



# AEGON The Netherlands

**Marco Keim**

*Member of the Management Board, CEO The Netherlands*

**Edgar Koning**

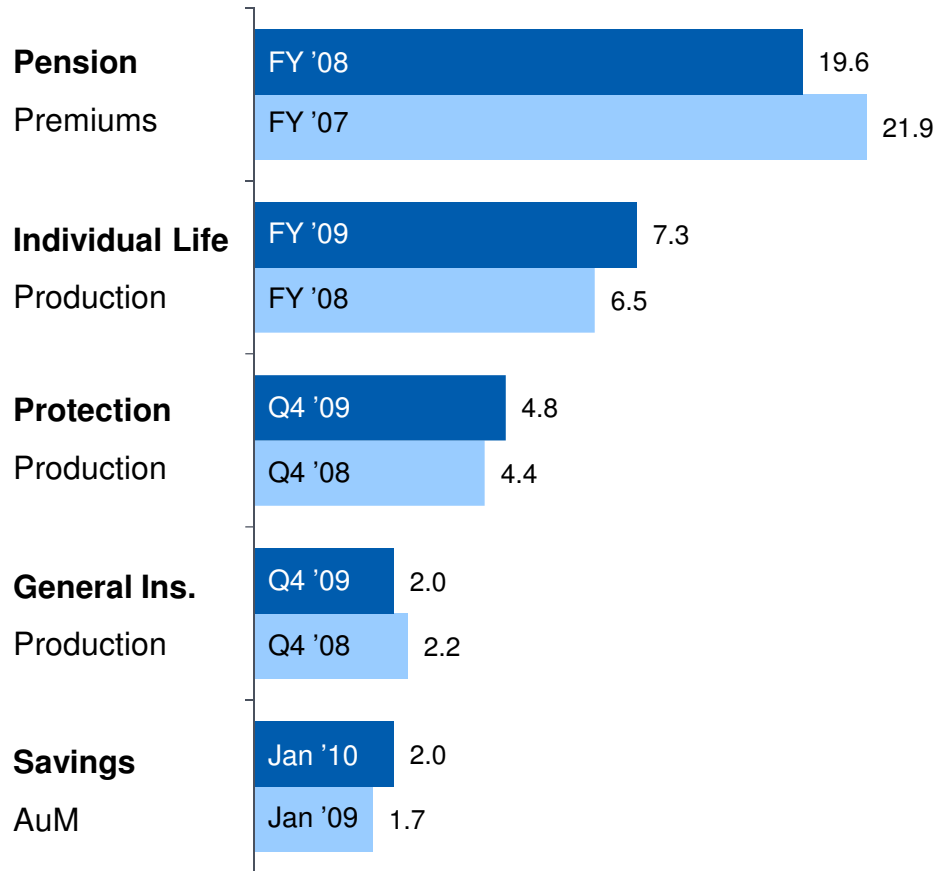
*CFO The Netherlands*

Analyst & Investor Conference, London – June 22-23, 2010

- Optimize portfolio
- Loyal customers
- Empowered employees
- Operational excellence



## Market share (%)



- Market share in pensions declined from 21.9% to 19.6% based on premium income figures from Dutch Central Bank
- Individual life production market share increased from 6.5% to 7.3%
- Production of protection products increased compared with last year due to strong sales of disability insurance
- General insurance was stable. Price competition is especially heavy in the motor segment
- Market share in savings showed a modest increase

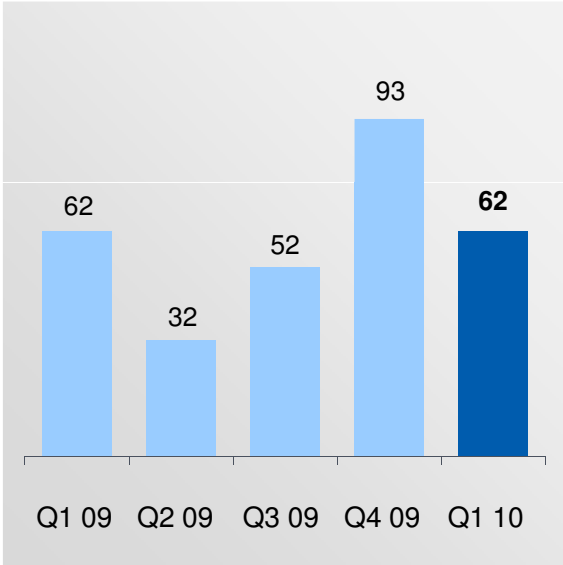
Source: Marketing Intelligence

# Execution of strategy demonstrated by strong results



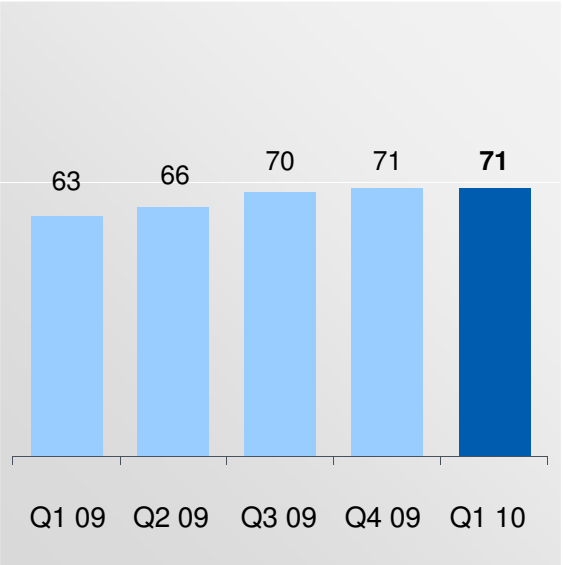
## New life sales

(EUR million)



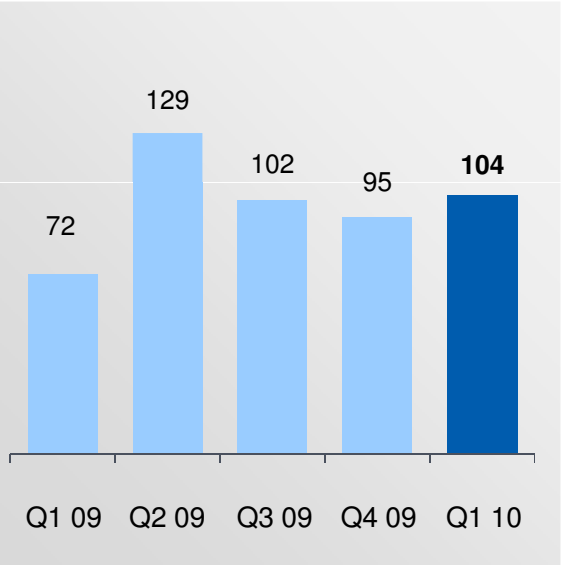
## Revenue-generating investments

(EUR billion)



## Underlying earnings before tax

(EUR million)



## Reallocate capital towards businesses with higher growth and return prospects

- Sale of Dutch funeral insurance business complete
- Tied agent network closed
- Investments in direct distribution
- Introduction and roll-out of AEGON modular pension

## Improve growth and return from existing business

- Operating expenses 16% lower in Q1 2010 compared with Q1 2009
- Continued focus on cost control
- Reorganization of direct and intermediary sales organization

## Reduce financial markets risks

- 75% of equity risk from financial guarantees now hedged
- Interest rate risk embedded in guarantees fully hedged
- Interest rate risk associated with general account hedged
- All direct equity holdings sold prior to the financial crisis

## Manage AEGON as an international company

- Lean Six Sigma expertise in China
- Transfer product knowledge to Hungary
- Global asset management operational

## Reallocate capital

- Optimize portfolio
- Growth in distribution power
- Growth through innovation
- Shift focus to fee-based business

## Increase returns

- Deliver operational excellence
  - Client oriented cooperation
  - More for less
- Enhance customer loyalty
  - Beat customer expectations
  - Customer retention
- Restore trust
- Empower employees
  - Employee developments
  - People oriented leadership

## Optimize ONE AEGON

- One balance sheet
- Leverage and standardize best practices
- Consistent performance management

## Market & competition

- Limited growth or declining markets
- Pressure on prices and margins
- Reputation of insurers under pressure
- New low-cost entrants

## Customers

- Rise in pension awareness
- Rise of internet and phone advice
- Trust in financial sector low
- Need for financial planning

## Difficult environment

Lower costs, improved customer service and innovation are the answers

## Distribution

- Shift to multi-channel distribution
- Commission structure under pressure
- Change in distribution mix
- Growing importance e-brokers / platforms

## Regulatory / legal

- Solvency II
- Responsibility for customer welfare (legacy issues)
- Demand for transparency
- Level playing field with banks

## We want AEGON fans

Optimize portfolio	Loyal customers	Empower employees	Operational excellence
<ul style="list-style-type: none"><li>○ Growth in distribution power</li><li>○ Growth through innovation</li><li>○ Capital efficiency</li></ul>	<ul style="list-style-type: none"><li>○ Beat customer expectations</li><li>○ Customer retention</li><li>○ Restore trust</li></ul>	<ul style="list-style-type: none"><li>○ Employee development</li><li>○ People-oriented leadership</li></ul>	<ul style="list-style-type: none"><li>○ Client oriented cooperation</li><li>○ More for less</li></ul>

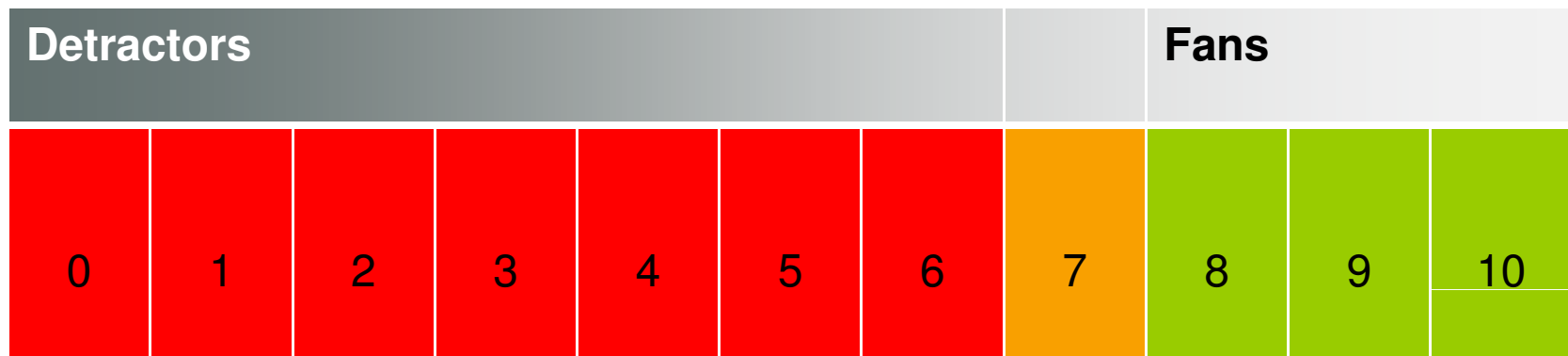
All employees know what the vision and strategy mean for them

Consistent execution of vision and strategy

Communicate status and results



- o How likely are you to you recommend AEGON to family, friends and colleagues?



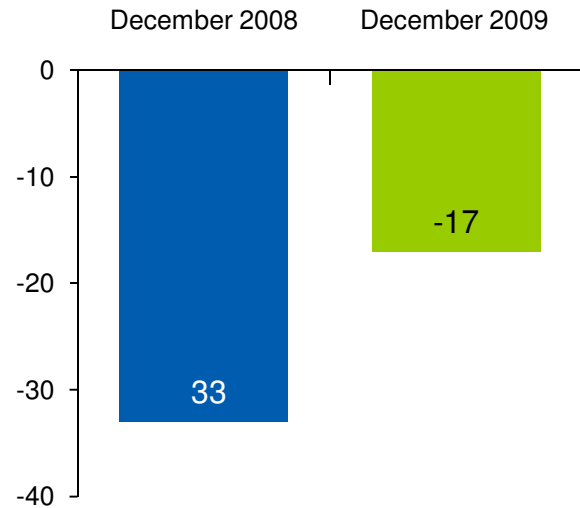
Unlikely

Neutral

Very likely

$$\text{AEGON Fan score} = \begin{matrix} \% \\ 8 \text{ t/m } 10 \end{matrix} - \begin{matrix} \% \\ 0 \text{ t/m } 6 \end{matrix}$$

## AEGON Fan Score



## Customer satisfaction

- AEGON has performed well in recent customer satisfaction surveys
  - 3<sup>rd</sup> for pensions in IG&H\* survey, up from 7<sup>th</sup>
  - 1<sup>st</sup> for individual life in IG&H survey
  - AEGON “runner-up” and TKP\*\* “best performer” in Motivaction institutional performance survey
  - Winner of “Gouden Spreekbuis” for mortgages



\* IG&H is a leading marketing research company

\*\* TKP is an AEGON company for management and administration of larger pension funds

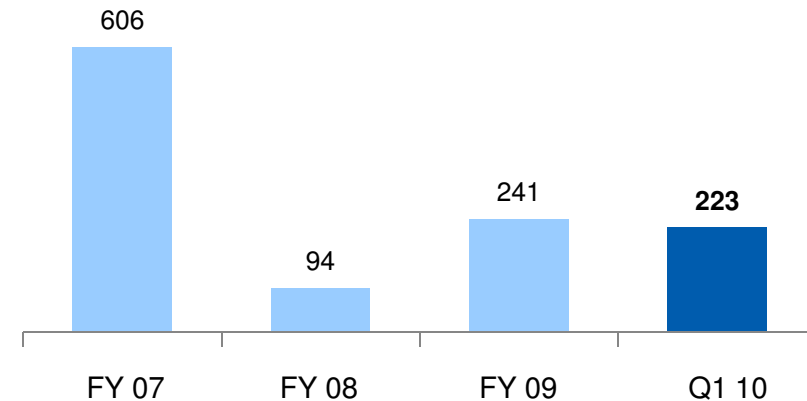
## Improved risk management

- 75% of equity risk from financial guarantees hedged
- Interest rate risk from guarantees fully hedged
- Interest rate risk associated with general account hedged
- All direct equity holdings sold prior to the crisis
- Additional capital preservation projects started

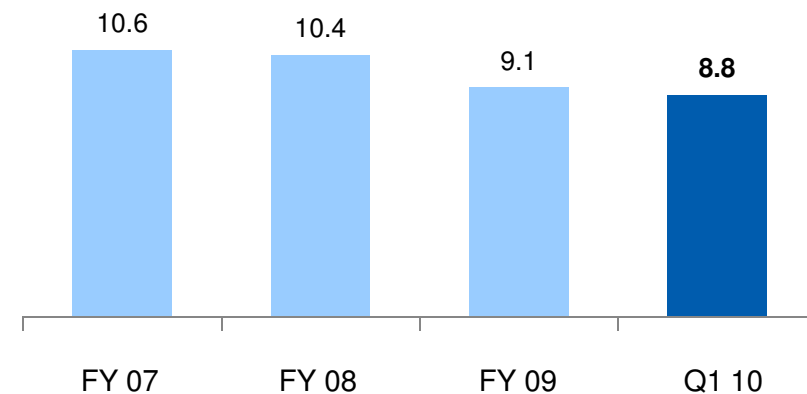
## Optimize portfolio

- Sale of Dutch funeral insurance business completed
- Tied agent network closed
- Investment in direct distribution
- Investment in fee business

## Net income (EUR million)



## Return on capital\* (%)

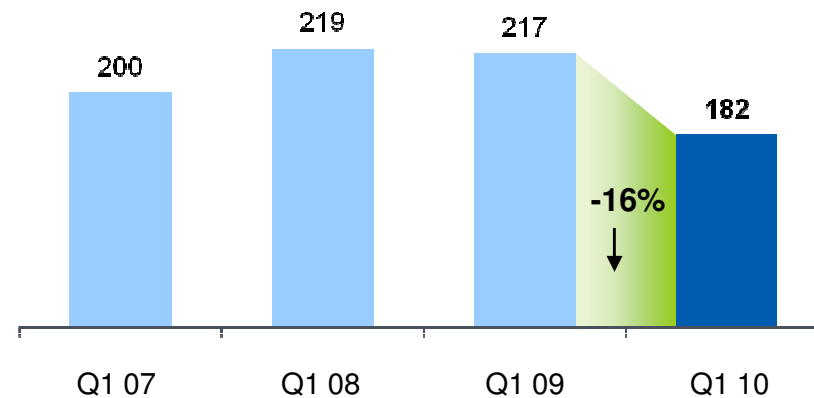


\* Based on net underlying earnings

## Cost savings achieved

- Operating expenses of EUR 182 million, including the effect of new global asset management organization
- Lower cost, mainly due to:
  - Reorganization of sale organizations and Unirobe Meeus Group
  - Sale of funeral insurance and real estate brokerage activities UMG
  - Less external staffing
  - Fewer projects
- Additional investments made in fee business and direct channel

## Operating expenses\* (EUR million)



## Further actions to maintain cost control

- Further process re-engineering (Lean Six Sigma)
- IT rationalization program
- More chain oriented organization
- Optimize project-related investments

\* Adjusted operating expenses exclude restructuring costs, benefit plans, foreign exchange impact



# Q&A



For questions please contact Investor Relations

T: +31 70 344 8305

E: [ir@aegon.com](mailto:ir@aegon.com)

P.O. Box 85  
2501 CB The Hague  
The Netherlands

## 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 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 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 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.