



# Simplification and growth

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*Helping people achieve a lifetime of financial security*



# From a product manufacturer to a financial services provider

From working life



## Protection

We protect what is important to our customers, their families, their health and their homes

...through guidance and advice...



## Accumulation

We help our customers save and invest for the future

...to trusted provider of retail solutions



## At & after retirement

We provide our customers with retirement income, helping to meet costs of care and securing their families' future

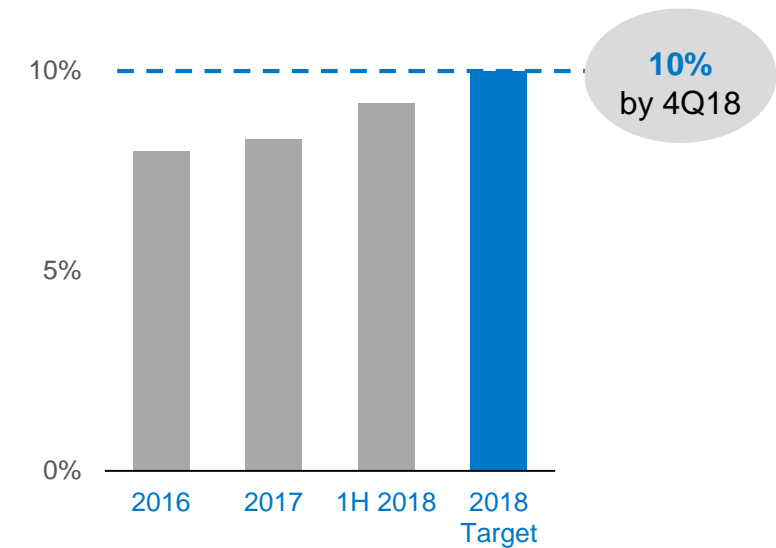
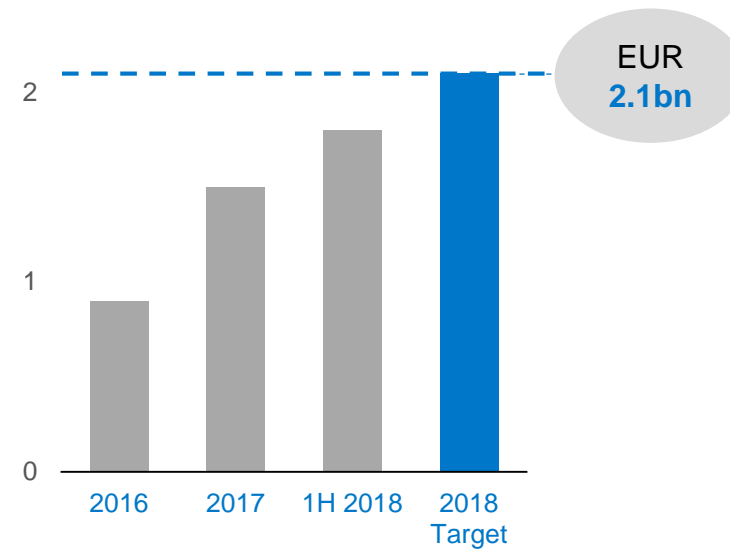
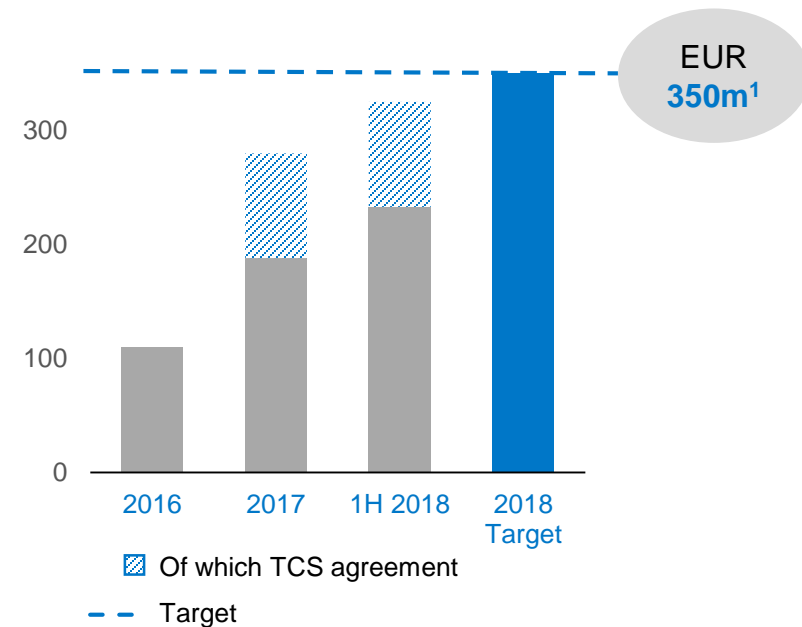
**To help people achieve a lifetime of financial security**

# On track to deliver on financial targets

Run-rate annualized expense savings  
(EUR million)

Cumulative capital return to shareholders  
(EUR billion)

Return on Equity  
(%)



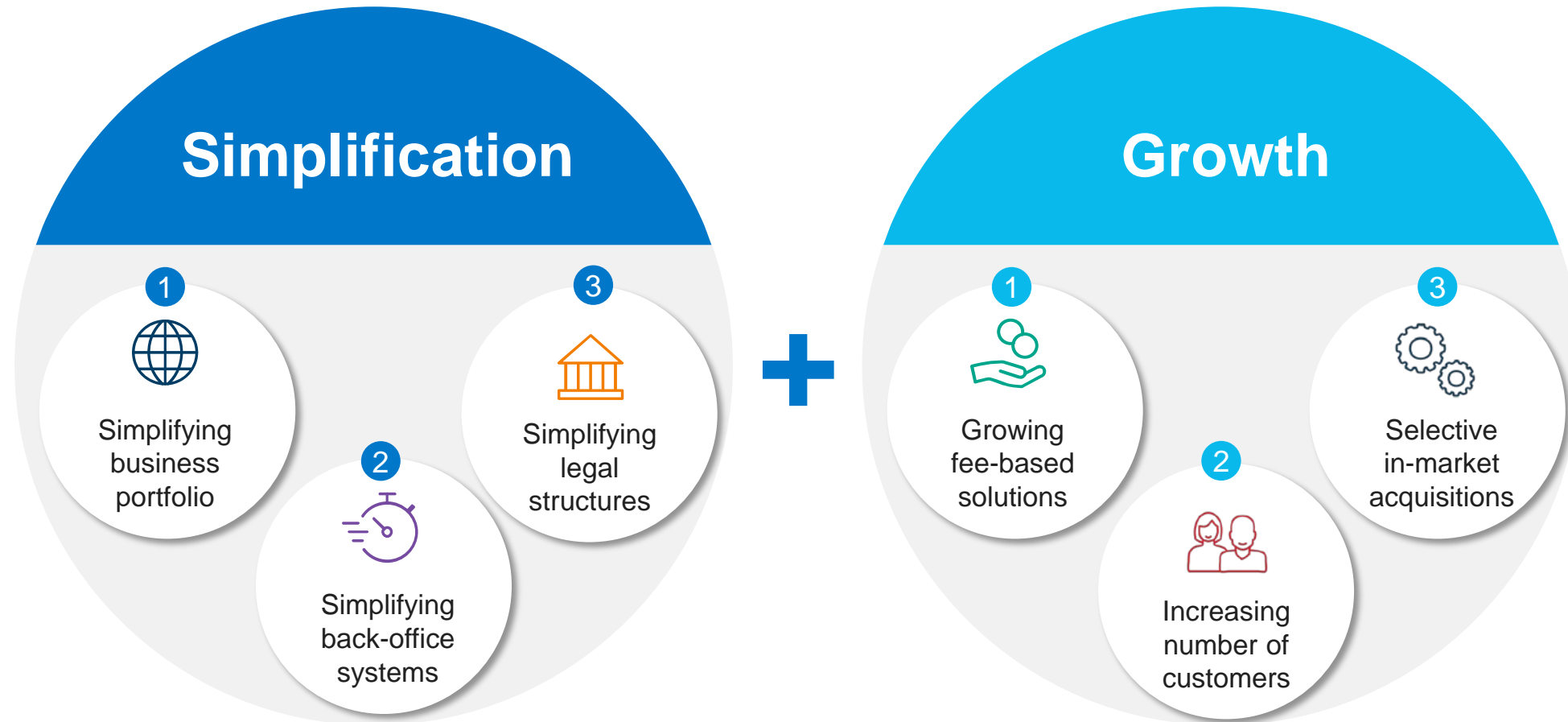
<sup>1</sup> EUR 350 million consists of USD 300 million (EUR/USD 1.05), EUR 50 million from the Netherlands, and EUR 15 million from the Holding

# Strong controls and global knowledge

- Implementing strong control functions across the group
  - Stronger group oversight
  - Increased consistency and efficiency
  - Higher quality and predictability
- Benefitting from global knowledge and scale in change programs
  - Working with partners, outsourcing certain functions
  - Investing in start-up fintech companies
  - Structural changes & modernization efforts



# Simplification and growth to drive shareholder value



# Simplifying and optimizing portfolio of business

1



Exited insurance operations in 6 countries since 2014

- France
- Canada
- Mexico
- Ireland
- Czech Republic
- Slovakia



Reduced capital allocated to US run-off businesses

- Exceed target of USD 1 billion reduction in allocated capital since 2015
- Divestments at 1x P/B on aggregate
  - BOLI/COLI and payout annuities
  - Life reinsurance businesses



Protecting value of in-force businesses

- Expense saving programs
- Extensive hedging programs
- Long-Term Care and universal life rate increases

# Simplifying back-office systems

2



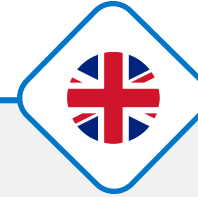
- Administration of US life and annuity businesses from 26 systems to one system of outsourcing partner TCS
- Completed consolidation of 3 legacy recordkeeping systems in to a single retirement administration platform

**USD 100 million run-rate annualized expense savings from outsourcing**



- Migrating administration of PPIs and DC pension products to market-leading TKP platform
- Exploring options for migrating standardized DB products

**Expenses per policy become more variable**



- Completed several major migrations related to Cofunds integration
- Reviewing options for administration of traditional unit-linked portfolio

**GBP 60 million expense savings from Cofunds integration**

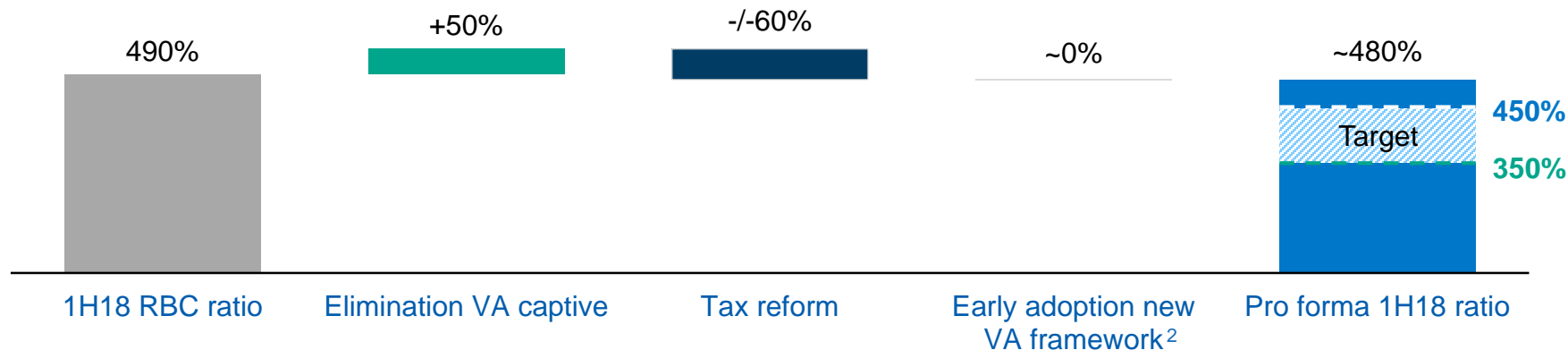
# Simplifying legal structures – eliminating US VA captive

3

- Proposed NAIC VA framework aligns reserve movements with hedging and reduces non-economic volatility
  - New VA capital framework eliminates need for captive; Aegon intends to merge VA captive with TLIC<sup>1</sup>
- Benefit from VA captive merger further strengthens Aegon's capital position as a result of reserve releases and diversification benefits
  - 50%-points benefit to overall US RBC ratio, equal to USD ~1 billion one-time capital generation
- Immaterial impact on recurring capital generation from merger in the next 10 years given long-dated nature of VA book

## Impact of key changes to US RBC ratio

(in %-pts, 1H 2018 pro forma for key changes in 2H18 and 2019)



<sup>1</sup> Transamerica Life Insurance Company; subject to the customary regulatory approval, <sup>2</sup> Intention to early adopt proposed changes in VA capital framework in 2019

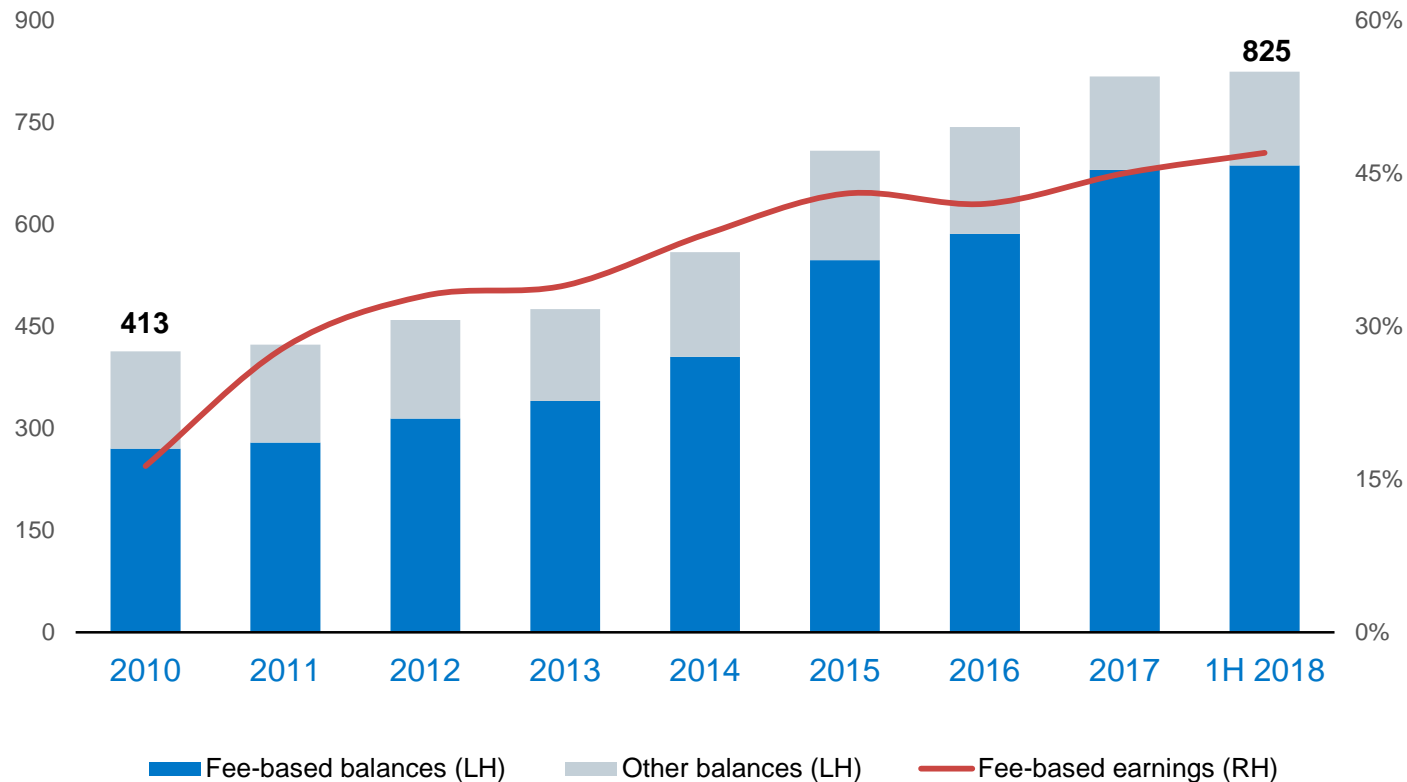


# Significant growth in fee-based solutions



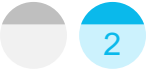
## Development of fee-based balances and earnings

(Balances in EUR billion; underlying earnings in %)

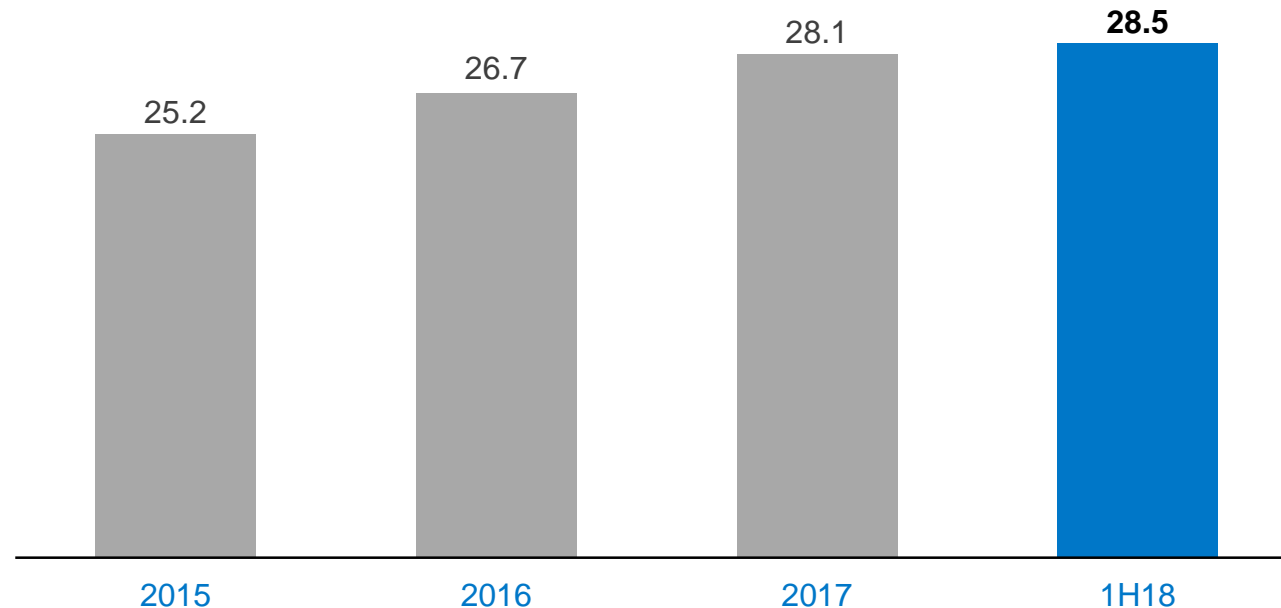


- Gained market share in the US retirement administration and UK platform market
- Six consecutive years of positive net flows from external third-parties in Asset Management
- Profitable growth in variable annuities driven by repricing capabilities and product design
- Organic growth supplemented with acquisitions to enhance growth

# Increasing number of customers



Total number of customers  
(in millions)



- Organic growth of customer base through development of new business models, expanding distribution and introduction of new products
- Investing in new technologies to improve the customer experience and drive product density and retention
- Leveraging unique access to the workplace customer enabling Aegon to reach out to over 11 million customers
- Selective inorganic growth delivering access to new customer base

# Selective inorganic growth

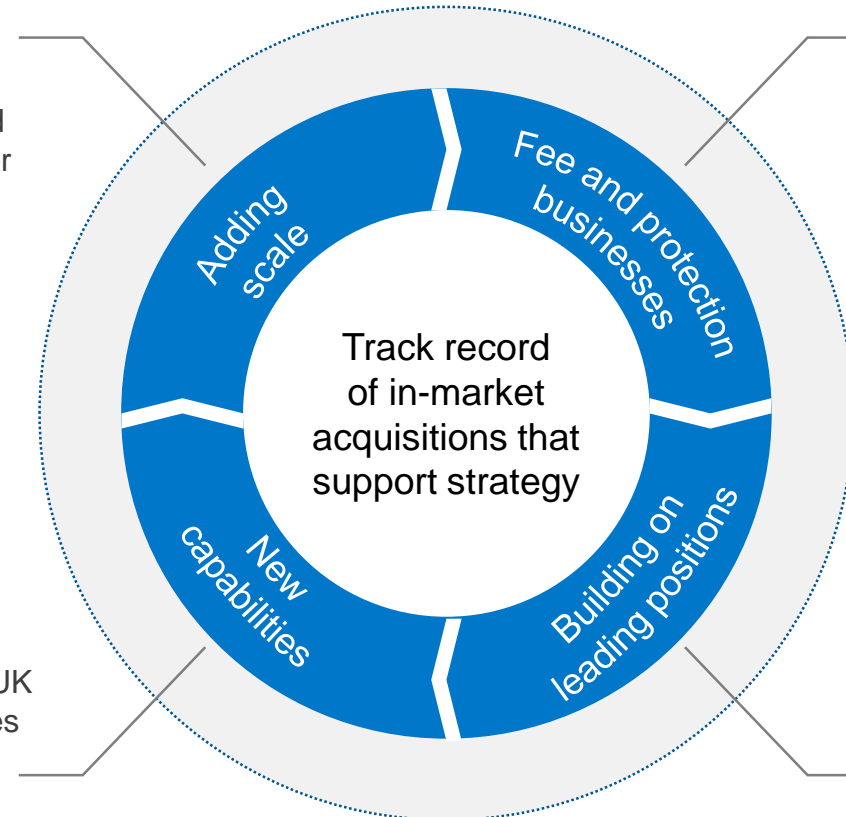


## Adding scale

Significant scale added through acquisition of Mercer's US defined contribution business and Cofunds as well as expansion of the Santander partnership with Banco Popular franchises

## Adding new capabilities

Acquisitions of Mercer's US and BlackRock's UK defined contribution businesses add capabilities in large case segments. Robidus adds capabilities such as providing prevention and employee reintegration services



## Fee and protection businesses

Recent bolt-on acquisitions have all been focused on fee and protection products, supporting growth of capital-light businesses. Robidus acquisition expands Aegon the Netherlands' position in the income protection value chain

## Building on leading positions

Focus on in-market acquisitions with a focus of cementing leading positions, including in US retirement administration, UK platform and Dutch income protection market

# Conclusion



On track to deliver on 2018 financial targets



Established a strong foundation for future growth



Focusing on disciplined group-wide capital allocation



Increasing geographical diversification of remittances



Sustainably growing dividends to shareholders



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**Hosted in  
New York**



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**December 6,  
2018**



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# Analyst & Investor conference

# 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, could, 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 an actual or potential break-up of the European monetary union in whole or in part;
- Consequences of the anticipated exit of the United Kingdom from the European Union and potential consequences of other European Union countries leaving 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 or both;
- As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, operational risks such as system disruptions or failures, security or data privacy breaches, cyberattacks, human error, failure to safeguard personally identifiable information, changes in operational practices or inadequate controls including with respect to third parties with which we do business 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, shareholders' equity or regulatory capital adequacy levels;
- 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; and
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess cash and leverage ratio management initiatives

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