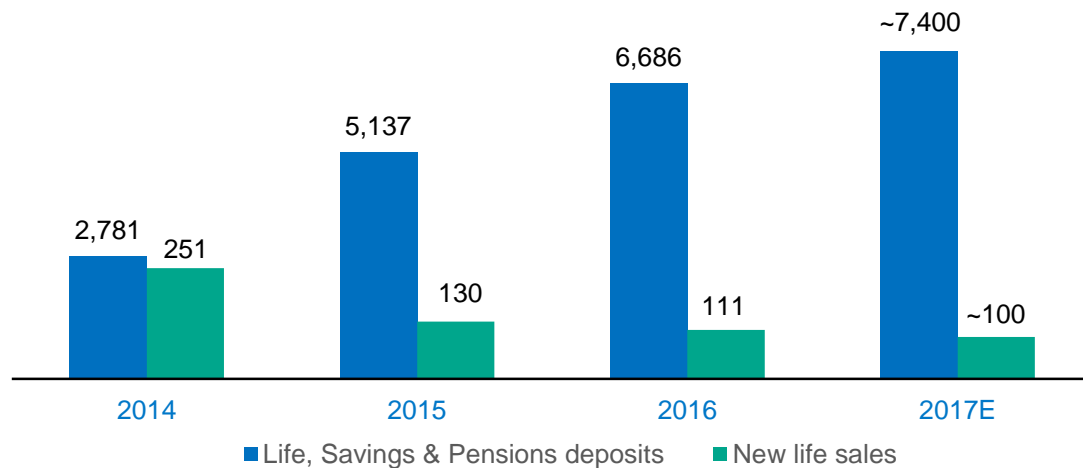
Note: Capital generation assuming interest rates move in line with forward curves at end of 2Q17, otherwise stable market conditions. Excluding one-time items, lowering of the UFR by 15bps and strain from alternatives, and with SCR release at mid-point of target range.

Sales & balance sheet reflect business shift

- Deposit businesses driving sales growth, offsetting declines in traditional insurance
- Traditional life and pension businesses still constitute majority of the balance sheet

Gross deposits & new life sales

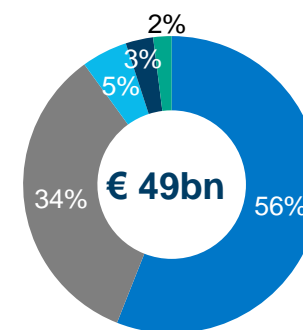
(In EUR million)



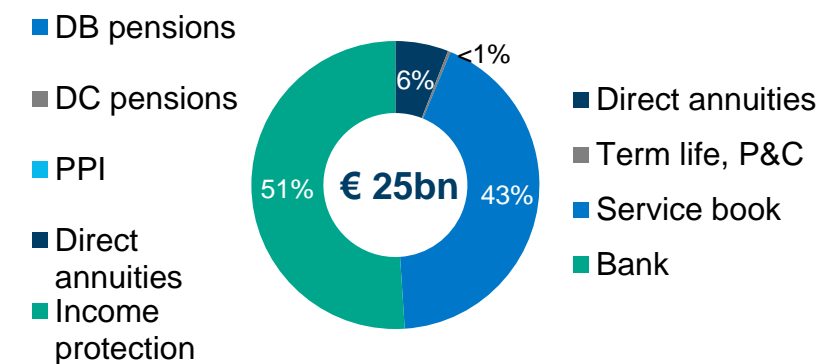
Liability split

(In %)

Wholesale



Retail and bank

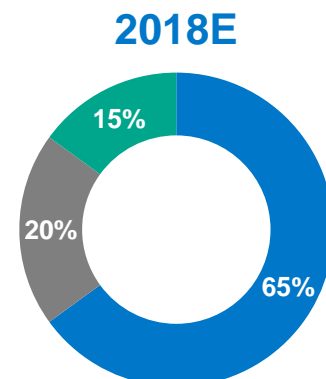
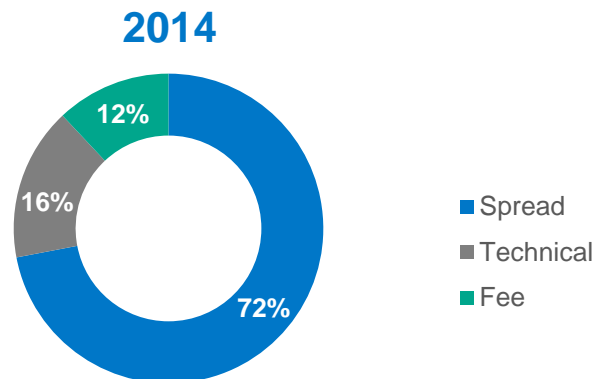


Note: DC pensions includes separate account pension business

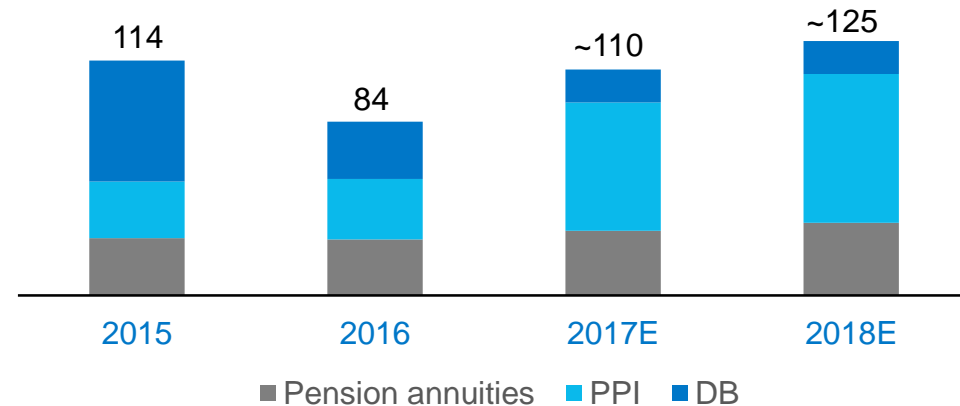
Shifting from spread to fee-based business

- Proportion of fee and protection earnings has increased
- Spread earnings expected to remain large, given long duration DB pension book and investments in alternative assets
- Strategic shift towards capital-light solutions much more prominent in sales

Source of earnings (In %¹)



Pension production (In EUR million)



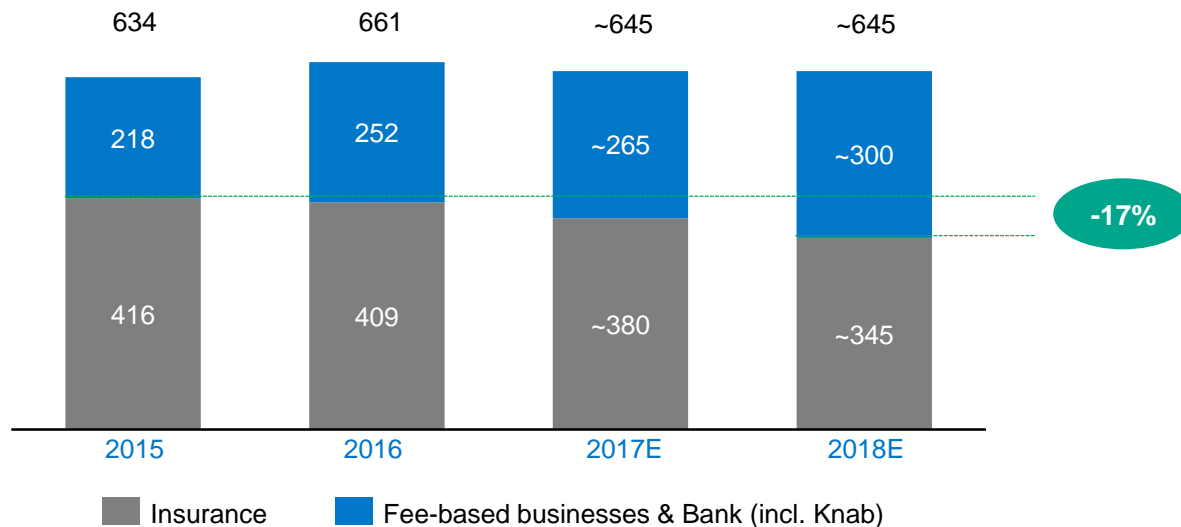
¹ Percentage of underlying earnings before tax, excluding new business costs; spread earnings include return on surplus

Well on track to deliver expense savings

- Well on track to deliver EUR 50 million expense reduction in insurance business by 2018
- Managing down expenses in insurance business further with the aim to more than offset the reduction of the size of the business portfolios
- Investments in banking and fee-based businesses underline commitment to shift from spread to fee-based business

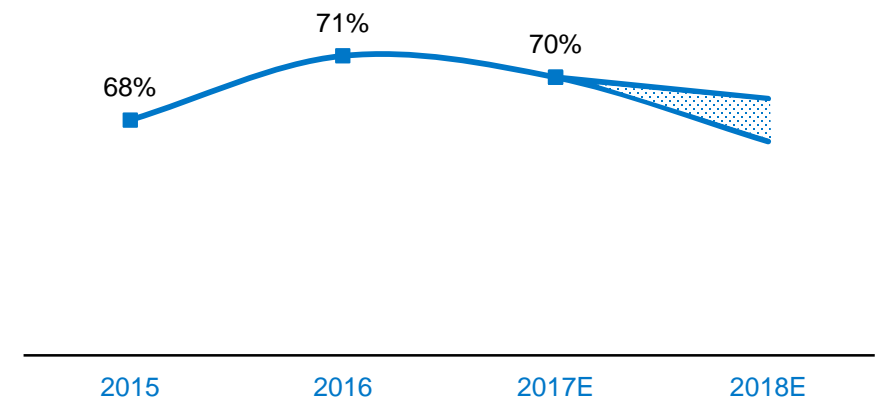
Operating expenses

(In EUR million)



Cost / Income ratio

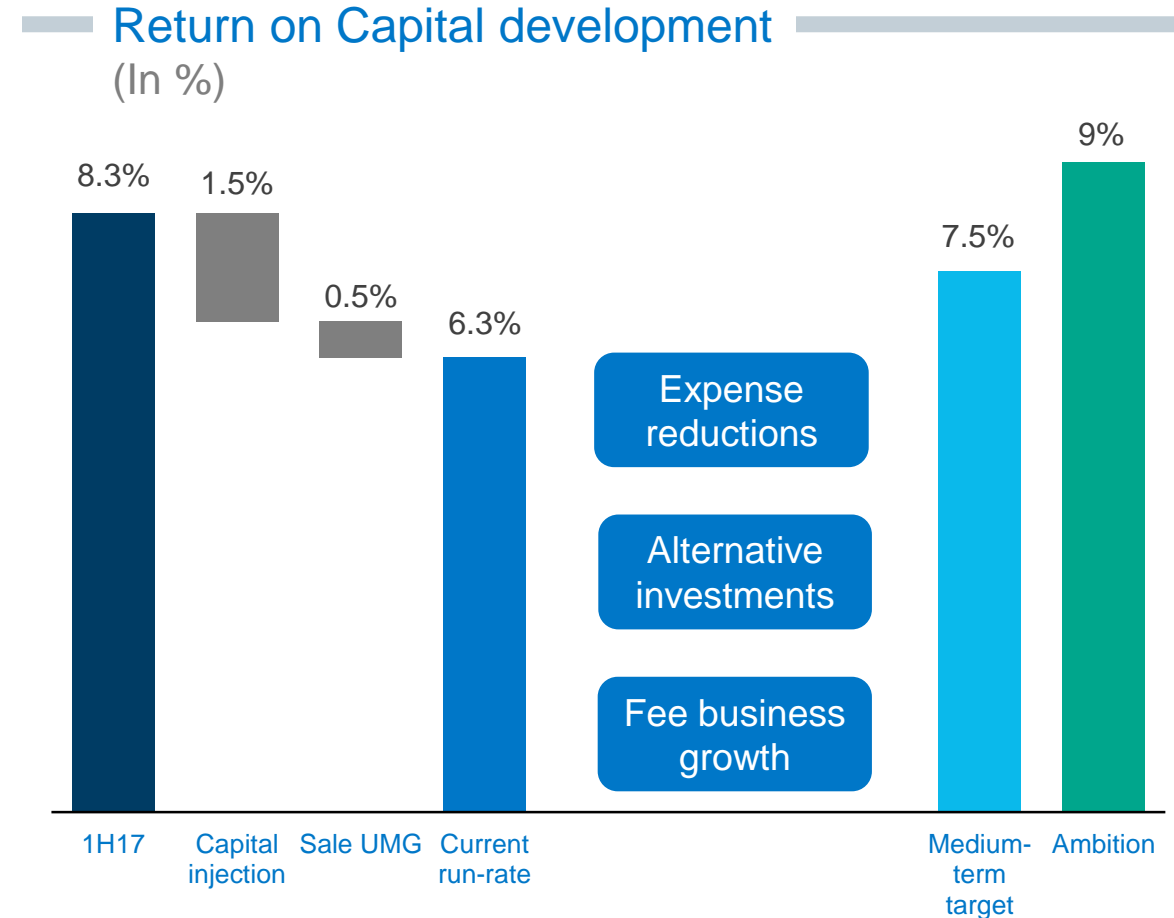
(Fee-based businesses & Bank, in %)



Note: Operating expenses excluding UMG

Measures to improve returns

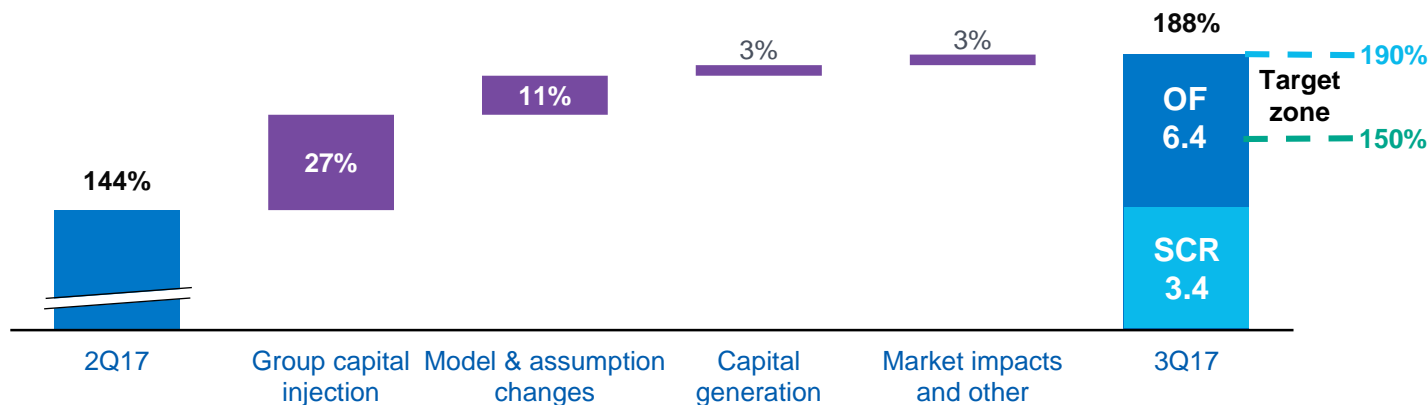
- Lower expected return on capital reflects measures taken to strengthen capital position
 - EUR 1 billion capital injection received in 3Q17
 - Gain on sale of UMG and related loss of earnings as of 4Q17
- Measures are taken to increase RoC going forward
 - Expense savings
 - Implementation of alternative investment program
 - Growth of fee-based businesses
- Underlying earnings growth of 5-10% on average per annum over the medium-term
- Primary focus is on capital generation to fund remittances to the group



Management actions restored capital position

- After implementation of comprehensive plan Aegon NL operates at the high-end of its target zone
 - Aegon Leven's ratio stood at 179% at 3Q17
- Ample buffer to absorb lowering of UFR and to invest in alternative assets
- Solvency II continues to be an evolving framework with several reviews in the coming years
- Strong capital levels allow for dividends to the group

Aegon NL Solvency II ratio (In %)



Outlook

(Approximations, in %)

2018-2020

- +30%-pts normalized cap gen
- 12%-pts EIOPA UFR reduction
- 15%-pts illiquid strain

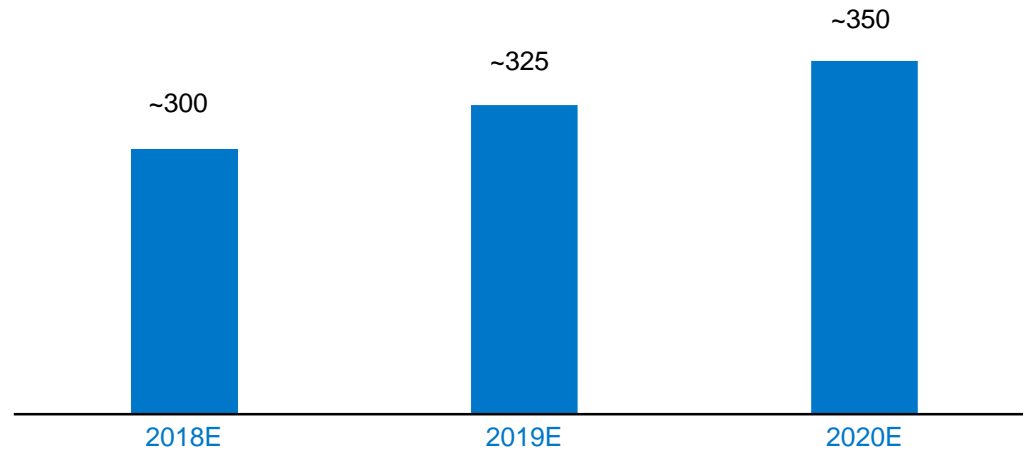
Sufficient room for dividends, barring adverse regulatory changes and market impacts

Note: Solvency II ratio of 188% per 3Q17 excludes ~6%-points uplift from the sales of UMG, which was completed in 4Q17

Sustainable capital generation and dividends from Aegon NL

- Growth in capital generation as a result of alternative investment strategy and reduction in capital intensity
 - Shift to alternative investments limits short-term SCR release, while it drives EUR ~50 million step-up in excess spread from 2017 to 2020
- Aegon NL to resume interim and final dividend payments, expected dividend of EUR 100 million in first half of 2018¹

Normalized capital generation (In EUR million)



Capital generation 2018 (Approximations, in EUR million)

Cash generating life insurance	Excess spread, incl. on illiquid assets	250
	Regular amortization of UFR benefit	(150)
	MCVNB net of new business strain	-
	Release of risk margin	100
	Regular SCR release	75
Sub-total life normalized		275
Growth businesses & holding	Mortgage origination, TKP, non-life, etc.	50
	Aegon NL holding	(25)
Total Aegon NL normalized		300

¹ Subject to market conditions and regular governance in line with capital management policy

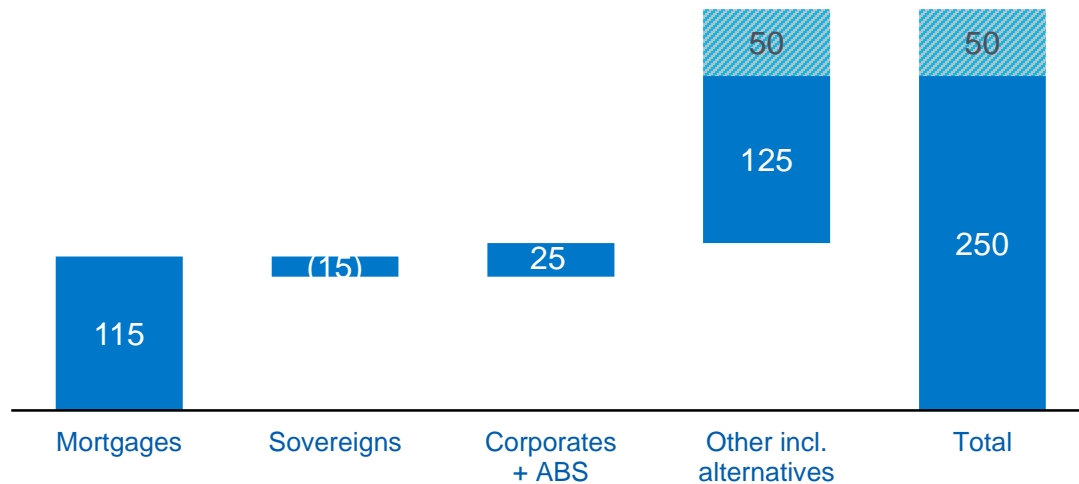
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Excess spread to benefit from move to alternative investments

Excess spread expectations for 2020

(Own funds contribution in EUR millions)

■ Without alternative investments ■ Including alternative investments



- Excess spread main driver behind increase in capital generation
 - High quality self-originated mortgages
- Shift to alternative investments
 - EUR 3–4 billion investments in direct lending, infrastructure funds, real estate and private equity

15	11	4	11	41	<i>Balances (in EUR billion)</i>
75-80	-15	65	155	70-75	<i>Excess spread (in bps)</i>

Note: Excess spread over the swap curve

Optimizing asset allocation through alternative investments

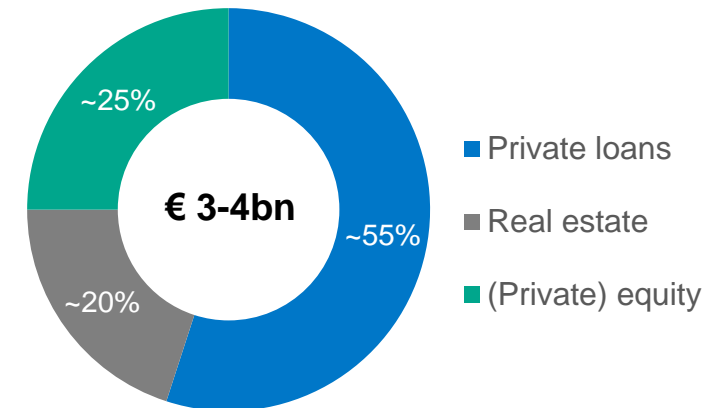
Maximizing value of heritage business through alternative investment strategy

- EUR 3–4 billion investments in illiquid assets in 2017–2019
- Increase excess spreads to more than cover UFR unwind and VA
- Alternative investments anticipated to lead to EUR ~50 million capital generation step-up

Origination of assets through trusted partners

- Staged origination of private loans through online lending platforms subject to performance and margins
- Strong pipeline of investments in direct real estate via Amvest joint venture
- Investments in private equity and infrastructure funds

Alternative investments 2017-2019E (In %)



Economic reality integral part of capital management policy



Regulation

- In October 2016, DNB issued guidance describing their expectations regarding treatment of UFR and long-term guarantee measures and capital management policy
- In September 2017, DNB reiterated in a newsletter that insurers should take into account the Ultimate Forward Rate and Volatility Adjustment while assessing solvency
- Insurance companies are regulated based on reported solvency ratios. Economic reality does not imply a new regulatory framework



Aegon policy

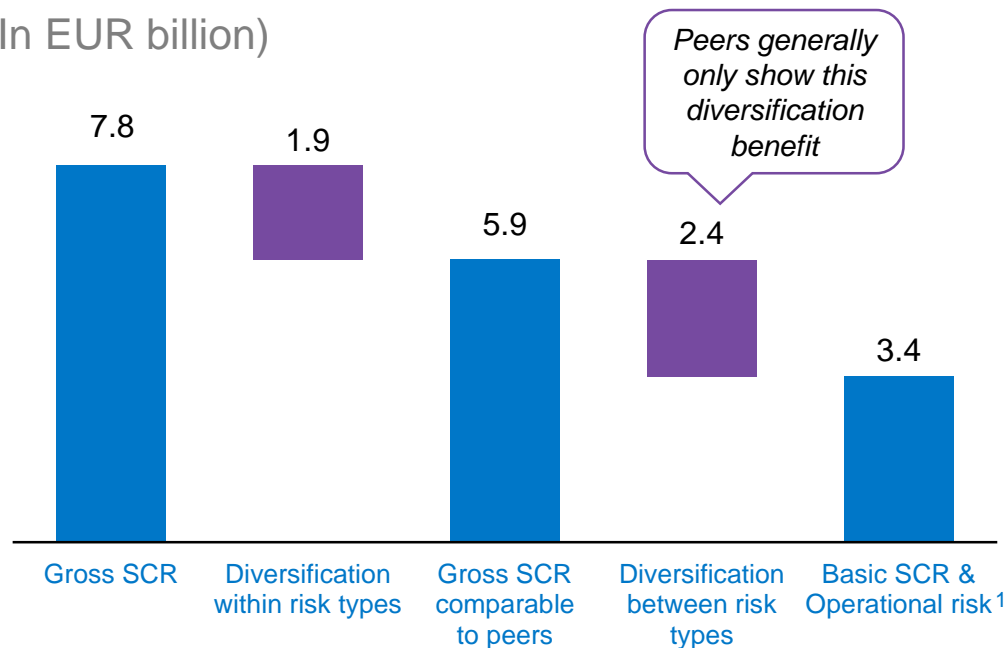
- Aegon's medium term projections also include the assessment of the impact on capital generation (and the Solvency II ratio) of amongst others business plan, UFR drag and excess spreads
- Demonstrating that sufficient earnings capacity is available to withstand the negative impact of the UFR drag is important in order to make sure that Solvency II ratios do not deteriorate structurally in the longer term
- These principles are formalized in the capital management policy. Furthermore, additional sensitivity testing is part of Aegon's ORSA process

SCR diversification benefit explained

- Aegon's SFCR presentation includes diversification within risk types and between risk types
- Aegon's diversification benefit between risk types is ~40%
- Underwriting risk and investment risk are the main risks

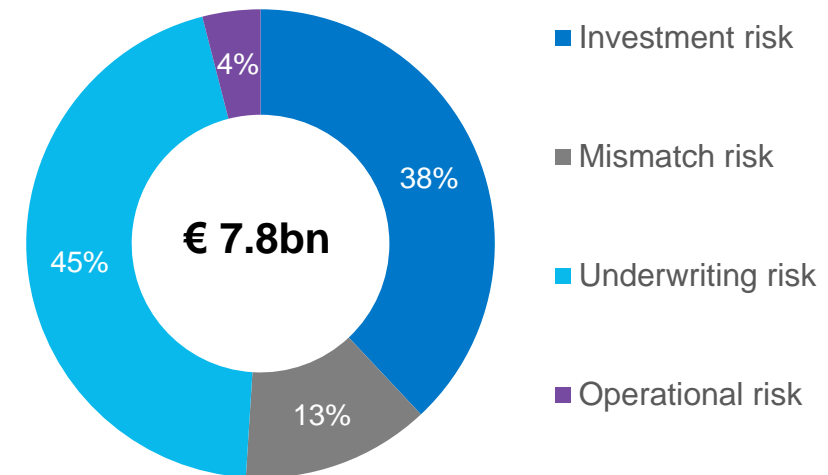
Diversification benefit 3Q 2017

(In EUR billion)



Pre-diversification SCR by risk type 3Q 2017

(In %)



¹ Before LAC DT, Aegon Bank and Aegon Mortgage company

Conclusion



**Attractive and sustainable
capital generation**

**For questions please contact
Investor Relations**

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Manageable sensitivities

- Increased capital ratio enables Aegon the Netherlands to absorb shocks
- Most relevant sensitivities are to lower UFR, interest rates and LAC-DT
 - Lowering the UFR leads to a lower Solvency II ratio, while it increases future capital generation
 - The ratio and capital generation effect of interest rate shocks have the same direction
 - EIOPA consultation regarding LAC-DT is expected to be concluded in 2018

Sensitivities

(In percentage points, 2018 capital generation in EUR million)

	Scenario	Solvency II ratio	Capital generation
Interest rates	-50 bps	-9%	~(50)
Non-government spreads	-50 bps	1%	~(70)
Government spreads	+25 bps	-4%	~10
LAC-DT	-25%-pts	-11%	~10
UFR	-50 bps	-13%	~20
Defaults fixed income portfolio	x2	-	~(20)

All sensitivities are based on estimations, using 2Q 2017 data. The Solvency II ratio sensitivities show the total Aegon NL impact. The capital generation sensitivities are shown for Aegon Leven (by far the largest entity).

Investing in Aegon

- Aegon ordinary shares
 - Traded on Euronext Amsterdam since 1969 and quoted in euros

- Aegon New York Registry Shares (NYRS)
 - Traded on NYSE since 1991 and quoted in US dollars
 - One Aegon NYRS equals one Aegon Amsterdam-listed common share
 - Cost effective way to hold international securities

Aegon's ordinary shares

Ticker symbol	AGN NA
ISIN	NL0000303709
SEDOL	5927375NL
Trading Platform	Euronext Amsterdam
Country	Netherlands

Aegon's New York Registry Shares

Ticker symbol	AEG US
NYRS ISIN	US0079241032
NYRS SEDOL	2008411US
Trading Platform	NYSE
Country	USA
NYRS Transfer Agent	Citibank, N.A.

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AEG
 LISTED
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Disclaimer

Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS-EU financial measures: underlying earnings before tax, income tax, income before tax, market consistent value of new business and return on equity. These non-IFRS-EU measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. The reconciliation of these measures, except for market consistent value of new business, to the most comparable IFRS-EU measure is provided in note 3 'Segment information' of Aegon's Condensed Consolidated Interim Financial Statements. Market consistent value of new business is not based on IFRS-EU, which are used to report Aegon's primary financial statements and should not be viewed as a substitute for IFRS-EU financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Return on equity is a ratio using a non-IFRS-EU measure and is calculated by dividing the net underlying earnings after cost of leverage by the average shareholders' equity, the revaluation reserve and the reserves related to defined benefit plans. Aegon believes that these non-IFRS-EU measures, together with the IFRS-EU information, provide meaningful supplemental information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business.

Local currencies and constant currency exchange rates

This document contains certain information about Aegon's results, financial condition and revenue generating investments presented in USD for the Americas and Asia, and in GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. Certain comparative information presented on a constant currency basis eliminates the effects of changes in currency exchange rates. None of this information is a substitute for or superior to financial information about Aegon presented in EUR, which is the currency of Aegon's primary financial statements.

Forward-looking statements

The statements contained in this document 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 Aegon. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Aegon undertakes 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 Aegon's fixed income investment portfolios;
 - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
 - The effects of declining creditworthiness of certain public sector securities and the resulting decline in the value of government exposure that Aegon holds;
- Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- Consequences of a potential (partial) break-up of the euro;
- Consequences of the anticipated exit of the United Kingdom from the European Union;
- The frequency and severity of insured loss events;
- Changes affecting longevity, mortality, morbidity, persistence and other factors that may impact the profitability of Aegon's insurance products;
- Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- 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;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting Aegon's operations' ability to hire and retain key personnel, taxation of Aegon companies, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the pensions, investment, and insurance industries in the jurisdictions in which Aegon operates;
- Standard setting initiatives of supranational standard setting bodies such as the Financial Stability Board and the International Association of Insurance Supervisors or changes to such standards that may have an impact on regional (such as EU), national or US federal or state level financial regulation or the application thereof to Aegon, including the designation of Aegon by the Financial Stability Board as a Global Systemically Important Insurer (G-SII);
- Changes in customer behavior and public opinion in general related to, among other things, the type of products Aegon sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- 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 Aegon's debt ratings issued by recognized rating organizations and the adverse impact such action may have on Aegon's ability to raise capital and on its liquidity and financial condition;
- Lowering of one or more of insurer financial strength ratings of Aegon's insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability and liquidity of its insurance subsidiaries;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
- Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt Aegon's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- Changes in accounting regulations and policies or a change by Aegon in applying such regulations and policies, voluntarily or otherwise, which may affect Aegon's reported results and shareholders' equity;
- Aegon's projected results are highly sensitive to complex mathematical models of financial markets, mortality, longevity, and other dynamic systems subject to shocks and unpredictable volatility. Should assumptions to these models later prove incorrect, or should errors in those models escape the controls in place to detect them, future performance will vary from projected results;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon's business;
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess capital and leverage ratio management initiatives; and
- This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Further details of potential risks and uncertainties affecting Aegon are described in its filings with the Netherlands Authority for the Financial Markets and the US Securities and Exchange Commission, including the Annual Report. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, Aegon 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 Aegon's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.