AEGON

Aegon Integrated Annual Report 2022

Helping people live their best lives

Contents

Welcome

This is Aegon's Integrated Annual Report for the year ended December 31, 2022. This report outlines our business environment and material topics and how we address these through our purpose, vision, and strategy, to steer our business and create long-term value for our stakeholders. The report also contains the 2022 consolidated financial statements and standalone financial statements of Aegon N.V. (from page 105).

We have prepared the consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS). This report also conforms to the relevant reporting requirements under the Dutch Corporate Governance Code and Dutch Civil Code.

In compliance with the requirements resulting from our listing on the New York Stock Exchange, we also prepare an Annual Report on Form 20-F in accordance with requirements of the U.S. Securities and Exchange Commission and the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS - IASB). Throughout this document, Aegon N.V. is referred to as either "Aegon" or "the company". For the purposes of this report, "member companies" shall mean, with respect to Aegon N.V., those companies consolidated in accordance with Dutch legislation relating to consolidated accounts.

References to "NYSE" and "SEC" relate to the New York Stock Exchange and the U.S. Securities and Exchange Commission respectively. Aegon uses "EUR" and "euro" when referring to the lawful currency of European Monetary Union member states; "USD" and "US dollar" when referring to the lawful currency of the United States, and "GBP", "UK pound", and "pound sterling" when referring to the lawful currency of the United Kingdom.

If you have comments or suggestions about this report, please contact our offices in The Hague, the Netherlands. Contact details may be found on page 446.

PDF/printed version

This document is the PDF/printed version of the Integrated Annual Report 2022 of Aegon N.V. and has been prepared for ease of use and does not contain European Single Electronic Format (ESEF) information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The Integrated Annual Report 2022 was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act ("Wet op het financieel toezicht") and was filed with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) in European single electronic reporting format (the ESEF package). The ESEF package is available on the company's website and includes a human readable XHTML version of the Integrated Annual Report 2022. The auditor's report of the independent auditor is issued with the ESEF reporting package. In any case of discrepancies between this PDF/printed version and the ESEF package, the latter prevails.

Our purpose

People are living longer. At Aegon, we are excited by the opportunities this brings. We are here for everyone who wants to make the most of their extended time on earth and leave it a little better than they found it. That is why our purpose is *Helping people live their best lives*.

The financial services industry has traditionally taken a three-stage view of life: an education up to the ages of 20 to 25, followed by a career of around 40 years and a relatively short retirement period. Intersecting demographic, technological, and health trends are now disrupting this conventional "linear" life journey. Skills and knowledge gained before the age of 25 are unlikely to sustain someone through a career spanning multiple decades. Meanwhile, the long-held association of aging with frailty and inactivity is being replaced by the expectation that the years after 60 can be the most rewarding.

Aegon aims to give people the confidence to navigate a longer, multi-stage life. A longer life is a beautiful thing; it is even better when enjoyed in a clean, healthy, safe environment. As we enter the age of the 100-year life, we each have a unique opportunity to contribute to a healthier, more equitable world.

Aegon's purpose extends to the many, not the few, including those who have traditionally been underserved in financial services. By empowering people worldwide and from all walks of life to live a long, healthy, socially active life, we can help ensure a positive future for people and planet. A future that balances growth, wellbeing, and personal fulfillment with a more inclusive and environmentally friendly society.

About Aegon

Aegon is an integrated, diversified, international financial services group. We offer investment, protection, and retirement solutions, always with a clear purpose: *Helping people live their best lives.*

This commitment requires a sustainable, future-oriented business that actively considers all stakeholders, including our customers, employees, investors, business partners, and society at large. Our roots date back almost 180 years to the first half of the 19th century. Our strategy focuses on three core markets (the United States, the United Kingdom, and the Netherlands[1]), three growth markets (Brazil, China, and Spain & Portugal), and one global asset manager. Aegon's head offices are based in The Hague, the Netherlands.

Million customers

29.5

Women in senior management[2]

36%

Weighted average carbon intensity[3]

390

Employee engagement score

70%

Operating result[4]

EUR 1,918

In millions

Free cash flow[4]

EUR 780

In millions

Cash Capital at Holding

EUR 1,614

In millions

Revenue-generating investments[5]

EUR 747

In billions

Business overview

Aegon allocates capital toward profitable opportunities in its core and growth markets, and Aegon Asset Management. As an international financial services group, we share capital, talent, knowledge, processes, and technologies across our different businesses. We derive our revenues and earnings from insurance premiums, investment returns, fees, and commissions. For simpler types of solutions, we are growing our direct distribution capabilities to engage with customers directly.

1 On October 27, 2022, Aegon announced that it has reached an agreement with a.s.r. to combine its Dutch pension, life and non-life insurance, banking, and mortgage origination activities with a.s.r. The closing of the transaction is subject to customary conditions. Based on the required steps, and necessary approvals, the transaction is expected to close in the second half of 2023.
2 Please refer to page 23 and page 401 onward for further information.
3 Metric tons CO_2e/EURm revenue of corporate fixed income and listed equity general account assets. For details on the methodology used, please see our TCFD disclosure (Methodology) on page 428.
4 Non-IFRS financial measures. For reconciliation to the most directly comparable IFRS measures, see page 198.
5 This excludes the investments of Aegon the Netherlands.

Aegon's core markets

In the United States, Aegon operates primarily under two brands: Transamerica and World Financial Group Insurance Agency, an affiliated insurance agency. Transamerica has two divisions, Workplace Solutions and Individual Solutions. Workplace Solutions offers retirement plan recordkeeping, advisory services, employee benefits, group annuities, collective investment trusts, health savings and flexible savings accounts, individual retirement accounts, and stable value solutions to employers and their employees. Through several distribution channels, Transamerica's Individual Solutions division offers life insurance, annuities, and mutual funds to retail customers.

In the Netherlands, Aegon focuses on life insurance, long-term savings, pension and annuity solutions, and mortgages. The Workplace Solutions business focuses on new-style defined contribution pension solutions, associated disability services, and pensions administration. Under the Knab brand, Aegon provides digital banking solutions. In 2022, we announced that Aegon the Netherlands will be combined with a.s.r. to create a leading Dutch insurance company[1].

In the United Kingdom, Aegon is the market-leading investment platform, providing a broad range of investment, retirement solutions, and protection products to individuals, advisers, and employers. Aegon UK accesses customers through the workplace and retail financial advisers.

Aegon's growth markets

In China, Aegon owns a 50% stake in Aegon THTF Life Insurance Company, which offers life insurance solutions through a network of branches, primarily in eastern China.

In Brazil, Aegon has a 54.9% economic interest, inclusive of 50% of voting common shares, in Mongeral Aegon Group (MAG Seguros), the country's third-largest independent life insurer. MAG Seguros offers individual protection solutions. Together with Banco Cooperativo do Brasil (Bancoob), MAG Seguros also operates a joint venture company dedicated to providing life insurance and pension products within the Sicoob, Brazil's largest cooperative financial system.

In Spain & Portugal, Aegon has a strategic partnership with Banco Santander to distribute life, health, and non-life insurance products through the bank's branches, with Aegon owning a 51% stake in the joint venture. Aegon Spain's own distribution channel offers life insurance, health insurance, and pension products.

One global asset manager

Aegon Asset Management (Aegon AM) is an active global investment business that manages assets of EUR 293 billion for a global client base consisting of pension plans, public funds, insurance companies (including Aegon's subsidiaries), banks, wealth managers, family offices, and foundations. Aegon AM is active in Aegon's core and growth markets, as well as in France, Germany, and Hungary. Aegon AM owns 49% of Aegon-Industrial Fund Management Company, a Shanghai-based asset manager.

Aegon's operations in small and niche markets

Aegon operates a small number of businesses that are sub-scale or active in small or niche markets and are managed with tight capital and a bias to exit. Since 2020, we have been exiting various sub-scale positions globally. These include our businesses in Central & Eastern Europe, which have been sold to Vienna Insurance Group AG. This transaction is being closed over several stages and is expected to be completed in 2023 pending the required local regulatory approvals. In 2022, Aegon decided that for Transamerica Life (Bermuda), the best path to maximizing value involves the internal reinsurance of the universal life portfolio to Transamerica. This approach will ensure better alignment and management of risk, and free up excess capital. In other sub-scale and niche markets, such as India, Aegon's businesses operate with tight capital and a focus on expense management.
Further information on our businesses can be found in the business overview section on page 346 of this report.

2022 milestones

Q1

- Following Russia's invasion of Ukraine, Aegon announces it will not make future investments in companies based in Russia or Belarus, and that it will update its Responsible Investment Policy accordingly.
- Transamerica completes its lump-sum buyout program with an 18% take-up rate. The program had been made available to certain policyholders of variable annuities with guaranteed minimum income benefits.
- Aegon-Industrial Fund Management Company, Aegon's asset management joint venture in China, receives the Excellence Award for Corporate Social Responsibility from the *Shanghai Daily* newspaper.
- In the Netherlands, Aegon lends its support to the Stap vooruit ("Step forward") program, an initiative by 14 NGOs to help people at risk of experiencing debt-related poverty to develop their financial resilience.
- Transamerica earns a score of 100% in the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI), which measures workplace equality for LGBTQ+ employees.
- Aegon completes the divestment of its Hungarian businesses to Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG). This is the first step in the completion of the sale of Aegon's insurance, pension, and asset management businesses in Central & Eastern Europe to VIG for EUR 830 million, as announced in November 2020.
- Transamerica acquires TAG Resources, strengthening its competitive position in the pooled retirement plan market, a key strategic growth driver for the business.

Q2

- Aegon completes a tender offer for selected subordinated notes, which was more successful than initially anticipated. A total of EUR 429 million of subordinated notes were repurchased, reducing Aegon N.V.'s gross financial leverage[1] into the targeted range of EUR 5.0-5.5 billion.
- Aegon UK transfers GBP 3 billion of customer assets into strategies that consider environmental, social, and governance (ESG) credentials, as part of Aegon's commitment to transition its default UK-based pension funds to net zero by 2050.
- Aegon completes the divestment of its business in Turkey to VIG. This is the second step in the completion of the sale of Aegon's businesses in Central & Eastern Europe to VIG.
- Aegon AM is named Responsible Investor of the Year in the asset manager category at the Insurance Asset Risk Awards 2022 - UK & Europe.
- Effective the second quarter of 2022, Aegon AM partnered with Taurus Investment Holding in the launch of a USD 600 million venture in the United States to acquire value-add multifamily dwellings and transition them to low-carbon, energy-efficient buildings.
- Aegon is included in the newly launched AEX ESG Index, consisting of companies included in the two main indices of the Euronext Amsterdam Stock Exchange that demonstrate best ESG practices.
- Transamerica adds to its growing suite of workplace financial wellness solutions with the Emergency Savings Account product, enabling employers to help staff save for unexpected events and improve their financial wellbeing.

[1] Aegon defines gross financial leverage as debt or debt-like funding issued for general corporate purposes and for capitalizing Aegon's business units. Gross financial leverage includes hybrid instruments, and subordinated and senior debt.

Q3

- Aegon's digital-only bank in the Netherlands, Knab, celebrates its 10th anniversary. The bank grew its fee-paying customer base by over 44,000 to 346,000 in 2022. The 10-year milestone is shared with Aegon Cappital, which was established as the Netherlands' first Premium Pension Institution in 2012, and has since grown to become the market leader. Today, Aegon Cappital administers pension plans for more than 5,600 employers in the Netherlands with a 99% retention rate.
- Transamerica teams up with Smart and Finhabits to expand retirement plan coverage for underserved (small) businesses and their employees. The new program offers a simple, bilingual, and affordable alternative to state-mandated retirement plans in California and other US states.
- Transamerica achieves its target of USD 450 million long-term care rate increases and continues to work with state regulators to get pending and future actuarially justified rate increases approved.

Q4

- Aegon announces it will combine its Dutch operations with a.s.r. The combination will create a leading Dutch insurance company. This marks a pivotal step towards Aegon's ambition to build leaders in its chosen markets.
- Aegon completes the divestment of its 50% stake in the Spanish insurance joint venture with Liberbank to Unicaja Banco as announced in May 2022.
- Aegon appoints a Global Head of Inclusion and Diversity. Her responsibilities include creating the conditions for a diverse and inclusive working environment in line with Aegon's purpose and sustainability approach.
- Transamerica Life (Bermuda) reinsures a closed block life insurance portfolio with Transamerica to better align and manage risks and free up excess capital.
- Transamerica announces it will maintain full ownership of the variable annuities portfolio in the near term and maximize its value through active management.
- Aegon completes the final tranche of the EUR 300 million share buyback program announced following the completion of the sale of the company's Hungarian operations.
- The number of licensed life agents in World Financial Group grows to more than 62,000, a 20% increase compared with the fourth quarter of 2021, adding to the strength of this distribution channel.

CEO letter

Lard Friese - CEO of Aegon

Progress in a challenging year

2022 will be remembered as a pivotal year for Aegon and its stakeholders. We made significant progress in the implementation of our strategy and delivered on several of our operational and financial targets ahead of schedule. As a result, we have laid the foundations for the next chapter of our transformation journey.

At the same time, we remained focused on helping our customers navigate a highly volatile economic and geopolitical landscape. Increasing inflation, rising energy prices, and higher interest rates all brought new financial challenges for individuals and businesses across our markets. It was a testing time for investors, too, given the volatility in equity and bond markets and the uncertainty around inflation expectations.

Guided by our purpose of *Helping people live their best lives*, we continued to provide the support and peace of mind that people have come to expect from Aegon over the years. I was pleased to see my colleagues respond to the war in Ukraine in the same spirit, as we moved quickly to support global humanitarian efforts for Ukraine's citizens through our donation to the Red Cross. Aegon has also exited its investment positions in Russia wherever possible.

A new chapter for Aegon

Against this challenging backdrop, we moved forward with executing the strategy first announced at our Capital Markets Day in late 2020. Building on the hard work and progress of the previous year, we took steps to improve the company's operating performance and financial resilience, by further strengthening our balance sheet and reducing our risk profile.

Moreover, we made important progress with our operational improvement plan aimed at improving our performance through a combination of expense savings and growth initiatives. At the end of 2022, we exceeded the targeted improvement of our operating result a year earlier than expected. Similarly, we realized our free cash flow target for the 2021–2023 period a year earlier than expected. In addition, we finalized the divestment of our businesses in Hungary and Turkey, enabling us to buy back EUR 300 million worth of shares and realize our deleveraging target.

Building on this foundation, our ambition remains to be a high-performance company that will be a leader in its chosen markets. In October 2022, we took a pivotal step in this direction, with the decision to combine the company's Dutch pension, life and non-life insurance, banking, and mortgage origination activities with those of a.s.r. to create a leading Dutch insurance company. I see this transaction as marking the end of the first stage of our transformation. While the next chapter will bring significant changes for many Aegon colleagues, it also comes with new opportunities, and I feel assured that all those involved can look forward to a bright future in a strong combined business.

Investing in our markets

Meanwhile, we took further steps on our path to create leading businesses in other markets. In the United States, we continued to invest in building on Transamerica's advantageous position in pension plans offered through employers, and in individual life insurance. For our US Individual Solutions business, this resulted in a 20% increase in new life sales, as targeted management actions led to strong growth in the World Financial Group distribution channel.

We maintained our momentum in the United Kingdom, where we continued to focus on sustaining profitable growth in the retail and workplace channels of our platform. Unfavorable market developments led to third-party net outflows in our global asset manager as customers in the Global Platforms channel freed up liquidity in a rising interest rate environment which was not fully offset by continued net deposits in our Strategic Partnerships. In addition, we identified new opportunities to develop our business in our growth markets of Brazil, China, and Spain & Portugal, with the latter achieving sales growth of 18% in its bancassurance channel.

Despite the clear headway made this past year, there is still much work to be done to complete the next stages of our transformation. Aegon's priority across each of its markets remains to deliver value to all stakeholders, including the environment and society at large. This sentiment, already embodied by our purpose and strengthened sustainability commitments, is further evidenced by the launch of Aegon's Sustainability Roadmap 2025, a process led by our newly established Global Sustainability Board. The roadmap will help to embed sustainability more strongly and consistently within our organization, to help Aegon become a more sustainable business by 2025.

I am especially pleased to see our priority themes of climate change and inclusion and diversity reflected increasingly in our day-to-day activities. In 2022, we took the first steps in our commitment to transitioning our general account investment portfolio to net-zero greenhouse gas emissions by 2050, and we are well on track to meet our 2025 target of a 25% reduction in the carbon intensity of our corporate fixed income and listed equity assets. In addition, we introduced further measures to become a more inclusive and diverse organization, including by appointing a Global Head of Inclusion and Diversity.

Indebted to our employees

That we have made progress on so many fronts, and performed well in such challenging circumstances, speaks not only to the strength of our strategy, but equally to the resilience and hard work of our people around the world. Building a strong, future-proof organization is very much a team effort, and with the easing of the COVID-19 pandemic, I am very pleased to see our employees returning to our offices, supported by our new hybrid way of working.

Thanks to these talented and dedicated colleagues, as well as our strong balance sheet and focused strategy, I feel confident about the future, and the opportunities that lie ahead for our company and its stakeholders. That said, we must never lose sight of our purpose as we navigate new challenges in an increasingly uncertain world. I would like to thank all our stakeholders for their continued contributions and commitment as we continue this journey together in 2023 and beyond.

The Hague, the Netherlands, March 15, 2023

Lard Friese
CEO of Aegon

Our business environment

Steering our business and creating value

Aegon operates in a complex and fast-moving environment influenced by a wide range of economic, political, financial, regulatory, social, and environmental factors. In an increasingly volatile and uncertain landscape, Aegon's purpose and value proposition are paramount. We keep a close eye on developments as they evolve in our markets, to steer our business and create value for our stakeholders.

Macroeconomic and geopolitical context

2022 was dominated by external developments of high relevance to Aegon and its stakeholders, including rising inflation and interest rates, geopolitical tensions, and volatile markets. Many of these developments are closely related.

Russia's aggression against Ukraine, which began in February 2022, heightened geopolitical tensions in many parts of the world, as Russia sought to offset Western sanctions by strengthening ties with other markets. Talk of an emerging geopolitical divide and East-West economic decoupling was compounded by deteriorating relations between China and Taiwan. Aegon will continue to monitor global developments closely, particularly given our interests in China, the United States, and various European markets (see page 346).

The invasion of Ukraine, together with COVID-related disruption to supply chains, also proved a catalyst for the inflationary environment, adding to cost pressures in food and energy markets, as well as other areas of the economy. The United States saw consumer price index (CPI) growth peak at 9.1% in June, while the Netherlands reported year-on-year inflation of 14.5% for September. In the United Kingdom, consumer price inflation reached a 40-year high of 11.1% in October.

Moderate, stable, and predictable inflation and interest rates can benefit financial services companies in the longer term, by providing opportunities for risk transformation such as financial guarantees. However, intense short-term inflationary pressures drive economic uncertainty and market volatility that can hinder growth and consumers' ability to save. Throughout 2022, central banks faced difficult trade-offs between taming inflation and supporting growth. Successive interest rate hikes by the US Federal Reserve and European Central Bank throughout 2022 fueled fears over slowing economic growth, a situation which is expected to continue in 2023. 2022 was a disappointing year for investors with both stocks and bonds declining in value. According to some estimates, more than USD 30 trillion of value was shed in a single year in public markets alone. This estimate does not include crypto assets or other more "exotic" asset classes, where investor losses were even heavier.

Taking a longer-term perspective

As well as our immediate operating environment, we examine the longer-term horizon to identify trends and developments with the potential to significantly influence our business and our stakeholders in the years ahead. These themes serve as the foundation for our purpose and long-term vision, in turn shaping our company strategy.

Demographics and longevity

Rising life expectancies and falling birth rates are challenging traditional, state-led retirement models. At Aegon, we believe these developments have the potential to benefit the financial services industry and wider society in the long term. Indeed, they provide a starting point for our purpose of *Helping people live their best lives*, and our strategy and approach to value creation.

The COVID-19 pandemic had added further uncertainty to this evolving demographic landscape. Pandemic-related outcomes ranging from long COVID-19 to lifestyle changes may impact life expectancy and change morbidity among certain customer groups. At Aegon, we are watching these developments closely. It is, however, too early to predict what the long-term impacts from COVID-19 on demographics will be.

At the same time, we recognize – and seek to promote – the longer-term drivers of human health and life expectancy that may result from the transition to a more sustainable, net-zero society. These include people experiencing cleaner, healthier surroundings, for example.

Fractures in social networks and inter-generational wealth gaps

Despite the many benefits of people living longer, there is also evidence that longevity may exacerbate aspects of social inequality, as wealth becomes more concentrated within certain segments of the population, such as older citizens. Wealth concentration may impact the ability of lower-income groups to have access to financial products and services that meet their needs. Equally, wealth concentration increases the likelihood of a forced redistribution of wealth in Western economies, for example through taxation or monetary policies, with potentially negative outcomes for the traditional customer base of the financial services industry.

Notwithstanding these potential challenges, changing life patterns can benefit our business, as people of different ages and with more diverse backgrounds are attracted to the support that we can provide as they navigate longer and more flexible multi-stage life journeys. In our long-term planning, we consider approaches to reach new user groups; for example, by broadening our distribution networks and continuing to provide fairly priced financial products and advice.

Technological innovation and the competitive landscape

The digital transformation of financial services, including digitalized customer interactions, the emergence of flexible round-the-clock self-service, and the use of technology to promote financial literacy and combat fraud, is continuing to shape the industry agenda. Looking to the longer term, despite recent setbacks, the emergence of decentralized finance (DeFi), often facilitated by blockchain technology, may eventually see digitalized financial products emerge as mainstream asset classes, based on increased demand from younger customers, in particular.

At Aegon, we are watching these developments closely and we are investing in upgrading our customer portals and other digital – and often mobile-first – engagement platforms, to meet the changing needs and expectations of our customer base. More widely, the digitalization of financial services is disrupting the traditional service model whereby large insurance companies or pension providers serve the entire value chain. Over time, trends such as embedded finance and the emergence of digital distribution-focused fintechs and insurtechs may erode the competitive advantage of traditional providers. Aegon may need to make choices regarding which areas of the value chain it competes in, as well as develop or strengthen its partnerships in non-traditional distribution channels to retain its foothold in more competitive market segments.

Sustainability-related developments

Despite and yet reinforced by increased energy costs, and the resulting disruptions to energy markets, climate change and the energy transition continued to take center stage around the world. In the United States, the outlook for renewables was boosted with the passing of the Inflation Reduction Act, a USD 369 billion package of measures aimed at reducing domestic greenhouse gas (GHG) emissions by 40% versus 2005 levels by 2030. The energy transition was at the center of the debate at November's "COP27" conference in Sharm el-Sheikh, Egypt, where participants shared concerns that the energy crisis in Europe could jeopardize the switch to renewable energy sources. A more positive outcome from the conference was the agreement made on the provision of "loss and damage" funding for vulnerable countries affected by climate disasters[1].

Against this backdrop, and with evidence of the rising economic and societal cost of climate change, investors have continued to factor sustainability considerations into their decision-making. Bloomberg Intelligence expected environmental, social, and governance (ESG) assets to exceed USD 41 trillion by the end of 2022, before reaching one-third of total global assets under management by 2030[2].

While addressing the growing appetite for products with ESG characteristics, asset managers are also grading their products in response to stricter regulation regarding the disclosure of sustainability credentials. At the same time, changing regulation has implications for the wider financial services industry, both in terms of the requirements for issuers and preparers – for example, with regard to the forthcoming Corporate Sustainability Reporting Directive (CSRD) – as well as product- and entity-related disclosures. In the case of the latter, key developments include the recent introduction of the Sustainable Finance Disclosure Regulation (SFDR) in Europe, and the proposed rules changes by the U.S. Securities and Exchange Commission (SEC) to enhance and standardize climate related disclosures for investors.

Meanwhile, "anti-ESG" voices have been growing stronger, not least in the United States. Measures to address climate change are contributing to polarization in society. In 2022, the treasuries of multiple US states, including Florida, Louisiana, South Carolina, Utah, and Arkansas, announced plans to divest funds from various asset managers and warned that other companies may be deprived of state contracts due to their focus on environmental topics, allegedly to the detriment of financial returns.

Biodiversity loss and deforestation present a growing threat to Aegon's stakeholders and wider society. This is intensifying the pressure on businesses to directly address biodiversity in their strategies and activities. We are aware of the increasing importance of this topic to our stakeholders and this is reflected in commitments such as Aegon the Netherlands' Finance for Biodiversity pledge.

Another area which is increasing in significance is human rights. Through its insurance activities and investments, Aegon is indirectly exposed to potential human rights issues. Increasingly, NGOs and other stakeholders are calling on insurers and asset managers to withdraw coverage and funding from companies failing to uphold responsible human rights practices. It is therefore important that we monitor any potential impact or exposure we may have in relation to this important topic.

In 2022, the easing of COVID-19 restrictions outside China allowed organizations to effectively return to the office. Nevertheless, the "new normal" has brought new challenges. A tight labor market, combined with the so-called "great resignation," has seen employers pay greater attention to retaining and safeguarding the health and wellbeing of employees. Against this backdrop, many companies are also offering workers additional flexibility through hybrid working and other approaches.

1 https://unfccc.int/documents/624444
2 https://www.bloomberg.com/company/press/esg-may-surpass-41-trillion-assets-in-2022-but-not-without-challenges-finds-bloomberg-intelligence/#:~:text=London%2C%20January%2024%2C%202022%20%E2%80%93,surpassed%20%2435%20trillion%20in%202020.

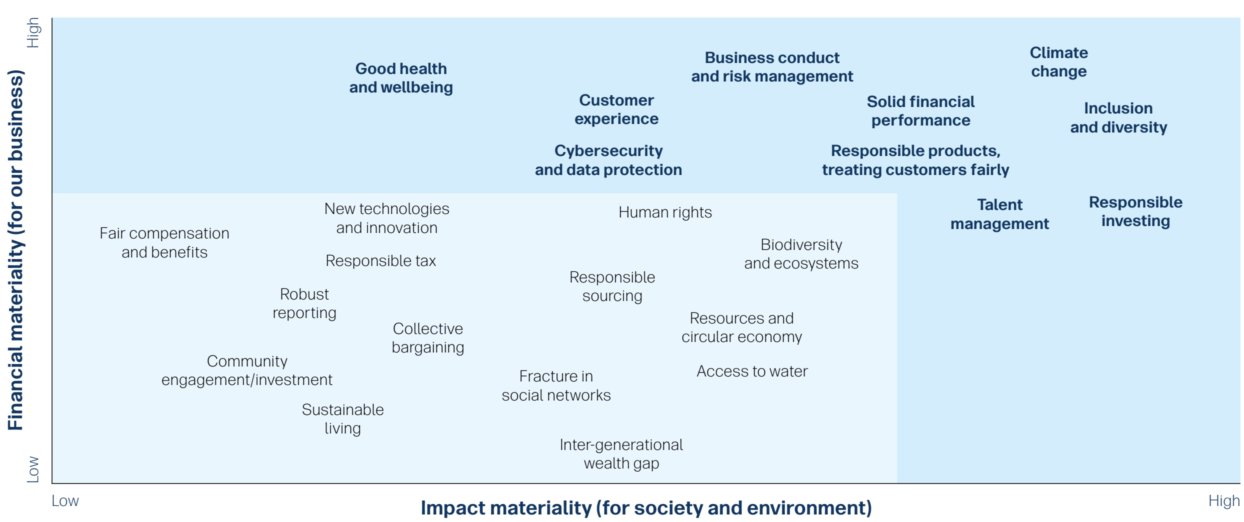
Embracing double materiality

At Aegon, we assess trends and developments on a regular basis to understand how they may impact our business and our stakeholders. We conduct a Business Environment Scan (BES)[1] to identify emerging structural trends, risks, and opportunities with the potential to impact our financial strength and competitive position. Topics and developments identified through the BES are also factored into the Double Materiality Assessment (DMA), initiated by Aegon in 2022. The DMA complements the BES by enabling us to evaluate a range of sustainability-related topics, that have a high impact on Aegon and/or on which Aegon can impact society and the environment[2].

Aegon is preparing to follow the CSRD's approach to double materiality, which will be further outlined in the European Sustainability Reporting Standards (ESRS). Following the initial introduction of a double materiality perspective in the Non-Financial Reporting Directive (NFRD) double materiality has since evolved into one of the cornerstones of the new CSRD framework that will apply to Aegon N.V. from the 2024 reporting year onward. We continue to assess the manner in which we determine double materiality, in particular in the context of the full implementation of the CSRD and its related – evolving – sustainability reporting standards.

In line with the draft ESRS methodology, as set out in the European Financial Reporting Advisory Group (EFRAG) technical advice of November 22, 2022 containing the draft ESRS, Aegon's DMA uses company and stakeholder insights provided as part of the BES exercise. These are complemented by a broader impact assessment, which is formed through interviews with internal and external stakeholders as well as desk research and validated by Aegon's Global and Local Sustainability Boards. Through this process, Aegon has identified 10 material topics which have a high impact on Aegon and/or on which Aegon can impact society and the environment, in line with the CSRD's approach to double materiality. We understand that the topics and their definitions may evolve over time and are therefore committed to reviewing them by carrying out regular double materiality assessments. The matrix below illustrates the relevance of these topics (which are displayed in bold type), based on Aegon's assessment of their financial and impact materiality. The relevance of the topics to Aegon and its stakeholders is discussed in detail in the table on page 12.

Further information on Aegon's double materiality methodology can be found as part of the basis of preparation on page 396 of the Integrated Annual Report.



* Topics in the dark blue segment and bold are indicated as material through our initial Double Materiality Assessment. Topics in the light blue segment are non-material in the context of this assessment. Positioning within the segments is indicative.

1 The Business Environment Scan is a key component of the company's enterprise risk management (ERM) framework. Furthermore, the BES provides input for the company's wider reporting activities, as described in this Integrated Annual Report, and for the annual Own Risk and Solvency Assessment (ORSA). For more information regarding our risk management approach, please see the dedicated risk management section on page 85 of this report and the risk factors for Aegon N.V. on page 371.

2 As per the EU Non-Financial Reporting Directive (NFRD), Aegon's BES exercise has traditionally incorporated an ESG materiality assessment, from the perspective of financial materiality. Given the additional focus on impact materiality, as required by the CSRD, Aegon has decided to undertake a separate (double) materiality exercise.

Aegon's material topics

The table below discusses the topics that have a high impact on Aegon and/or on which Aegon can impact society and the environment. For each of the 10 material topics, we provide a description of the main risks and opportunities for our business under the "Financial materiality" column; and a description of potential positive or negative impacts on the environment and our stakeholders under the "Impact materiality" column. This analysis provides the starting point for our strategy and sustainability approach, as well as our efforts to create long-term value for our stakeholders.

The table also provides references to where the topic is discussed in further detail in this Integrated Annual Report. The ordering of the topics in the table reflects their relevance, as illustrated in the matrix on page 11.

Topic[1]	Financial materiality (risks and opportunities for our business)	Impact materiality (positive and negative impacts on the environment and our stakeholders)	What Aegon is doing
Climate change	If risks are not managed, climate change will have long-term impacts on our business. These range from underwriting margins in the life and health insurance segments, to the price of assets in our portfolio, as well as reinsurance costs (for example, with regard to property and casualty (P&C) and health insurance lines). Aegon is also subject to increasing expectations from stakeholders, particularly regulators and NGOs, regarding environmental stewardship, as well as the related reputational and regulatory risks. We also see opportunities to strengthen customer loyalty by acting as an industry frontrunner, and to outperform our peers through climate-driven investment insights and choices we offer to our customers.	The lack of concerted action to address climate change may lead to irreversible consequences for the environment, humankind, and economic activity, and the permanent destruction of natural capital. As the impacts of climate change worsen, Aegon's stakeholder groups stand to be increasingly affected by impacts such as extreme weather events, natural resource depletion, and the political and economic instability that these events can cause. Meanwhile, Aegon's asset management clients face the potential risk of stranded assets, should our investee companies fail to transition to a low-carbon economy.	Our strategy and value creation – Sustainability, page 16 Non-financial information – TCFD, page 422
Inclusion and diversity	Focusing on inclusion and diversity offers long-term advantages for our business, including by unlocking opportunities in new customer segments, such as minorities who have been historically underserved because of gender, race, or ethnicity. From an employment perspective, we can improve the quality of our talent and decision-making. By contrast, by failing to adequately promote inclusion and diversity, Aegon risks falling behind its peers in terms of customer understanding and talent attraction.	As a financial services company, Aegon can also play a role in creating a more inclusive and equitable society, by expanding its financial products and advice to traditionally underserved groups. In general, equality of opportunity promotes societal stability, social mobility, and therefore economic development. By promoting inclusion and diversity in the workplace, organizations can generate opportunities for traditionally under represented members of the workforce that will benefit society in turn.	Our strategy and value creation – Sustainability, page 16 Our strategy and value creation – Employees, page 31

[1] All indicators are per material topic disclosed in more detail as of page 395.

Topic[1]	Financial materiality (risks and opportunities for our business)	Impact materiality (positive and negative impacts on the environment and our stakeholders)	What Aegon is doing
Responsible investing	Ensuring our investments have an overall positive impact on society and the planet is a key factor for customer choices, which has an impact on the company's financial performance. Transparency about the ESG dimension of our investments is key for maintaining compliance with changing asset management industry regulations. By taking an active approach to responsible investment, we seek to minimize risks to our business while capitalizing on customers' growing demand for sustainable asset classes.	With the increasing recognition and sophistication of ESG-focused investments, responsible investing strategies can deliver positive long-term returns for investors while helping to accelerate the transition to a net-zero world. At Aegon, we recognize our responsibility not only to ensure that our investments do not have a negative impact on the world around us but that they also serve the interests of wider society. However, like other investors, Aegon cannot engage on all topics and may face decisions around which sustainability topics need to be prioritized (or deprioritized).	Our strategy and value creation - Sustainability, page 16
Solid financial performance	Financial performance relates to a company's ability to generate economic value. Successful businesses attract talent, distributors, and other partners. Ensuring solid financial performance is therefore critical to Aegon's broader commercial success. At the same time, commercial success generates revenues that can be invested in product development and innovation, as well as other longer-term drivers of growth.	Financial performance also relates to the economic value companies distribute in terms of employee salaries and benefits, payments to partners and third party vendors, returns for investors, and investments in communities, among other benefits. Deterioration in Aegon's performance would therefore harm these stakeholder groups and have a negative effect on society.	Performance in 2022, page 38
Responsible products, treating customers fairly	With the shift away from traditional state-led retirement systems, responsible long-term saving products can be a substantial value driver for Aegon. The provision of responsible products enhances customer loyalty, which could have an impact on the company's financial performance. Our business is well-positioned to meet the needs of underserved groups, by broadening our distribution, supporting financial literacy, and providing fairly priced financial products and services. We remain mindful of the need to provide transparent product information, in line with industry regulation, in order to avoid potential risks around mis-selling, "greenwashing", and over-charging.	Socially inclusive products and services can support a fairer and more stable society by enabling financial security and wellbeing for individuals and businesses through more accessible and affordable financial solutions. Offering responsible products also requires clear communication with customers: when information is not transparent, individuals face barriers to using and benefiting from financial solutions.	Sharing value with our stakeholders - Customers, page 28

[1] All indicators are per material topic disclosed in more detail as of page 395.

Topic[1]	Financial materiality (risks and opportunities for our business)	Impact materiality (positive and negative impacts on the environment and our stakeholders)	What Aegon is doing
Talent management	Investment in talent attraction and retention, training and skills development allows Aegon to create attractive prospects for existing and future employees. Furthermore, supporting people's wellbeing, including through structures such as hybrid and remote working, can help drive the engagement and satisfaction of our employees. This, in turn, can help reduce the cost of turnover, improve the performance of our employees, and the value they deliver for our business.	Focusing on employees' personal development enhances their overall wellbeing. Moreover, supportive workplace structures can support a positive work-life balance, and with this, long-term physical and mental health. Also, the training and development of employees by financial organizations delivers value to the industry and wider economy by providing a skilled and high-earning workforce.	Sharing value with our stakeholders – Employees, page 31
Business conduct and risk management	Aegon can reduce regulatory and reputational risks, and their resulting commercial and financial impacts, by paying close attention to business conduct and risk management, including topics such as money laundering, bribery and corruption, and anti-competitive behavior. With increasing stakeholder expectations around sustainability and varied local compliance requirements, we seek to ensure good governance, and to strengthen our internal control and risk management systems, particularly with regard to our material topics.	Good governance is a crucial factor in improving corporate performance sustainably and, therefore, an important driver of value creation for our all stakeholders. In contrast, organizational misconduct by financial services providers can harm society by diverting capital away from its intended recipients. Furthermore, disreputable behavior by industry participants can erode the trust held by individuals in financial institutions, obstructing access to financial solutions and advice.	Code of Conduct; Speak Up policy, page 101 Risk factors, page 371
Customer experience	Aegon's customers are increasingly embarking on non-linear life journeys rather than the traditional, three-stage path to retirement. Meeting and exceeding these changing needs will drive customer satisfaction, and in turn improve customer retention and attraction. Through product development, we can improve the experience of our customers by offering a diverse selection of (digital) engagement platforms and channels.	By offering high-quality, targeted solutions and efficient service, Aegon can drive customer satisfaction while also improving the wider health and wellbeing of individuals. More widely, rewarding customer experiences can deliver a societal benefit by encouraging individuals to engage with financial services solutions and improve their awareness and understanding of financial matters. This is particularly evident in the case of (private) pensions and other retirement solutions, which can relieve reliance on state-led systems.	Sharing value with our stakeholders – Customers, page 28

[1] All indicators are per material topic disclosed in more detail as of page 395.

Topic[1]	Financial materiality (risks and opportunities for our business)	Impact materiality (positive and negative impacts on the environment and our stakeholders)	What Aegon is doing
Cybersecurity and data protection	Cybercrime and changing data and privacy regulation are increasingly key considerations for Aegon in today's digitalized financial landscape. This underlines the need for strong digital stewardship. Data breaches and cyber issues can impact our business through reputational damage and a loss of customer trust, potential fines and lawsuits, and intellectual property theft. By contrast, by continuing to invest in data management and governance, Aegon can increase regulatory compliance and benefit from new "data-driven" business opportunities.	Data and security breaches can have a lasting impact on our customers, employees, and other stakeholders, including by compromising sensitive information relating to individuals and businesses. More widely, cybercrime presents a growing societal cost, calculated to be worth approximately 1% of global annual GDP[2]. The impact on society is magnified by cyber issues affecting public institutions, such as hospitals. Ill-designed or poorly maintained corporate cybersecurity increasingly exposes companies and their customers to crimes conducted by government-affiliated groups as a result of increasing geopolitical tensions ("collateral damage" effect).	Risk factors, page 371 Our Strategy and value creation - Society, page 36
Good health and wellbeing	The health and wellbeing of Aegon's customers and employees in particular have a direct impact on the business. In addition to making efforts to safeguard the mental and physical health of our workforce, we keep a close eye on mortality and morbidity trends that may impact our financial performance. The COVID-19 pandemic, for example, has had implications for Aegon's mortality, and morbidity experience, both negative and positive. It is, however, too early to predict what the long-term impacts from COVID-19 on demographics will be.	Ensuring a healthy and contented workforce provides societal benefits, in terms of providing a supportive environment for innovation and the delivery of services that rely on human capital. At Aegon, we also seek to benefit society through solutions that help to improve health and wellbeing, in line with our focus on positive longevity and helping people live long, healthy, and socially active lives.	Sharing value with our stakeholders – Customers/ Employees, pages 28 and 31

1 All indicators are per material topic disclosed in more detail as of page 395.
2 https://www.cobalt.io/blog/cybersecurity-statistics-2021

Our strategy and value creation

How we execute our purpose and vision

At Aegon, we strive to be a financial services company that gives people the confidence and flexibility to find their own way and contribute to a better world. As we work to become a leader in our chosen markets, our strategy also considers the opportunities and challenges our stakeholders are facing in today's evolving industry environment.

Guided by our purpose

Our purpose of *Helping people live their best lives* guides how we engage and work with our customers and our wider stakeholder base. At Aegon, we aim to maximize value for all stakeholders by enabling them to capture the opportunities offered by a changing demographic landscape, and to join us in shaping a healthy, equitable world. This approach provides the foundation for Aegon's vision and strategy, as well as all subsequent business planning and decision-making.

Our solutions for investment, protection, and retirement are designed to help our customers make the most of a longer, multi-stage life and make the right choices for their future. For our workforce, we aim to foster a purpose-led, inclusive culture that leads to rewarding and fulfilling career opportunities. With our business partners, we seek to cultivate strong, respectful relationships that enable them to support our customers. For our investors, we focus our efforts on generating predictable, competitive returns. We manage this alongside our ambition to have a positive impact on the world around us through our integrated sustainability approach, which includes our long-standing focus on responsible investing, and our net-zero commitment.

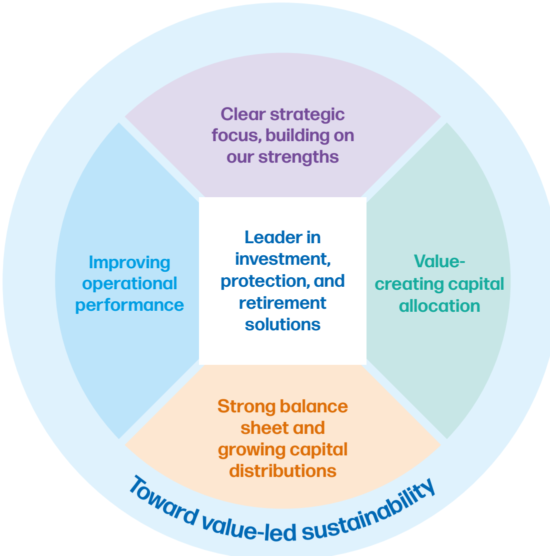
Realizing our vision

Our vision is to be a leader in investment, protection, and retirement solutions. At the same time, we aim to create a resilient, future-fit business: a well-managed and well-respected company that delivers value for all its stakeholders, including attractive, sustainable capital distributions to shareholders. Whereas our strategy directly supports this vision, our focus goes beyond operational or financial performance. We seek to achieve the financial objectives of our direct operations and investment activities alongside our ambition to have a positive impact on society and the environment.

Realizing this future vision will involve building on our existing strengths; first and foremost, our proven ability to operate trusted brands and leading retirement platforms around the world. Aegon has strong foundations in advanced retirement and global asset management solutions, protection solutions, as well as in under-penetrated growth markets. We are well placed to benefit from favorable structural trends and become a leader in our chosen markets, where demographic realities and volatile financial markets require customers to save more. In addition, we have a growing presence in large growth markets such as China and Brazil.

Our base of 29.5 million customers is a firm foundation to expand and evolve our business. We have the global reach to deliver our propositions to our customers, who will increasingly benefit from more sophisticated and tailored digital services and advice. Our global, integrated asset management business is key to our continued success, enabling us to grow our share of the overall assets under management over time.

Investment proposition



Value-creating capital allocation

We are creating a more focused business portfolio to deliver success for us and our stakeholders as we take steps to realize our vision. A central element of this approach is the reallocation of capital from our Financial Assets to our Strategic Assets in our three core markets, as well as to our three growth markets, and our global asset manager. We want to be seen as a leader that offers contemporary propositions and outstanding, digitally-enabled customer service.

The organization of Aegon's core and growth markets is explained in the box out Our portfolio.

In October 2022, Aegon and a.s.r. reached an agreement to combine the Aegon the Netherlands business with a.s.r.'s business to create a leading Dutch insurance company. As part of the transaction, Aegon will receive a cash consideration and a 29.99% strategic share interest in the combination, with associated governance rights. Through its stake in the company, Aegon will benefit from a.s.r.'s improved operating capital generation and capital synergies.

Aegon believes that the combination will result in a strong, well-diversified Dutch insurance company that will be able to deliver a broad range of attractive products and services, with significant synergies and long-term benefits for customers, business partners, employees, and shareholders. As such, the combination represents a major step in Aegon's ambition to become a leader in its chosen markets.

In parallel, we continue to operate a small number of businesses that are sub-scale or active in small or niche markets and are managed with tight capital and a bias to exit. Since 2020, we have been exiting various sub-scale positions globally. These include our businesses in Central & Eastern Europe, which have been sold to Vienna Insurance Group AG. This transaction is being closed over several stages and is expected to be completed in 2023 pending the required local regulatory approvals. In 2022, Aegon decided that for Transamerica Life (Bermuda), the best path to maximizing value involves the internal reinsurance of the universal life portfolio to Transamerica. This approach will ensure better alignment and management of risk, and free up excess capital. Transamerica Life (Bermuda) will continue to provide capital-light products to its customers as an alternative to interest-rate-sensitive products. In other sub-scale and niche markets, such as India, Aegon's businesses operate with tight capital and a focus on expense management.

Our portfolio

Aegon has narrowed its strategic focus to three core markets, three growth markets, and one global asset manager.

Core markets

We have three core markets – the United States, the Netherlands, and the United Kingdom. Within our core markets, we distinguish between Strategic Assets and Financial Assets.

Strategic Assets are businesses with a greater potential for an attractive return on capital, and where Aegon is well-positioned for growth. In these businesses, Aegon will invest in profitable growth by expanding its customer base and increasing its margins. These businesses are:

- United States: Individual Solutions (selected life insurance products, investment products, and mutual funds), and Workplace Solutions (middle-market retirement plans and voluntary employee benefits);
- The Netherlands: Workplace Solutions, mortgage origination, and banking;
- United Kingdom: Workplace and Retail platform business, and protection.

Financial Assets are blocks of business that are capital-intensive with relatively low returns on capital employed. New sales for these blocks are limited and focused on products with higher returns and a moderate risk profile. We aim to maximize the value of these businesses through disciplined risk management and capital management actions. These businesses are:

- United States: Fixed and Variable Annuities with interest-rate-sensitive riders, and stand-alone long-term care;
- The Netherlands: term life, individual deferred annuities, and defined benefit group pensions.

Growth markets

Aegon focuses on three attractive growth markets – China, Brazil, and Spain & Portugal – that we will continue to access through our successful partnerships. Together with our partners, we will develop these businesses and capture the growth potential they provide while leveraging our global expertise and capabilities.

Aegon Asset Management

Aegon Asset Management is an active global investment business with approximately EUR 293 billion in assets under management. Leveraging our global brand and a global operating platform, Aegon AM operates in our core and growth markets as well as in France, Germany, and Hungary. In China, Aegon AM owns 49% of Aegon-Industrial Fund Management Company, an asset manager offering mutual funds, segregated accounts, and advisory services.

Clear strategic focus, building on our strengths

We have identified several areas of our business in our different markets, together with corresponding actions, that will best contribute to profitable growth and create value for our customers, shareholders, and other stakeholders in the years ahead.

In the United States, the largest of our core markets, we aim to harness the current market dynamics that play into the historical strengths and presence of Transamerica. Our Workplace Solutions division is well positioned for growth in terms of volume and earnings, and we will further invest in growth with a focus on small and mid-sized employers. The Individual Solutions division will invest in selected individual life, accumulation, and investment products and leverage our strong distribution capabilities in this large market.

In the Netherlands, following the transaction with a.s.r., the combined group will have a leading position in the Dutch pension market, become the market leader in disability insurance, and the number three player in property and casualty insurance. Furthermore, it will have enhanced scale in the origination and servicing of Dutch mortgages.

In the United Kingdom, where we are a market leader in workplace solutions and financial advice platforms, we aim to sharpen our competitive edge by improving the digital experience for customers, advisors, and employers.

We regard our global asset manager as an important contributor to realizing our strategy, and we aim to advance its growth. We are moving toward a global new-technology platform to drive expenses down and make Aegon AM more scalable and client-focused.

In Aegon's growth markets, we will continue to expand our businesses by making the most of the scale and untapped potential of these regions. Our strong local partnerships are key to this ambition. In Spain & Portugal, for instance, we continue to grow the business via our long-standing bancassurance partnership with Banco Santander. We will invest further in China and Brazil, where we aim to generate growing volumes and earnings, including by expanding distribution.

One of Aegon's most important resources is the deep knowledge and expertise of its global workforce. We have a clearly defined workforce strategy and culture, through which we aim to preserve and develop our human and intellectual capital. Strong leadership is at the heart of this approach. In line with our strategy, regular talent reviews now take place with every Aegon leader to ensure their competencies and skillsets directly support their assignment in their respective business unit. More widely, we are stepping up our efforts to develop our people, hire new talent where appropriate, and invest in execution capabilities and skills. Intensifying the organizational rhythm in this way allows Aegon to shift to a high-performance culture.

Our expertise and capabilities travel across our markets, as what works for one region or customer group can also work well in another. A key focus of our strategy is therefore to leverage business synergies across our company and our different markets. For example, the link between our Strategic Assets and our global asset manager is strong. Likewise, Aegon AM's teams strive to deliver strong investment returns, to support the sound and effective management of the large back books of our Financial Assets. Clear strategies and decisive actions will make these connections even stronger and more powerful in the years ahead.

We implemented the concept of "accountability within a clear framework," which enables faster decision-making and provides clear accountabilities. Within this model, Aegon Group outlines strategy, allocates capital, defines risk appetite, sets targets, and drives strategy implementation. In addition, Aegon takes a centralized approach to determine functional mandates, set policies and frameworks, and provide shareholder services. Our business units develop local strategies and operating plans within the company's strategic framework and ensure their implementation.

Strong balance sheet and growing capital distributions

We maintain a strong balance sheet to be able to focus our time and energy on increasing our return on capital and the return of capital to shareholders. We have a clear capital management policy in place that informs our capital deployment decisions. The capital deployment of the company is driven by the Cash Capital at Holding and is supported by reliable remittances from the units. To strengthen our balance sheet, reduce our risk profile, and make Aegon more resilient, we have reduced our gross financial leverage to its target range.

In 2022, Aegon finalized the transaction to divest its Hungarian and Turkish operations, providing financial flexibility to reduce its financial leverage through a successful debt tender offer. In addition, we returned surplus cash capital to our shareholders via a EUR 300 million share buyback executed in three tranches over 2022.

Meanwhile, Aegon continued to pursue a range of actions to strengthen its capital position and reduce the volatility of the company's solvency ratios. These included updating the valuation of certain life insurance reserves in the United States in the second quarter of 2022. This action, which was enabled by a multi-year model enhancement program, significantly strengthened Transamerica's capital position. In addition, Aegon has freed up capital by reinsuring the universal life portfolio of Transamerica Life (Bermuda), our Asian high-net-worth business, to Transamerica. To further reduce its risk exposure, in 2022 Aegon successfully completed a lump-sum buy out program for certain variable annuity policies in Transamerica. Furthermore, Aegon achieved its extended target of USD 450 million rate increases for long-term care policies and will continue to work to get pending and future actuarially justified rate increases approved.

We continue to take actions to maximize the value of our Financial Assets. Based on extensive analysis, we have concluded that the best option with respect to the US variable annuity portfolio is to continue to own and actively manage it, at least in the near term. Engagements with third parties, and the extensive work undertaken, provide confidence in Aegon's actuarial assumptions, hedging strategy, and approach to managing the portfolio. The dynamic hedging program, which we expanded in 2021 to include all variable annuity guarantees, continued to perform well in difficult markets during 2022 with a hedge effectiveness ratio of 97%. To further reduce the volatility of the capital position for regulatory reporting, we have decided to establish a voluntary reserve to better align the recognition of fees on the variable annuities base contract with when they are earned.

Aegon's dividends are typically expected to grow in line with sustainable free cash flows. Additional capital deployment decisions will consider our deleveraging target, as well as planned management actions to improve and de-risk the company.

We remain disciplined in our management of capital, and any surplus cash flows that are not used for value-added growth opportunities will be returned to shareholders over time, as demonstrated by the share buyback program executed in 2022. Following the completion of the transaction with a.s.r., Aegon anticipates that it will return EUR 1.5 billion of the cash proceeds to shareholders, barring unforeseen circumstances, to offset the dilutive effect of the transaction on free cash flow per share. Furthermore, the company intends to reduce its gross financial leverage by up to EUR 700 million.

Maintaining a strong balance sheet is a prerequisite for Aegon to achieve its vision and its sustainability ambitions. It allows us to build leading, advantaged businesses in our core and growth markets that can actively contribute to a healthier, more equitable society, and create value for our customers and wider stakeholder base in line with our purpose.

Improving operational performance

In 2020, we began taking concrete steps to transform the company to improve our long-term performance and ensure we continue to create value for our customers, shareholders, and other stakeholders. We have executed a rigorous and granular company-wide operational improvement plan that comprised 1,199 specific initiatives. The aim of the plan was to improve Aegon's operating performance by reducing costs, expanding margins, and growing profitably. Of the 1,199 initiatives executed between the launch of the operational improvement plan in 2020 and the end of 2022, 921 were related to expense savings.

As of year-end 2022, the operational improvement plan has resulted in an operating result uplift of EUR 627 million, outperforming our expectations one year earlier than expected. Compared with the base year 2019, Aegon recorded a benefit from expense initiatives of EUR 366 million, or 92% of the savings targeted for 2023. Growth initiatives contributed EUR 262 million to the operating result. This is well above our target, and required less additional expenses than originally envisaged. As a result, Aegon achieved a greater net reduction in expense savings than the company had targeted.

Given the overall success of the program, and in light of upcoming changes to the group's structure and reporting due to the transaction with a.s.r., Aegon has decided to close out the reporting on the operational improvement program. At the same time, improving efficiency, and driving commercial momentum remain key focus areas for Aegon going forward.

Sustainability

Aegon has a unique opportunity, and responsibility, to help create a healthy, equitable world. Our approach to sustainability is key to helping people live their best lives and protecting the future for all of us. We believe we have a responsibility to be part of global efforts to mitigate the threats presented by climate change and to capture the opportunities offered by moving to a more sustainable and equitable world. In 2022, we continued our efforts to integrate sustainability criteria into our products and activities, in line with stakeholders' expectations. This included the adoption of our Sustainability Roadmap 2025 which will drive lasting value creation for our company and its stakeholders.

Addressing stakeholders' expectations

At Aegon, we engage with our stakeholders to identify relevant sustainability issues. We consider the potential impact of sustainability issues on our business, as well as the societal and environmental impact we have as an organization in relation to these issues. In 2022, Aegon initiated its first double materiality assessment (DMA) as one of the steps toward meeting the requirements of the Corporate Sustainability Reporting Directive (CSRD; see also page 408). The assessment process covered a range of sustainability topics (see page 11) and reconfirmed climate change and inclusion and diversity as the main areas of focus for our sustainability agenda. These two key themes, chosen as our priority themes in 2021, create lasting value for our stakeholders and are areas where we can have an impact through our investments, products, and operations while also minimizing risk for Aegon and our stakeholders. Other material topics, also identified during the double materiality assessment, are included in our wider sustainability approach (see "Our business environment" on page 8).

Sustainability priority themes

In 2022, we took significant steps toward our ambitions for both our priority themes: climate change and inclusion and diversity. Furthermore, we are integrating these themes into our policies, and taking steps with our responsible investment approach to deliver further progress. This includes engaging with investors and collaborating with industry partners through initiatives such as the Principles of Responsible Investment (PRI; see page 24).

Climate change

Climate change is a topic that has increasing significance for Aegon and its stakeholders. As a diversified financial services business, Aegon is well positioned to support society's transition to a climate-resilient economy and a net-zero world through various means. We have opportunities to finance the energy transition and climate resilience through our proprietary investments and responsible investment framework. We also have a responsibility to manage our investments to take account of climate risk. In addition, we offer our customers products that accelerate the path to net zero and have climate resilience built into them. We also take steps to improve our own climate impact by addressing our operational footprint.

Aegon's 2025 climate change commitments:

- Reduce the weighted average carbon intensity (WACI) of our corporate fixed income and listed equity general account assets by 25% by 2025.
- Invest USD 2.5 billion in activities to help mitigate climate change or adapt to the associated impacts by 2025.
- Engage with at least the top 20 corporate carbon emitters in the portfolio by 2025.

2022 climate performance indicators

- Weighted average carbon intensity of our corporate fixed income and listed equity general account assets: 390 metric tons CO_2e/EURm revenue[1]
- 20% reduction in WACI against 2019
- Operational carbon footprint[2] 16,999 metric tons CO_2e
- Reduction of operational carbon footprint against 2019: 59%
- Green electricity purchased: 94%

Net-Zero Asset Owner Alliance commitment

In November 2021, Aegon announced its company-wide commitment to transitioning its general account investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050. In this context, we joined the Net-Zero Asset Owner Alliance (NZAOA), a UN-convened group of institutional investors committed to decarbonization. To drive progress toward our 2050 commitment, we have set various targets, including the reduction of the weighted average carbon intensity (WACI) of our corporate fixed income and listed equity general account assets by 25% by 2025. In 2022, the weighted average carbon intensity of our own investment portfolio's corporate fixed income and listed equity assets reduced by 20% compared with our 2019 baseline.

1 For details on the methodology used, please see our TCFD disclosure (Methodology) on page 422.
2 For details on the methodology used, please see footnote 12 Society: Operational footprint on page 441.

This is the result of carbon considerations being further integrated into our investment processes, so we are on track to meet our 25% reduction target by 2025.

In line with the NZAOA Target Setting Protocol, at the end of 2022 Aegon added new targets to its overall commitment. These included publicly announcing our ambition to engage with (at least) the 20 biggest GHG emitters in our investment portfolio to encourage them to reduce their footprint. We have also committed to investing to help mitigate climate change or adapt to the associated impacts by 2025. For our climate change commitments, see the Box out Aegon's 2025 climate change commitments on page 21.

In addition to our NZAOA commitments, Aegon has a number of other sustainability commitments, including to the UN Global Compact (UNGC), the UN Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment. A list of our commitments is available on page 414 of this report and on our website here: Our commitments | Aegon.

Climate risk analysis

Undertaking regular climate risk analysis is a further key element of our climate-mitigation approach.

Aegon worked with Ortec Finance for a second consecutive year to conduct an extensive and systematic climate risk assessment for its general and separate account assets across all business units. The analysis investigated three plausible climate pathways (orderly, disorderly, and failed transitions) to explore potential future climate policies, interventions, and consequences of society's failure to mitigate climate change.

Modeling results continue to indicate that Aegon's general account portfolio remains resilient against key systemic climate risk drivers across all modeled climate scenarios over a 40-year horizon. This is largely attributed to the high allocation of fixed income assets, which serves to limit the cumulative climate-related impact on returns.

Continuing to monitor developments in climate science, policy, technology, regulation, and consumer sentiment will remain critical for understanding and adapting to the future.

Sustainable financial services

We are increasingly integrating sustainability into our product development process, offering sustainable and Environmental, Social, and Governance (ESG)-focused alternatives and considering impact investing for the benefit of the climate and inclusion and diversity across different product ranges. We also promote active ownership by engaging on topics of climate risk. For example, we encourage the companies in which we invest on behalf of customers to use the Task Force on Climate-related Financial Disclosures (TCFD) guidelines for reporting. Additional information on our responsible investment activities, including recent product launches, is provided in the section on responsible investment on page 24.

In 2022, we expanded our range of sustainability-focused products. In the United Kingdom, we continued the process of transitioning a proportion of default funds to more sustainable strategies by incorporating new ESG-focused funds. We have now transitioned more than GBP 15 billion into such strategies and over 2022 the proportion of core default assets invested in ESG funds increased from 39% to 53%. In addition, we have created ESG "hubs" for customers, advisers, and employers. More widely, we continued to perform our regular customer assessments on sustainability preferences and differentiate how we educate our clients on key sustainability topics.

We continue to offer our customers financial services solutions that help address climate issues. As part of its strategy, our mortgage business in the Netherlands, Aegon Hypotheken, is taking steps toward an energy-neutral mortgage portfolio, through which it will only finance zero-on-the-meter homes by 2050. Its customers are able to finance up to 106% of the value of a home, 6% of which can be used toward sustainable improvements. They also receive personalized information through the MyAegon app to help make their homes more sustainable.

Working with partners

As a central component of the financial services value chain, at Aegon we see it as our responsibility to work with our distribution and supply chain partners to promote sustainable practices wherever possible. As part of this approach, we strive to work with partners who share our values and can demonstrate accountability in terms of their environmental stewardship and climate mitigation. 50% of Aegon's top 25 suppliers participate voluntarily in EcoVadis, a business sustainability ratings provider. In addition, we engage with our leading suppliers and distribution partners on sustainability topics ranging from climate change and Aegon's net-zero commitments to inclusion and diversity, and governance. Further information on Aegon's responsible supply chain approach can be found in "Sharing value with our stakeholders" on page 33.

In 2022, "Milieudefensie" (Friends of the Earth) published a report rating the climate action plans of 29 major Dutch companies. The report took a critical stance on certain aspects of Aegon's sustainability ambitions, citing the company's underperformance versus its peers on its emission targets and exclusion policy, as well as the transparency of our engagements with investee companies. In response, Aegon engaged in a constructive dialog with "Milieudefensie" to discuss our strategy and approach to sustainability. We also had discussions with a number of other NGOs and interest groups on our sustainability strategy and roadmap.

Reducing our operational carbon footprint

While we do not operate energy- or resource-intensive processes as part of our direct business operations, GHG emissions are generated via the natural gas and electricity used by our facilities. We have therefore set firm targets to reduce the carbon footprint of our operational activities. At the end of 2022, Aegon had achieved a 59% reduction in our operational carbon footprint[1] versus the 2019 baseline, putting us well ahead of our goal of a 25% reduction by 2025. Our emissions also fell by 22% on a year-on-year basis in 2022. The impact of changing work patterns is a significant factor in reducing our facilities' footprint. Therefore, we will continue to monitor the impact of hybrid working on our carbon footprint.

Inclusion and diversity

Aegon's vision for inclusion and diversity is to build a fair and inclusive company, where we overcome obstacles to participation and increase our diversity. Where everyone has a sense of belonging, everyone plays a role in fostering inclusion, and we can all live our best life, in our workplace, our marketplace, and our communities.

As part of our transformation journey, we adopted a company-wide strategy on inclusion and diversity in 2022 and our business units have signed up to our vision. We aim to ensure our policies and actions permeate all parts of the organization, and that our leaders, colleagues, and other stakeholders worldwide can each make an active contribution to building a more inclusive and diverse organization.

Our inclusion and diversity strategy builds on the work undertaken in recent years to develop a consistent and coherent way of working for the whole company.

Two fundamental elements of Aegon's inclusion and diversity strategy are:

1. **Authentic action** – the recognition that, as an organization, we are on a journey to improve. We need to turn good intentions into actions to create a positive difference for our people and communities.
2. **Starting at the top** – the members of Aegon's senior leadership are expected to act as role models for inclusion and diversity, including by sharing their own inclusion stories and championing a specific area of diversity excellence among employees.

Transamerica's Employee Resource Groups have their say

Around the world, Aegon's Employee Resource Groups (ERG) play an important role in making sure all employees have a say in the company's future direction and that their specific needs are met during our transformation program. Our US business, Transamerica, has 12 ERGs, the first of which, the Women's Impact Network, was launched in 2012.

In 2022, we provided new development opportunities for the leaders of our ERGs. At the start of the year, the leaders of the 12 groups gathered with their executive sponsors for Transamerica's first annual ERG leader summit to present their annual plans and discuss opportunities for cross-ERG collaborations. Then, on August 10, the ERG leaders met with Transamerica CEO, Will Fuller, and Aegon CEO, Lard Friese, to discuss their groups' respective accomplishments, challenges, and opportunities. This was followed by a development workshop featuring Johns Hopkins Carey Business School on "Managing in a Diverse and Global World" and leaders from the 12 Transamerica ERGs.

In 2022, we appointed a Global Head of Inclusion and Diversity, who joins our Global HR Leadership Team and Global Sustainability Board (GSB). Among other priorities, the appointee is responsible for overseeing progress on Aegon's I&D ambitions. A specific area of attention is maintaining a healthy gender balance at a senior management level across Aegon's business units. In the Netherlands, specifically, Aegon is actively taking steps to increase female leadership participation, in line with the "Diversity at the Top" Act, which took effect in January 2022.

Wider progress on inclusion and diversity topics is monitored through Aegon's Global Employee Survey. The third quarter edition of the survey showed positive increases for two key metrics: 78% of employees responded favorably to a set of questions on openness and inclusion, compared with 74% in the third quarter of 2021, while 76% answered favorably on the topic of diversity and equity, up from 72%.

The specific actions and initiatives Aegon took in 2022 to address inclusion and diversity are detailed in "Sharing value with our stakeholders", on page 28.

[1] Scope 1 and scope 2 emissions.

Responsible investment at Aegon

One of the most significant ways Aegon can have an impact on sustainability topics is via responsible investment. We recognize our responsibility to limit the negative impacts of our investments on society or the environment. We apply this ethos to our own general account investments and use our influence to encourage similar standards in the investment decisions made by our customers. By taking an active approach to responsible investment, we seek to reduce the risks to our business and explore ways to serve the interests of our customers and society at large.

In 2022, Aegon became an asset-owner signatory to the United Nations-convened Principles for Responsible Investment (see below). This commitment prompted us to review the underlying processes of our company-wide Responsible Investment Policy. We are taking steps to refresh the policy, by introducing engagement with asset managers, establishing clearer reporting expectations, and delineating our approach to sustainability topics. For topics such as ESG integration, we take a “do no significant harm” approach whereas this policy will drive proactive steps through targets, engagement, and exclusions. The policy applies to all general account investments where Aegon has full management control.

Key responsible investment activities in 2022

In 2022, the responsible investment landscape continued to evolve rapidly, with climate action as the primary concern and with extensive regulatory change taking place to drive increased transparency, monitor progress, and address greenwashing. We continued to innovate investment solutions through Aegon Asset Management’s active global investment business.

Much of the focus was on managing climate-related risks and accelerating the low-carbon transition, areas that are increasingly becoming integral to our investment and stewardship processes. We evolved our Short Dated Investment Grade Bond Fund to focus on the transition to a net-zero global economy. The fund was renamed as the Aegon Global Short Dated Climate Transition Fund and is classified under Article 8 of the European Union’s Sustainable Finance Disclosure Regulation. It provides clients with a clear targeted approach, including historical and forward-looking analysis, to ensuring their portfolios are aligned with the climate transition and net-zero objectives.

Our prioritization of responsible investment was further reflected in the steady progress of important capacity building projects during the year. For example, Aegon AM enhanced its ESG materiality framework together with Aegon’s Credit Research team. We also strengthened our policies, procedures, and practices to better align with new disclosure requirements in the European Union.

Asset manager: ***Our solutions***

Aegon Asset Management has a Responsible Investment Framework that reflects the key elements of our Responsible Investment Policy, as well as similar policies put forward by Aegon AM’s clients. The framework is structured as follows:

- ESG integration – Material ESG factors are fundamental to our investment decision-making across all Aegon AM portfolios. By integrating ESG considerations into traditional financial analysis, the Aegon AM research team arrives at an independent view of an issuer’s fundamentals.
- Active ownership – Aegon actively engages with investee companies to improve their ESG profile and address sustainability issues. We also exercise our shareholder voting rights to support our engagement efforts and enhance long-term value creation for all stakeholders.
- Solutions – Aegon AM provides a range of responsible investment solutions to pursue ESG objectives alongside financial returns, based on four categories:
  1) exclusion-based strategies
  2) best-in-class strategies
  3) sustainability-themed strategies
  4) impact investments

Further information about Aegon Asset Management’s activities can be found in the dedicated Responsible Investment Report published by Aegon AM.

Aegon joins Aegon AM as a signatory to the Principles for Responsible Investment

The Principles for Responsible Investment (PRI) is a United Nations-supported international network of financial institutions working together to implement its six aspirational principles. The “Principles” provide a de-facto industry standard that encourages companies to incorporate ESG issues into their investment practices. In 2022, Aegon became a company-wide signatory to the PRI, joining Aegon AM. Committing to the Principles will help us to align our responsible investment approach with market best practice, enabling us to continue to meet the expectations of our stakeholders.

The roadmap and governance to realize our sustainability ambitions

Our sustainability roadmap 2025 sets out the steps we are taking to deliver against our two priority themes of climate change and inclusion and diversity, as well as the other material topics identified through our materiality assessment. Specific colleagues and teams are entrusted with ensuring the milestones of the roadmap are met. The development of the Sustainability Roadmap was overseen by the Global Sustainability Board, which is also responsible for updating the roadmap annually through to 2025 and measuring progress against our targets. 2022 was the first full operational year for Aegon's company-wide GSB, which was established in November 2021 to enhance governance and oversight of Aegon's sustainability approach. The Board's core function is to steer and strengthen the sustainability agenda across Aegon's country units, elevating sustainable practices across our business operations. The GSB is currently chaired by the Chief Executive Officer (CEO) of Transamerica, Will Fuller.

Governance structure for sustainability at Aegon

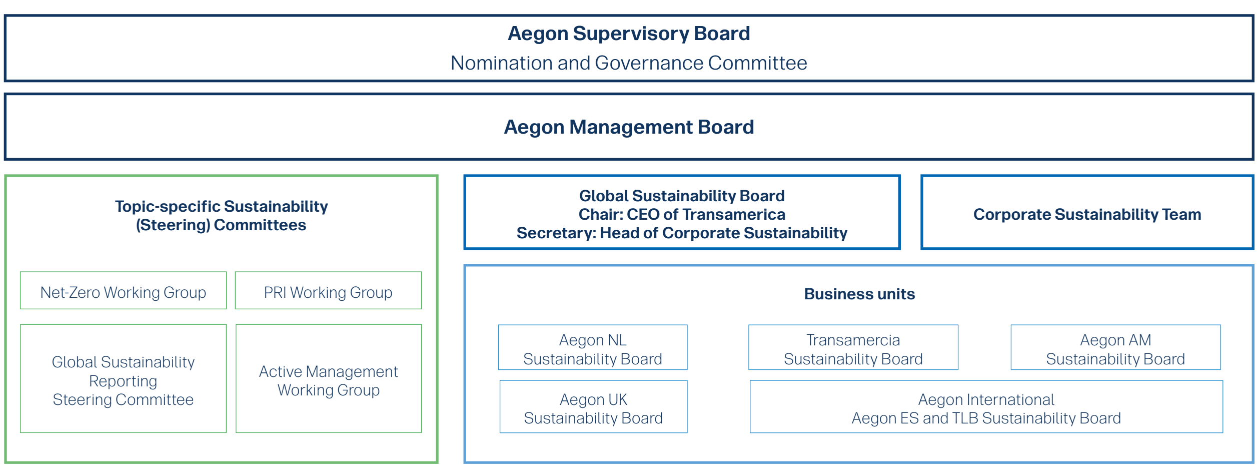
In 2022, Aegon established a series of Local Sustainability Boards to guide its sustainability approach in the company's core country units. The chairs of the respective Boards are also members of the GSB. This governance structure drives delivery of the roadmap and alignment on sustainability across the business, by ensuring that sustainability-related actions and decisions taken at a company level are consistent with those taken across Aegon's business units, and vice versa.

Enhancing our sustainability reporting program

A key part of assessing the success of our roadmap will be regular reporting against our priority themes and other material topics. In addition, increased sustainability-related legislation and regulation will impact Aegon's corporate reporting and disclosure requirements. This is particularly the case in the European Union, which has witnessed the accelerated development of new legislation, including the CSRD.

In 2022, we further enhanced our Sustainability Reporting Program, building on the process initiated the previous year. The program aims to meet evolving regulatory requirements, provide data for rating agencies, and support our Sustainability Roadmap and other ESG commitments. Responsibility for sustainability reporting was extended beyond Aegon's Global Corporate Sustainability Team to include the company's finance function, which has been tasked with collecting non-financial data, establishing processes and controls, and implementing robust reporting tooling.

2022 was a transitional year as Aegon took steps to prepare for the forthcoming CSRD requirements. We are proactively making non-mandatory disclosures, and we carried out an inaugural double materiality assessment, as detailed in this Integrated Annual Report (see page 11). Aegon will undertake a follow-up DMA exercise in 2023 and plans to conduct new assessments biennially, thereby regularly reviewing our list of material topics, capturing valuable stakeholder input, and preparing the company to be fully compliant with the CSRD requirements for the first reporting year 2024.



Value creation[1]

Our inputs

Financial
- Shareholders' equity: EUR 11.4 billion
- Gross financial leverage: EUR 5.6 billion
- Solvency II Own Funds: EUR 16.3 billion
- Solvency II Capital required: EUR 7.8 billion

Manufactured
- Our product mix and digital platforms
- Gross premium income: EUR 14.8 billion
- Gross deposits: EUR 194 billion
- Fees and commissions received: EUR 2.9 billion
- Investment income: EUR 7.3 billion
- Revenue-generating investments: EUR 747 billion

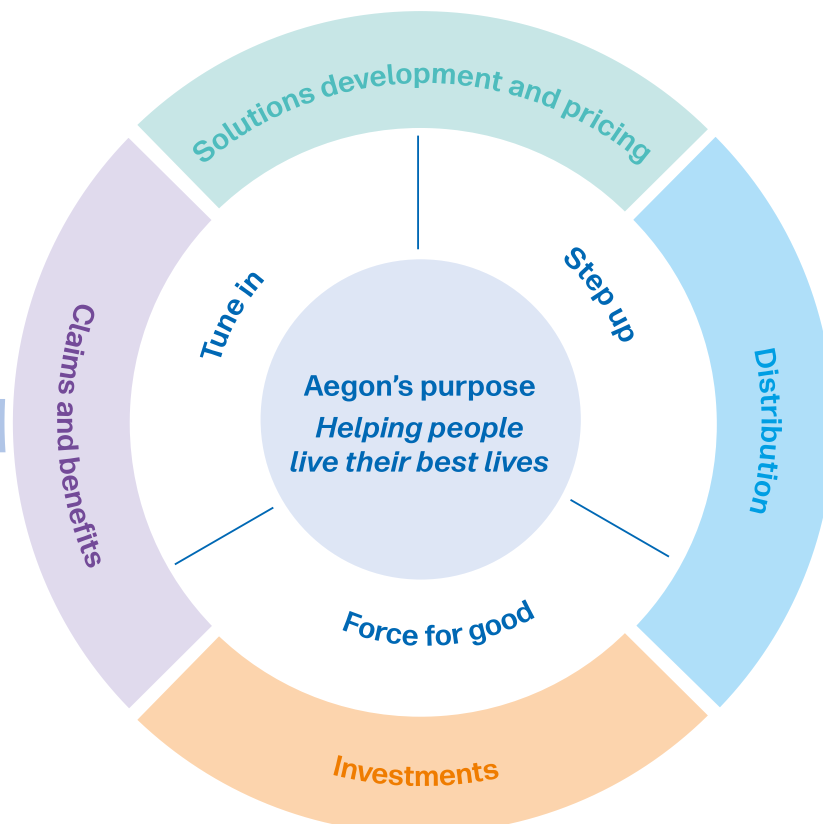
Intellectual
- Internal processes, systems, and controls
- Knowledge and expertise

Human
- Number of employees: 19,087
- Amount spent on training and development: EUR 10.9 million
- Talent management
- Number of tied agents: 2,475

Social and relationship
- Number of customers: 29.5 million
- Customer experience programs
- Responsible sourcing and investing philosophy
- Brand equity, purpose, and values
- Relationship with intermediaries, business partners, suppliers, and other key stakeholders (e.g. regulators and NGOs)

Natural
- Our commitment to achieve net zero in 2050
- Total energy used by company: 55,256 MWh

Aegon's business model



Solutions development and pricing
Development of our financial solutions begins with our customers. We assess their needs and develop products and services to suit. We then estimate and price the risk involved for us as a provider.

Distribution
Our products and services are then branded and marketed, before being distributed via intermediaries that include brokers, banks, and financial advisors. We also sell to our customers directly.

Investments
In exchange for products and services, customers pay fees or premiums. On certain pension, savings, and investment products, customers make deposits. We earn returns for our customers by investing this money.

Claims and benefits
We pay out claims, benefits, and retirement plan withdrawals. We use the remaining funds to cover our expenses, support new investments, and deliver profits to our shareholders.

[1] Value creation is the balance of value created, preserved, and eroded.

Our outputs

Financial
- Dividends to shareholders: EUR 407 million
- Interest payments to bondholders: EUR 223 million
- Group Solvency II ratio: 208%
- Free cash flow: EUR 780 million
- Operating result: EUR 1,918 million

Manufactured
- Claims, benefits, and retirement plan withdrawals: EUR 60 billion
- Residential mortgages originated: EUR 8.7 billion
- Business partners[1]: EUR 6.2 billion

Intellectual
- Our product mix and digital platforms
- Value creating initiatives
- Reduction in addressable expenses compared with base year 2019 through improved efficiency: EUR 366 million

Human
- Total employee cost: EUR 2.1 billion
- Women in senior management: 36%
- Employee engagement score: 70%

Social and relationship
- Customer satisfaction: benchmarked NPS®
- Responsible investment solutions and impact investments: EUR 120 billion
- Business partnerships and reputation
- Corporate and other paid taxes: EUR 362 million

Natural
- Weighted average carbon intensity relating to our general account investment portfolio: 390 metric tons CO_2e/EURm revenue for corporate fixed income + listed equity
- Operational carbon footprint: 16,999 metric tons CO_2e

Outcome for our stakeholders

Customers
Aegon seeks to support its customers – who include individuals, as well as group and corporate clients – with a broad mix of investment, protection, and retirement solutions, in addition to smooth and efficient customer experiences. We measure our customers' satisfaction levels through benchmarked Net Promoter Scores. As part of our wider responsibility to society, we promote financial awareness and good health and wellbeing among financial services users. This ambition goes hand in hand with our responsible products approach; namely, to provide honest and transparent product information and to extend our solutions to underserved groups such as low-income earners.

Employees
Aegon's workforce comprises full- and part-time employees, as well as tied agents and contractors. In each case, we seek to maintain high levels of employee engagement and wellbeing, and foster a supportive and inclusive and diverse work environment. As our staffing needs evolve, we dedicate significant attention to talent management, with a focus on attracting and retaining highly talented employees, and by offering extensive opportunities for training and skills development. Employee engagement and wellbeing are assessed through regular workforce surveys.

Business partners
Aegon maintains a well-diversified, global supply chain that is made up of distributors, joint venture partners, reinsurers, sourcing partners, and suppliers of goods and services. To this end, we employ responsible supply chain practices that safeguard the interests and wellbeing of all of Aegon's partners, and seek to cultivate positive long-term business relationships that reflect our purpose and behaviors. The company-wide Vendor Code of Conduct is an important tool that enables Aegon to communicate its expectations and drive alignment along the supply chain on important topics such as environmental stewardship and inclusion and diversity.

Investors
Supported by a resilient and sustainable business model, Aegon seeks to provide a consistent and attractive return on investment to its global investors, who include both shareholders and bondholders. Our approach includes paying regular dividends and conducting other forms of appropriate capital distributions to our equity investors, who may also derive value from the performance of our shares, while our bondholders derive value from regular interest payments.

Society
Aegon's products and services enable individuals to take control of their finances and save for their own retirement, reducing their reliance on public pension systems and increasing financial stability in wider society. At the same time, we aim to have a positive impact on the communities in which we operate, through tax payments, charitable donations, and volunteer work. More widely, Aegon seeks to support a fair, equitable, and sustainable future society by actively addressing climate change, inclusion and diversity, and other prominent environmental and societal concerns. Practical examples of this include Aegon's net-zero commitment and responsible investment approach.

[1] Business partners consists of commissions paid to brokers and other intermediaries, premiums paid to reinsurers, and total spend on goods and services.

Sharing value with our stakeholders

At Aegon, our focus is on creating long-term value for a broad range of stakeholders, including our customers, employees, business partners, investors, and society at large. As underpinned by our purpose, strategy, and sustainability approach, we see our business as inherently beneficial to society and people's lives. We believe the value we create as an organization is widely shared. However, we also recognize that certain decisions and actions can also erode value by having a negative effect on our stakeholders or on the environment. The active identification and management of potentially negative consequences is, therefore, an integral part of our decision-making.

Addressing climate change and inclusion and diversity have been identified by our stakeholders as strategic sustainability priorities for our business in the coming years. Given the complex ecosystem in which we operate, there are a number of additional sustainability-related topics that are material to our business and may influence our ability to create value for our stakeholders[1].

In the following pages of the report, we describe the impact of many of the material topics on our main stakeholder groups, as well as the actions and decisions we took in 2022 to create and preserve value for each group.

Aegon employs a coordinated approach to address each material topic. For topics that primarily affect specific stakeholder groups, we describe our approach in the relevant section of this part of the report (for example, see "Customers" on page 28 for details of our approach to Responsible products).

Customers

As Aegon customers embark on longer and more complex life journeys, we are developing new customer propositions, tools, and solutions to meet their changing needs and expectations. This includes enhancing interactions with all customers, whether intermediaries or end users, through a broad selection of engagement channels and platforms. As well as engaging with our existing customers, we are expanding our reach to underserved individuals and communities, while working to improve financial literacy, education, and awareness in all parts of society.

Enhancing the customer experience

In 2022, we took further steps to meet the changing needs of our growing customer base, with a view to improving customer satisfaction and maximizing attraction and retention. In addition to our focus on product development, we also looked at ways to further enhance the customer experience with an increased selection of (digital) engagement platforms and channels.

In the United States, our Transamerica business operates a Premier Services Group team to provide individual case management support for the most loyal and top-producing agents of the World Financial Group (WFG) distribution channel. This team enables agents to handle customer requests more directly and quickly with the help of a dedicated service employee, thereby enhancing the agent's and the customer's experience with Transamerica. Furthermore, Transamerica significantly reduced the average wait times and call transfers in its call centers by working closely with an external partner. Transamerica also added new products to the iGO e-App®, a digital application making it quicker and easier for agents to apply for life insurance.

In the United Kingdom, we also continued to digitalize our customer-facing processes with the launch of a new dashboard to help advisers onboard new clients. The online solution allows advisers to receive and store servicing documents, submit and track applications, and provide a policy start date.

[1] Aegon's material topics are outlined in full in "Our business environment" on page 8.

Elsewhere, our Brazil-based joint venture MAG Seguros introduced a new platform for managing complaints via Reclame Aqui, the country's most visited complaints and reputation site. Meanwhile, our Spain & Portugal business unit took further steps to improve the customer journey by redesigning the purchasing process for insurance products to be more personalized and user-friendly. Aegon's health insurance customers in the region have also received new features, including a telemedicine service that allows policyholders to speak to a doctor from the comfort of their own home.

We measure customer satisfaction in our core markets in terms of benchmarked Net Promoter Scores (SM) (NPS®), which are obtained by surveying customers about their experiences. We aim for scores that are in line with, or above, the average of our industry peers. Aegon's quality control process for NPS®, including the approach and methodology, is centrally ensured, while individual business units are responsible for commissioning field studies, monitoring and communicating results, as well as guiding and monitoring follow-up actions or improvement programs.

In 2022, Aegon's businesses in its core markets saw mixed NPS outcomes. Our US business, Transamerica, performed in line with the market average, while Aegon UK and Aegon the Netherlands were below the market average.

Despite increasing market-wide customer concerns in the United States, as shown by the decrease in market NPS®, Transamerica still performed in line with the market average for both life and retirement. In the United Kingdom, the NPS® outcome was in line with expectations, given service challenges during the year and customer concerns relating to financial market unrest throughout 2022.

The NPS® improvement realized by Aegon the Netherlands in recent years is slowing. Despite an improved customer service experience during the past few years, there is still a lack of emotional connection with the customer, which is even more relevant in these times of economic uncertainty.

For further details of Aegon's NPS® outcomes, please see page 429 of this Integrated Annual Report.

What does financial wellbeing look like to you?

With people living longer, it is time to rethink the traditional industry concept of financial security.In the United Kingdom, Aegon is building on its previous work with the Initiative for Financial Wellbeing and Edinburgh University, by advancing research on the topic of financial wellbeing.

Our conclusion is that being financially well is about more than just money; to live their best life, people also need to take steps to improve their financial mindset.For example, the research shows that the more clearly someone can visualize their future financial status, the more likely they are to achieve the kind of retirement they want. We have therefore identified 10 different building blocks that contribute to an individual's financial wellbeing:

- Money building blocks: income, long-term savings, a strong safety net, debt, assets
- Mindset building blocks: happiness, future self, written plans, social comparisons, long-term perspective

A series of customer-focused applications are being designed around these concepts. In 2022, we began developing the second iteration of the Future Self Tool, which helps future retirees envisage what life will look like after retirement. Aegon UK also updated its website with articles, podcasts, and other informative content on the subject of financial wellbeing.

Reaching more customers through responsible products

At Aegon, our purpose of *Helping people live their best lives* extends to the many, not the few. We aim to help all customers enjoy a long, healthy, fulfilling life, including individuals such as low-income earners, who have traditionally been underserved by the financial services industry. Around the world, we have dedicated policies in place to protect vulnerable customers. These go hand in hand with our strict processes for product development and lifecycle management, to ensure that the products we design meet the specific needs of our customers. We also focus on distribution. Through our partnership with World Financial Group, we serve customers in the US market who include first- or second-generation immigrants who may require financial advice in their native language.

At the same time, we recognize we can do more to be more inclusive in our product offering, and provide a broader range of responsible investment and protection solutions. As part of our Sustainability Roadmap 2025, we will conduct further research to determine how we can better serve our customers with responsible solutions and translate our findings into new or existing propositions.

The events of 2022 further underlined the importance of our responsible products approach, as high inflation and the rising cost of living began to have an impact on consumers in our core and growth markets. At the start of the year, WinSocial, our Brazilian insurtech platform, presented its expanded portfolio of life micro-insurance products aimed at customers typically penalized or excluded by the insurance market due to pre-existing health conditions. As well as diabetes patients, the new portfolio also covers people with HIV, hypertension, and obesity, as well as those with a history of breast, prostate, and non-melanoma skin cancer.

In the Netherlands, we continued to offer a "bespoke service" for customers experiencing difficulties paying their mortgage, which aims to help people identify the root cause of their financial issues. Aegon the Netherlands also continued to offer flexibility to mortgage customers experiencing challenging life circumstances, such as divorce, gaps in their state pension, or the death of a loved one. Meanwhile, we increased the accessibility of our Dutch digital banking platform, Knab, by extending our investing service to include self-employed individuals and by introducing a "workation" insurance product for entrepreneurs looking to take time out from their careers.

The success of Aegon's responsible products approach is measured by the company's ability to provide transparent product information in line with industry regulation. The sustainability performance indicator we use in relation to this material topic is the number of significant fines we receive in relation to the mis-selling of products. In 2022, no significant fines were imposed on Aegon.

Promoting financial awareness, and health and wellbeing

Communication is an important driver of quality customer relationships at Aegon. Furthermore, providing clear and transparent information directly supports our approach to responsible products, by making it easier for people everywhere to engage with products and services that can support their financial health, together with their wider wellbeing.

At the end of 2022, the US Congress passed two important pieces of legislation intended to enhance financial awareness and encourage retirement savings. The first, the SECURE 2.0 Act, is a broadly supported package of retirement-related reforms primarily aimed at encouraging small business owners to offer qualified retirement plans to their employees either through pooled plan arrangements or individual plans. Transamerica is a leading record keeper of pooled plan solutions and is optimistic that this legislation will result in more people saving for their financial futures.

The second, the Registered Index Linked Annuity Act (RILA), requires the Securities and Exchange Commission to finalize a RILA-specific registration statement that should allow issuers like Transamerica to register new products and changes to existing products more quickly and provide consumers with more tailored product disclosures.

In the Netherlands, the new style defined contribution pension provider, Aegon Cappital, organized webinars to help pension plan participants get to know the business and better understand the workings of Aegon's pension schemes. Furthermore, our Transamerica Employee Benefits business launched an email-based wellness campaign to help intermediary customers, including brokers and employers, engage with company employees on relevant issues. Topics included strategies for people to improve their financial wellbeing and overall health, as well as advice regarding health screenings and wellness benefit riders, and filing health insurance claims.

A further focus during the year was on helping existing and prospective Aegon customers to develop their general financial literacy and their understanding of issues with the potential to impact their long-term financial security.

In 2021, Aegon acquired Pension Geeks, a UK-based educational platform aimed at fostering engagement with financial topics. 2022 saw the launch of Pension Geeks TV and a new financial education platform. Pension Geeks also facilitates Pension Awareness Week, an industry-wide event aimed at promoting the importance of pensions and investing.

Employees

Aegon's success depends on maintaining a skilled, motivated, and purpose-led workforce. Our employees are the starting point for how we add value to our stakeholders and realize our purpose. In an evolving operating landscape, our focus is on helping our people develop themselves and adapt to the changing world around us. At the same time, we are working to build an inclusive and diverse workplace culture in which people can be their true selves, and that reflects the diversity of the communities we serve.

Engaging our global (hybrid) workforce

Maintaining an engaged and aligned workforce remained a top priority in 2022, as our organization continues to change shape due to our transformation program, as well as the ongoing transition to hybrid working. Over 2022, our employee engagement increased by two points to 70%. This is driven by significant improvements in areas previously identified as drivers for engagement, one of which is leadership. Employees increasingly experience that leaders have a vision for the company and see leaders role-modeling the vision. As a result the outcome for "Leadership" increased by four points against the previous year to 61%.

The introduction of our new purpose greatly contributed to providing employees with vision and perspective. At the start of the year, we introduced the new purpose to all employees via a company-wide virtual launch event. Our next step was to help our teams and country units around the world embed the purpose, along with our accompanying Best Life behaviors (see the box out Our Best Life behaviors on page 31), in their respective work practices and programs. As part of our Perform and Develop cycle, employees set self-development goals that require them to address a specific behavior and reflect on their progress at the end of the year. The identified behaviors also provide the foundation for our renewed recognition program, with colleagues encouraged to recognize peers who embody the behaviors in their day-to-day activities.

In our regular employee surveys, we also track how our culture is developing. In the third-quarter 2022 edition of the survey - only nine months after the launch - 71% of Aegon employees agreed that they know what the new purpose and behaviors are.

Our Best Life behaviors

We tune in

- We serve a diverse, ever-changing world and work tirelessly to stay relevant
- We are curious and never stop learning from our customers, each other, and the wider world
- We ensure all people around us feel seen, heard, and valued

We step up

- We are a company of ambitious, positive problem-solvers who get things done
- We excel by committing, following through, and finishing what we start
- We are a team, not a group of individuals. Collaboration is our life force

We are a force for good

- It is our duty to leave things better than we find them
- We speak up, ask for help, and think before we act
- We prove our integrity daily, through our words and actions

In 2022, the easing of the COVID-19 pandemic throughout much of the world enabled Aegon to reopen many of its locations. We have embraced hybrid working as we believe it helps our people to have a full professional life. A healthy balance between working in and out of the office helps us to stay tuned in and perform at our best. To help people adjust back to a life that also includes the office, we strengthened our hybrid working model, which now offers people specific guidance and advice according to their role.

Recent survey results show that 90% of Aegon employees feel they are working productively as part of the new hybrid way of working. Also important is that within the new way of working, the sense of wellbeing is improving. With an increase of five points over the year, employees are increasingly feeling that their stress levels are manageable. Given that there remains a discrepancy between the percentage of people who have positive experiences working remotely (93%) versus working in the office (67%), we continue to explore ways to make the office an engaging and impactful place to be.

To that end, employees are encouraged to use their time in the office in ways that directly support business objectives. Aegon's leaders are also asked to be a visible and accessible presence in the office wherever possible. In all locations and offices, a wide variety of events and opportunities are created to maintain and strengthen connections and collaboration.

Toward the end of 2022, the announcement that Aegon will combine its Dutch businesses with a.s.r. was particularly felt by employees in the Netherlands, Asset Management, and Corporate Center. Given time to absorb these changes, the power of the combination is widely recognized by employees. For individuals, the changes inevitably lead to uncertainty which is why there is a strong focus on communications and a commitment to bring clarity where and when we can. At the same time, disentangling the Dutch businesses and managing the transition to a.s.r. creates unique professional opportunities for people at all levels.

A focus on talent management

Across Aegon, a further priority remained equipping people with the necessary capabilities and leadership skills to support Aegon's transformation journey and meet the changing needs of the business. A focus on people development is also key to employee engagement. Employees increasingly see career development opportunities for themselves at Aegon, reflected in a 5 points increase in 2022. In spite of the increase, we still score below benchmark and we will continue our focus in 2023. During 2022, senior leaders took part in the Best Life Leadership program, which aims to provide leaders with the inspiration, challenge, and support they need to steer the organization and its people in living Aegon's purpose and behaviors. In the United Kingdom, we introduced a new program to help colleagues with the ambition of becoming a people manager. So far, of 97 participants of the Aspiring Managers Program, 34% have stepped into a managerial role since participating in the program.

We also completed our employee-focused capability-building program, Ability2Execute, which aims to help people develop essential implementation capabilities and skills. Worldwide, one-third of all Aegon employees have taken part in the program, which provides people with virtual learning sessions on a wide range of professional development topics, including effective prioritization, structured communications, and change management.

In an increasingly challenging labor market, the need to attract, retain, and develop high-quality talents has become all the more important in 2022. In the United States, Transamerica expanded its university relations and internship programs. The number of interns taking part in these programs grew from 115 in 2021 to 160, while the proportion of participants taking up positions with Aegon on completing their internship doubled from 15% in 2021 to 30% in 2022. We also sponsored the introduction of new technical programs at local universities, to help drive the awareness of our brand on campus.

Mentoring at Aegon AM

At Aegon, we believe that mentoring plays a key role in building an inclusive culture. Experience shows us that when employees experience mentorship from peers, they are more likely to feel included at work regardless of formal inclusion systems in place.

In early 2022, Aegon Asset Management launched Aegon's first digital mentoring platform as a pilot for colleagues globally. The platform is open to all Aegon AM employees, who can join as a mentor or mentee, or both, with some 300 employees taking part within the first six months of launch. It has helped colleagues identify strengths and areas for development, lead change, and cope with difficult situations, and helped to prepare aspiring leaders of the business.

Building an inclusive and diverse organization

At Aegon, we are working to build an inclusive and diverse culture that encompasses all aspects of the employee experience, starting with talent attraction. In recent years, specific attention has been directed toward addressing the gender imbalances that persist in financial services. In 2022, Aegon's country units continued to refine their hiring practices with a focus on inclusive recruitment, through gender-balanced candidate slates and interview panels. Furthermore, Aegon Asset Management continued to develop its partnerships with early careers programs, such as Girls are Investors and Investment 20/20, with a focus on creating a more inclusive investment industry. Aegon AM also took part in the launch of the Future Female Fund Managers Programme, a UK-led initiative to address female under-representation in fund management.

During the year, Aegon UK also set a long-term gender-diversity target to achieve a 50:50 gender split at all levels of the business, and helped to launch the Accelerating Change Together (ACT) research program organized by Women in Banking and Finance (WIBF). For year one of ACT, the focal point was the "Missing Middle," a research program exploring the lack of a strong female talent pipeline into senior financial services roles. Subsequent findings have led to the development of the GOOD FINANCE Framework to help companies create a more supportive work environment for their employees. Aegon UK is currently implementing several of the Framework's recommendations, including encouraging flexible and autonomous working styles and helping managers to develop an empathetic and inclusive leadership style.

Indeed, people development plays a central role in shaping a more inclusive culture at Aegon. In 2022, Aegon AM extended its Inclusive Leadership training program, with 150 senior leaders from across the business taking part in specialized development, while education on inclusion and diversity was made mandatory for all existing employees as well as new joiners. The company also launched a program to educate people on the differences between national cultures, to enhance collaboration between international colleagues. Transamerica invested in developing employee resource groups (ERGs; see Sustainability, page 23), in keeping with the approach taken in Aegon's other core markets.

More generally, as our workforce and communities become more diverse, at Aegon we are taking steps to create a more inclusive and supportive environment for our employees. In 2022, Aegon the Netherlands expanded its employee leave policies. All employees in the Netherlands are now entitled to the various types of care leave set forth in the Dutch "Work and Care Act" (WAZO). Furthermore, they are allowed to exchange up to two Dutch national holidays per year for holidays befitting their specific religious or cultural background, such as Eid al-Fitr, Chinese New Year, or Passover. During the year, Aegon AM also introduced gender-neutral parental leave for its UK-based employees.

In the United States, we underlined our commitment to fostering racial equality in our local communities by donating to relevant causes via the Transamerica Foundation, as well as by making a public statement in support of racial equity. Transamerica also scored a perfect 100 on the Corporate Equality Index (CEI) rating, earning a "Best Place to Work for LGBTQ Equality" designation for the sixth year in a row.

New legislation came into force in the Netherlands in 2022 aiming to improve the gender diversity on corporate boards of listed and large companies. The Act on Gender Diversity at the Top requires Aegon the Netherlands to set ambitious targets for gender diversity, create a plan to achieve those targets and report on progress. Please refer to page 412 for further details on what the Act entails and how we are complying with it.

Partners and suppliers

At Aegon, we seek to maintain a diverse global network of like-minded partners and suppliers who align with our purpose and values. These partnerships support our ambition to operate a successful and responsible business and create long-term value for all our stakeholders. In 2022, we continued to follow best-practice ESG criteria and requirements as part of our supplier selection and development activities, as well as our ordering processes. With this approach, we aim to improve the impact of our supply chains on society and the environment, while also delivering commercial and reputational benefits for the companies we work with.

Building a responsible supply chain

Building a responsible and transparent supply chain is central to our sustainability ambitions and is a key element of our Sustainability Roadmap 2025 (see "Sustainability", page 22). As a diversified global business, Aegon seeks to drive company-wide alignment in this area, with tools such as the Vendor Code of Conduct. Our progress on this important topic is measured through sustainability performance indicators that have been jointly defined by Aegon's Procurement and Finance teams.

In 2022, the Procurement team expanded its EcoVadis program. With the support of this leading sustainability ratings platform, the program seeks to contribute to the Sustainability Roadmap 2025 by increasing transparency surrounding the sustainability performance of Aegon's strategic supplier base. By the end of 2022, the EcoVadis program covered 72% of our procurement expenditure involving the 250 largest vendors to our organization, up from 59% in 2021, while the total vendor expenditure coverage increased from 51% to 64%. Further indicators regarding the program can be found on page 435 of this Integrated Annual Report.

During the year, Aegon also undertook the tendering process for the mandatory rotation of its auditor, a thorough process involving all business units. The outcome is that Ernst & Young Accountants LLP (EY) will be appointed as Aegon's new auditor, effective January 1, 2024, pending approval at the 2023 Annual General Meeting of Shareholders. The tender's selection criteria emphasized the composition of the proposed supplier teams, supporting our ambition to help increase the diversity of our supply chains. During the process, the bidding audit firms changed the composition of their teams to meet our inclusion and diversity requirements.

Third-party risk management at Aegon the Netherlands

Aegon remains accountable for ensuring business continuity and reliable service for its customers, even when outsourcing critical activities. At the end of 2021, Aegon the Netherlands initiated a program to further improve its third-party risk management capabilities, with a view to increasing role clarity when selecting third parties, and monitoring and exiting supplier relationships. The program ensures that multiple disciplines, including Business Owners, Procurement & Vendor Management, Information Security, Privacy Office, and Risk and Compliance, all contribute to assessing and anticipating the inherent risks to our supply chain.

To ensure business continuity for its customers, Aegon must be prepared to manage a range of potential scenarios, from cyberthreats, to third parties experiencing a default situation. New regulation, such as the European Union's impending Digital Operational Resilience Act (DORA), highlights the importance of further maturing our approach to third-party risk management and due diligence, and embedding this more firmly in our procurement processes.

Working with responsible vendors in the United Kingdom

In the United Kingdom, Aegon has committed to various initiatives to support responsible procurement and supply chain stewardship. We work closely with our partners to promote high standards of business conduct, as reflected in our Vendor Code of Conduct. Aegon's Tier 1 suppliers must provide evidence that they meet these standards on an annual basis and are encouraged to register for assessment by EcoVadis, the leading sustainability ratings platform, or with an assessment body of their choice. Aegon UK is also a member of Social Enterprise UK, a membership body that helps businesses include social enterprises in their supply chains. In 2022, expenditure on social enterprises as part of our UK procurement activities met our target of GBP 100,000.

In 2021, Aegon UK was formally recognized as a Living Wage Employer. The business has since been working with its on-site suppliers in the United Kingdom to make positive changes to their remuneration structures as part of their internal pay review cycles. The proposed increase is intended to reflect the rise in the real living wage, as announced by the UK government in September 2022.

In 2022, Aegon UK identified 46 existing suppliers that it aims to collaborate with on matters related to sustainability. 50% of the potential suppliers are already undertaking sustainability assessments via EcoVadis or an equivalent provider, and 57% have made public commitments to reach net zero. Aegon UK will spend time working with each company to understand their potential contribution to the company's scope 3 emissions and to agree on plans to reduce those contributions in future years.

Promoting supplier diversity at Transamerica

Through its Supplier Diversity Program, Transamerica actively seeks out certified diverse suppliers that can provide competitive, high-quality goods and services. In 2022, we undertook a concentrated effort to further expand our portfolio of registered diverse suppliers in the United States and maintain year-on-year growth in terms of the proportion of our addressable spend invested with diverse suppliers.

During the year, Transamerica also explored other strategies to reduce the environmental impact of its procurement activities. These included reducing the print, paper, and carbon emissions associated with mailing correspondence to clients and prospects, as well as working with third-party suppliers to digitize information for policyholders and agents through online self-service portals. In 2022, Transamerica eliminated the need for over three million envelopes by combining mailings into a single envelope, saving USD 1.4 million in expenses.

Investors

In 2022, Aegon made further progress in delivering on its strategic and financial commitments, despite an uncertain economic landscape and volatile financial markets. Against this challenging backdrop, we performed well, a testament to the strength of our strategy.

Solid financial performance

Building on the progress made on its transformation program, Aegon increased its expectations for cumulative free cash flow over the 2021–2023 period from between EUR 1.4 and 1.6 billion to at least EUR 2.2 billion. Our units also delivered operating capital generation of EUR 1.5 billion, significantly above the EUR 1.2 billion guidance for 2022 provided at the start of the year. This allows us to target a dividend of around 30 eurocents per common share over 2023, barring unforeseen circumstances. We increased the dividend target from 25 eurocents per common share previously. This also reflects the anticipated benefits from the transaction with a.s.r., including the expectation that the transaction will be accretive to free cash flows per share once the announced deleveraging and capital return to shareholders is completed.

In 2022, Aegon increased its interim dividend by 3 eurocents to 11 eurocents per common share and will propose to increase the final dividend by 3 eurocents to 12 eurocents per common share at the 2023 Annual General Meeting of Shareholders. In addition, we executed a share buyback program of EUR 300 million in three tranches between the second and fourth quarter of 2022. In total, Aegon delivered EUR 713 million in the form of dividends and share buybacks to shareholders in 2022.

At the end of 2022, Aegon had a gross financial leverage position of EUR 5.6 billion. This delivered EUR 223 million value in the form of interest payments to bondholders.

Value derived from share performance

Aegon's share price rose by 7% in 2022. This resulted in the company outperforming the wider European insurance industry, with the STOXX Europe 600 Insurance Index ending the year down by 2%. We believe the relative overperformance was supported by the appreciation of the US dollar, progress made on our operational improvement plan, and management actions to improve our risk profile. Our total shareholder return for the year amounted to a gain of 12%. This measure considers the payment of dividends as well as share-price performance.

Safeguarding long-term value

We are taking steps to further strengthen our balance sheet. This allows for attractive and sustainable capital deployment decisions, which generate value for our investors over the longer term. With the debt tender offer executed in 2022, Aegon reduced its financial leverage by EUR 429 million during the year. This enabled us to achieve our gross financial leverage target of between EUR 5.0 billion and EUR 5.5 billion, accounting for the fact that this target was set at an EUR/USD exchange rate of 1.20.

Capital deployment decisions are driven by Cash Capital at Holding, taking into account our gross financial leverage target range and planned management actions to further improve the company's risk profile. Cash Capital at Holding is supported by free cash flow, which is defined as the amount of cash available from remittances from country units after subtracting the holding funding and operating expenses, the latter resulting from paying interest to bondholders, for example. At Aegon, we seek to distribute free cash flow to shareholders over time, unless we invest it in value-creating opportunities. We expect to pay dividends to shareholders in line with growth in sustainable free cash flow, barring unforeseen circumstances.

Society

As an investment provider and responsible business, Aegon can play a central role in addressing a range of social and environmental issues. Increasingly, we see opportunities to use our influence to help create a healthier, more equitable, and more inclusive world. We seek to add value through our community investments and volunteering efforts, as well as by helping individuals and communities take steps toward a cleaner, healthier planet.

Working with society to tackle climate change

At Aegon, we aim to use our influence at the center of the financial services value chain to effect positive change and address key societal issues that are affecting our stakeholders. Increasingly, our focus is on tackling the growing impact of climate change on the environment and society.

In tandem with company-wide efforts to tackle climate change, including through its investment activities (see "Sustainability," page 21), Aegon also works closely with customers, partners, and communities at a local level to support the transition to a more sustainable and climate-resilient society. In March, Aegon Asset Management co-launched a new USD 600 million decarbonization venture in the United States. The partnership will see Aegon and its joint venture partners, private equity firm Taurus Investment Holdings, acquire value-add multifamily properties. The homes will then be converted into low-carbon, energy-efficient buildings by deploying modern clean-energy technologies such as community solar installations.

In October, Aegon and Taurus closed their second and third multifamily investments under the new venture, in the Tampa and Orlando submarkets. Elsewhere in the United States, Transamerica and Aegon Asset Management became the primary investors and anchor tenants in a new community solar garden in Iowa (see box out Helping to bring clean energy to the community in Cedar Rapids).

Responsible tax

Aegon makes a valuable economic and social contribution to the communities in which it operates through the company's own tax payments as well as the collection and payment of third-party taxes. We seek to pay "fair taxes," namely by paying the right amounts of tax in the right places. Published online, our Global Tax Policy outlines our approach to responsible tax, which seeks to align the long-term interests of our customers, employees, business partners, investors, and wider society. In 2021, we also began publishing a Global Tax Report to provide a comprehensive overview of our approach to tax and our tax contributions on a country-by-country basis. Aegon adheres to the VNO-NCW Tax Governance Code, as published on https://www.vno-ncw.nl/taxgovernancecode; for further details, please refer to Aegon's Global Tax Report.

Investing in our communities

As in previous years, in 2022 Aegon's business units supported local causes that align with the company's purpose and ambitions. Our community investment initiatives are aimed at serving and strengthening our local communities on the one hand, while also enabling our employees to engage with their communities and promote our purpose and sustainability approach.

In 2022, Aegon supported 493 charities and good causes. Our donations amounted to EUR 10.6 million, a 13% increase compared with 2021. Much of this investment was driven by our Charitable Donations Standards, which require country units to allocate at least 50% of their annual donations to causes that directly support financial security and personal wellbeing. Aegon employees recorded 16,911 volunteer hours in 2022 (equivalent to EUR 1.2 million, based on volunteers' average salaries).

Recent challenges such as the war in Ukraine and the rising cost of living have made our charitable contributions more important than ever. In February 2022, Aegon made a company-wide donation of EUR 1 million to the Red Cross to support the humanitarian effort for Ukraine and its citizens.

Helping to bring clean energy to the community in Cedar Rapids

In July 2022, US-based energy company, Alliant Energy, welcomed Transamerica and Aegon Asset Management as anchor tenants in a new 4.5-megawatt solar garden being constructed close to Transamerica's offices in Cedar Rapids, Iowa. Transamerica and Aegon Asset Management have committed to purchasing 60% of the garden's solar blocks.

The solar garden will not only supply clean energy to the Transamerica facilities, but also to homes in Cedar Rapids and local non-profit organizations. One of the main beneficiaries will be Cedar Valley Habitat for Humanity, a non-profit housing ministry dedicated to providing affordable homes for local families. Alliant Energy will donate solar blocks to the charity, and expects to issue up to USD 600,000 in energy bill credits to Habitat for Humanity's participating residents over the garden's 20-year lifespan.

Cybersecurity and data protection

Cybersecurity and data protection is a material topic that has potential ramifications for all Aegon stakeholders. This includes wider society: given our central role in the financial ecosystem, incidents such as cyberattacks and data breaches can lead to far-reaching impacts that extend beyond our direct customers and partners.

Aegon's coordinated security governance approach is designed to prevent cyber issues and minimize the impact of any potential disruption for all parties. It includes standardized procedures to remediate data breaches and minimize the influence of future privacy-related incidents.

The core elements of our governance approach for cybersecurity include:

- Global Chief Information Security Officer (CISO) responsible for the execution and oversight of Aegon's company-wide security strategy and day-to-day security operations.
- Information security officers responsible for execution and oversight in all relevant business units.
- Dedicated information security teams in business units responsible for the execution of security functions in alignment with global and local regulations.
- Global Information Security Advisory Counsel (GISAC) to support collaboration between information security functions on a company and business unit level, as well as with other supporting functions, such as Risk, Audit, and Legal/Privacy.

In 2022, Aegon introduced a set of new information security metrics to measure the outcomes of its security initiatives, as well as the effectiveness of the existing security controls. One of our key metrics for cybersecurity is the proportion of employees completing annual training on information security. In 2022, 95% of Aegon employees completed this training.

To secure and monitor data privacy compliance, Aegon has policies and procedures in place to support privacy compliance at a company and business unit level. The policies are updated within predefined intervals and supported by a strong privacy control framework to ensure ongoing privacy maturity measurements. Regular audits are conducted to assess compliance with relevant laws, regulations, and policies, as well as the Aegon Privacy Control Framework and its governance. Each breach is carefully assessed and remediation is applied as close to the event as possible. Following a breach, a root cause assessment is executed, so that Aegon can learn from the event and implement sustainable improvements to limit potential recurrence.

The core elements of our governance approach for data privacy include:

- Group Chief Privacy Officer, responsible for privacy compliance strategy and privacy oversight.
- Data Protection Officers in individual business units, responsible for executing the statutory tasks of the Data Privacy Office (DPO) function.
- Operational privacy teams in relevant business units, to execute privacy advisory, control testing, and attestations.
- Privacy Executives, accountable for privacy compliance at a business unit level. Privacy Executives are often part of the Executive Board or relevant management committees.

One of our key metrics for data protection is the proportion of employees completing specific training on personal data security. In 2022, 98% of Aegon employees completed this training.

See page 371 for more details of Aegon's approach to cybersecurity and data protection.

Performance in 2022

Financial markets in 2022 were dominated by high inflation levels and rising interest rates. The more restrictive central bank policy combined with the fall-out from the war in Ukraine led to a deterioration of the global economic outlook. Credit spreads generally widened and important equity markets declined during the year as a result.

These developments negatively impacted Aegon's financial results. Despite challenging market circumstances, we made significant progress in further strengthening our balance sheet and in improving our operational performance. We made steady progress against our 2023 targets, meeting the targeted cumulative free cash flow for the period 2021 to 2023 a year ahead of schedule, overdelivering on the operating result benefit from the operational improvement plan, and reducing the financial leverage to within the targeted range. We also announced the combination of the businesses of Aegon the Netherlands with a.s.r. to create a leading Dutch insurance company.

Financial performance

The operating result amounted to EUR 1.9 billion in 2022 and was stable compared with 2021. The result was supported by expense savings, benefits from growth initiatives, improved claims experience, and strengthening of the US dollar. This was offset by lower fees due to adverse market movements and outflows in Variable Annuities and Asset Management. Our net result amounted to a loss of EUR 2.5 billion for 2022, mainly driven by higher Other charges in 2022 as a result of an impairment loss related to the transaction with a.s.r.

Despite volatile markets, each of our three main units increased their capital ratios compared with year-end 2021 and remained above their respective operating level. This underscores the effectiveness of the actions we have taken to improve our risk profile and to reduce the volatility of our capital position. This includes setting up a voluntary reserve for Variable Annuities, a lump-sum buy-out program for certain variable annuity products, achieving additional long-term care rate increases, and freeing up capital by reinsuring the legacy universal life portfolio of Transamerica Life (Bermuda) to Transamerica.

We also completed the divestment of our business in Hungary in 2022. This provided us with the financial flexibility to buy back shares for an amount of EUR 300 million and to execute a EUR 429 million tender offer for certain subordinated bonds. This lowered our gross financial leverage to within the deleveraging target range of EUR 5.0 to EUR 5.5 billion, based on the euro/US dollar exchange rate when we set our deleveraging target. Free cash flows increased from EUR 729 million in 2021 to EUR 780 million in 2022, and contributed to the increase in Cash Capital at Holding to EUR 1.6 billion at the end of 2022, above the operating range of EUR 0.5 billion to EUR 1.5 billion. We have therefore announced a new EUR 200 million share buyback program, underscoring our disciplined capital management and commitment to return surplus capital to our shareholders.

As of year-end 2022, the operational improvement plan has resulted in an operating result uplift of EUR 627 million, with 92% of targeted expense savings achieved, compared with the target of a EUR 550 million uplift by the end of 2023.

As a result of the progress we have made, both strategically and financially, we will propose a final dividend for 2022 of 12 eurocents per common share. This brings the full-year dividend to 23 eurocents per common share, compared with 17 eurocents over 2021.

We will continue to make further progress in delivering on our strategic objectives and financial targets. We expect at least EUR 1 billion of operating capital generation from our units outside the Netherlands in 2023, barring unforeseen circumstances. This reflects an expected increase in new business strain as we aim to profitably grow our US business. Free cash flow, excluding remittances from Aegon the Netherlands but including the interim dividend that we expect to receive from a.s.r. in 2023, is expected to amount to around EUR 600 million in 2023. We target a dividend over 2023 of around 30 eurocents per share, 5 cents more than we communicated at the 2020 Capital Markets Day.

Further information on our performance in 2022 can be found in the Results of operations section on page 110.

Financial targets 2021-2023

Reduce leverage	**EUR 5.0-5.5 billion** Gross financial leverage target
Implement expense savings	**EUR 400 million** Lower addressable expenses vs. 2019
Increase free cash flows	**EUR 1.4-1.6 billion** Cumulative free cash flows over 2021-2023
Distribute capital to shareholders	**Around EUR 0.30 dividend per share over 2023**

Non-financial performance

In line with Aegon's purpose, the non-financial performance of the company is a key element of how we support people to live their best lives. In 2021, we strengthened our vision on sustainability and in 2022 we further integrated this approach in our performance. We delivered on this by completing our initial double materiality assessment, embedding the new governance model for sustainability, and developing the Sustainability Roadmap 2025.

Following the good progress in 2021, our new sustainability governance has enabled us to establish a wide range of activities, targets, and milestones for our non-financial performance. We continued with the migration of sustainability reporting to our finance department, bringing our non-financial reporting practices more in line with the financial performance reporting. We have also built upon the level of ambition for our two priority themes, climate change and inclusion and diversity, setting new targets and allocating clear responsibility for progress with sustainability leaders across the business.

Our initial double materiality assessment confirmed our priority themes as the most material for our business. We continued to develop our reporting process for key non-financial performance metrics, to support transparency, to give a clear view of progress on these topics, and to ensure we are prepared for incoming regulatory requirements. Particularly, we are building a clearer view of performance on the KPIs we introduced in 2021 for our priority themes.

With regard to climate change, our weighted average carbon intensity (WACI) for our corporate fixed income and listed equity in our general account assets is showing a reduction that is in line to meet our 2025 goal. We have also reduced our absolute operational carbon emissions and are on track to meet our target.

For inclusion and diversity, the KPI for the percentage of women in senior management is increasing and we are making further progress on this topic through the newly-adopted company-wide strategy on inclusion and diversity.

With these metrics, we are building a better view of our performance toward our sustainability ambitions. We are also maturing our approach and increasing our skills and experience in non-financial performance reporting. To ensure we continue to report on the most material topics for our business we will regularly review the topics deemed material and the resultant non-financial KPIs to ensure transparency and clarity of performance on the issues of most concern to our stakeholders.

The rationale for our non-financial KPIs is detailed below.

1. Aegon wants to be there for its customers. This means providing solutions that create long-term value and developing products and services that fully meet their needs and expectations at every stage of their lives.

   Customer satisfaction in each of our core markets, which is measured by benchmarked Net Promoter Score(SM), should be in line with or above the average of those of our industry peers.
   - Our US business, Transamerica, performed in line with the market average, while Aegon UK and Aegon the Netherlands were below the market average. The performance in Aegon UK reflects service challenges during the year. Market uncertainty has also led to customer concerns across all our markets.

2 For us to deliver on our promises to all our stakeholders, it is important that our employees are fully engaged and motivated to contribute to this task.
- The employee engagement score in 2022 increased by 2%-points to 70%. All the main drivers of engagement (leadership, recognition, career, and levels of stress) improved compared to 2021. We believe this has been driven by the launch of our revitalized purpose and behaviors.

3 At Aegon, we value a diverse workforce, because we believe including different perspectives is critical for richer debates and innovation.
- The proportion of female representation among our senior management increased from 34% to 36% in 2022.

4 Aegon seeks to ensure the reduction of the weighted average carbon intensity of the company's investment portfolio, in line with our net-zero ambitions.
- In 2022, the weighted average carbon intensity of our own investment portfolio reduced by 20% compared with 2019. This means we are on track to meet our target for a 25% reduction in the carbon intensity of our corporate fixed income and listed equity in our general account by 2025.

5 Aegon is aiming to reduce our absolute operational carbon emissions (scopes 1&2).
- In 2022, the operational carbon footprint fell by 59%. This is well ahead of our target of a 25% reduction in absolute operational carbon emissions by 2025, compared with the 2019 baseline.

To further embed the above non-financial KPIs in our operations, the KPIs were reflected in the remuneration targets set at both a company-wide and individual level in 2022. The remuneration targets for our Executive Board members are required to be comprised of at least 50% non-financial performance indicators, of which sustainability has been a mandatory performance indicator category since 2020. In 2022, 17% of the performance indicators for Aegon's Executive Board members were related to sustainability. The indicators covered the further integration of sustainability into the company strategy, employee engagement, and the increased presence of women in senior management.

Further information on our non-financial performance in 2022 can be found in the table Non-financial key performance indicators on page 395 of the Non-financial information section in this report.

Non-financial targets 2023-2024

Customers	• Customer satisfaction in each of our core markets (measured by benchmarked Net Promoter Score(SM)) should be in line with or above the average of our peers
Employees[1]	• A 72% employee engagement score for 2023, measured through our Global Employee Survey • Minimum level of 38% of female representation amongst our senior management for 2023
Society	• At least 25% reduction in weighted average carbon intensity of our corporate fixed income and listed equity in our general account by 2025 • 25% reduction in absolute operational carbon emissions (Scopes 1&2) by 2025 against 2019 baseline • Invest USD 2.5 billion in activities to help mitigate climate change or adapt to the associated impacts by 2025 • Engage with at least the top 20 corporate carbon emitters in the portfolio by 2025

1 Aegon the Netherlands has been placed out-of-scope due to the expected divestment.

Governance and risk management 2022

Letter from our Supervisory Board Chairman

William Connelly - Supervisory Board Chairman Aegon

In difficult circumstances, Aegon's management has continued to guide the company's transformation journey, with a focus on delivering sustainable value for its stakeholders.

2022 was marked by extensive external challenges, including the war in Ukraine, the disruption of energy markets, and a volatile macroeconomic environment. In these exceptional times, I was pleased to see Aegon maintain a steady pace in implementing its strategy and delivering on its key strategic priorities. This has led to solid results and continued strong capital positions. At the same time, the company has taken further steps to realize its purpose and make sustainability a central pillar of its strategy. It is clear that, more than ever, Aegon's aspirations extend beyond financial performance to creating long-term value for all stakeholders, including society and the environment.

Closing the sale of Aegon's businesses in Hungary and Turkey to Vienna Insurance Group was an important step in increasing the strategic focus of the company. Furthermore, Aegon internally reinsured a closed life insurance portfolio of Transamerica Life (Bermuda), freeing up USD 600 million in excess capital for Transamerica. Part of this was used to create a buffer that will substantially reduce the capital sensitivity of the US variable annuity book to equity markets.

Another significant milestone in the execution of the strategy was the announcement, in October 2022, that Aegon will combine its Dutch businesses with those of a.s.r. to create a leader in the Dutch insurance market. The Supervisory Board closely reviewed the implications of the transaction from the perspective of all stakeholders. After extensive discussions with Aegon's leadership and external advisors, we share their view that the combination serves the long-term interests of Aegon's customers and investors, and those of society at large.

Naturally, the transaction will also affect many of the company's employees. Change is never easy; however, I am confident that the combination with a.s.r. will create excellent opportunities for Aegon's workforce in the Netherlands, while also championing Aegon's proud Dutch heritage and local roots.

Building leading positions

This important transaction is just one example of how Aegon is pursuing its strategic priority of building leading positions in its chosen markets. Looking ahead, the company continues to execute growth initiatives in its other core markets, as well as in its growth markets, Brazil, China, and Spain & Portugal, and through its global asset manager.

In the United States, Aegon will continue to build on Transamerica's leading positions in both individual life insurance and the workplace pension business, investing capital to increase its market share profitably in selected product lines. In addition, Transamerica will continue to take management actions to further improve its risk-return profile. In the United Kingdom, meanwhile, Aegon is pursuing the profitable growth of the various distribution channels of its leading platform business by improving customer propositions, service capabilities, and digital experience for advisors, employers, and consumers. Furthermore, Aegon Asset Management will be able to leverage its global capabilities through its exclusive long-term partnership with a.s.r. for managing part of the combination's assets. In its growth markets, Aegon will continue to look to invest capital in value-adding growth opportunities.

Listening to Aegon's employees

As the organization changes shape, Aegon's ability to attract and retain talented people becomes increasingly important. In 2022, the Supervisory Board connected with Aegon employees on topics ranging from engagement to wellbeing, through talent sessions, employee gatherings, and regular meetings and visits.

These interactions highlight how Aegon is helping employees transition to new ways of working in the post-pandemic era. As offices have reopened, the company has strengthened its hybrid working model, and now offers employees specific guidance according to their role. Encouragingly, recent survey results indicate that 90% of Aegon employees are now working productively via the new setup.

Toward a strong and sustainable business

More widely, I welcome the steps Aegon is taking to address sustainability, and particularly the priority themes of inclusion and diversity and climate change, as identified by stakeholders. During the year, the Supervisory Board discussed, and closely monitored Aegon's progress in realizing its Net-Zero Asset Owner Alliance commitments.

Aegon is also strengthening its non-financial reporting and controls, and the Supervisory Board is enthused by the advancements being made in this area.

In the financial reporting sphere, the Supervisory Board participated in multiple deep-dive sessions about the implications and implementation of IFRS 17, which will apply to financial reporting after January 1, 2023. As part of our responsibilities, we have also been closely involved in the tender procedure to elect a new external auditor for the company as per the mandatory rotation requirements. After a sound and thorough selection process, we were pleased to recommend the appointment of Ernst & Young Accountants LLP (EY), subject to approval at the 2023 Annual General Meeting of Shareholders.

The Supervisory Board recognizes the importance of risk and compliance, and we are closely monitoring ongoing efforts to address these topics, with the support of relevant committees.

The Supervisory Board's efforts were supported by the addition of a new member, Karen Fawcett, and the reappointment of Corien Wortmann-Kool. The composition of the Board was again a key consideration in these appointments, as we continued to maintain a good balance in terms of gender diversity, nationality, and background. I also welcome the recent appointments of Astrid Jäkel and Deborah Waters to the Management Board, in their respective capacities of Chief Risk Officer and Chief Technology Officer.

On behalf of all members of the Supervisory Board, I again thank all Aegon employees for their valuable contributions to Aegon's purpose and strategic priorities. I also express my gratitude to the company's investors for their continued trust and confidence.

The Hague, the Netherlands, March 15, 2023

William L. Connelly
Supervisory Board Chairman, Aegon

A detailed report on the Supervisory Board and its activities during the year can be found on page 56 of this Integrated Annual Report.

Corporate governance

Aegon is incorporated and based in the Netherlands. As a company established and listed in the Netherlands, Aegon must comply with Dutch law and is subject to the Dutch Corporate Governance Code.

Aegon is governed by three corporate bodies:
- General Meeting of Shareholders
- Supervisory Board
- Executive Board

Aegon also has a Management Board. This works in unison with the Executive Board and helps to oversee operational issues and the implementation of Aegon's strategy. Aegon's corporate governance structure is the responsibility of both the Supervisory Board and the Executive Board. Any substantive change to this structure is submitted to the General Meeting of Shareholders for discussion.

The shareholders

Listing and shareholder base

Aegon's common shares are listed on Euronext Amsterdam and the New York Stock Exchange. Aegon has institutional and retail shareholders around the world. More than three-quarters of shareholders are located in Aegon's three main markets, the United States, the Netherlands, and the United Kingdom Aegon's largest shareholder is Vereniging Aegon, a Dutch association with a special purpose to protect the broader interests of the company (Aegon N.V.) and its stakeholders.

General Meeting of Shareholders

A General Meeting of Shareholders is held at least once a year and, if deemed necessary, the Supervisory or Executive Board of the company may convene an Extraordinary General Meeting of Shareholders. The main function of the General Meeting of Shareholders is to decide on matters such as the adoption of annual accounts, the approval of dividend payments, and (re)appointments to the Supervisory Board and Executive Board of Aegon.

Convocation

General Meetings of Shareholders are convened by public notice at least 42 days before the meeting. The convocation states the time and location of the meeting, the record date, the agenda items, and the procedures for admittance to the meeting and representation at the meeting by means of a written proxy. Those shareholders who alone or jointly represent at least 1% of Aegon's issued capital or a block of shares worth at least EUR 100 million may request items be added to the agenda of a General Meeting of Shareholders. In accordance with Aegon's Articles of Association, such a request will be granted if it is received in writing at least 60 days before the meeting, and if there are no important interests of the company that dictate otherwise.

Record date

The record date is used to determine shareholders' entitlements with regard to their participation and voting rights. In accordance with Dutch law, the record date is 28 days before the day of the General Meeting of Shareholders.

Attendance

Every shareholder is entitled to attend the General Meeting to speak and vote, either in person or by proxy granted in writing. This includes proxies submitted electronically. All shareholders wishing to take part must provide proof of their identity and shareholding and must notify the company ahead of time of their intention to attend the meeting. Aegon also solicits proxies from New York registry shareholders in line with common practice in the United States.

Voting at the General Meeting

At the General Meeting, each common share carries one vote. In the absence of a Special Cause, Vereniging Aegon casts one vote for every 40 common shares B it holds.

Supervisory Board

Aegon's Supervisory Board oversees the management of the Executive Board, in addition to the company's business and corporate strategy. The Supervisory Board must take into account the interests of all Aegon stakeholders. The Supervisory Board operates according to the principles of collective responsibility and accountability.

Composition of the Supervisory Board

Members of the Supervisory Board are appointed by the General Meeting of Shareholders, following nomination by the Supervisory Board itself. Aegon aims to ensure that the composition of the company's Supervisory Board is in line with Aegon's diversity policy for the Supervisory Board, Executive Board and Management Board and is as such well-balanced in terms of professional background, geography, gender, and other relevant aspects of the diversity policy. A profile, which is published on aegon.com, has been established that outlines the required qualifications of its members. Supervisory Board members are appointed for a four-year term and may then be reappointed for another four-year period. Subsequently, a Supervisory Board member can be reappointed again for a period of two years, and then extended by two years at the most. Supervisory Board members are no longer eligible for (re)appointment after reaching the age of 70, unless the Supervisory Board decides to make an exception. Remuneration of the Supervisory Board members is determined by the General Meeting of Shareholders. In 2022, no transactions were concluded between the company and any of the Supervisory Board members. Furthermore, the company did not provide loans or issue guarantees to any members of the Supervisory Board. At present, Aegon's Supervisory Board consists of nine members, all of whom qualify as independent in accordance with the Dutch Corporate Governance Code.

Committees

The Supervisory Board also oversees the activities of its committees. These committees are composed exclusively of Supervisory Board members and deal with specific issues related to Aegon's financial accounts, risk management, sustainability, executive remuneration, and appointments. These committees are the:

- Audit Committee
- Risk Committee
- Remuneration Committee
- Nomination and Governance Committee

Executive Board

Aegon's Executive Board is charged with the overall management of the company and is therefore responsible for developing and executing Aegon's strategy. Additionally, it is responsible for managing the company's risk profile and overseeing any relevant sustainability issues. Each member has duties related to his or her specific area of expertise.

Aegon's Articles of Association determine that for certain decisions the Executive Board must seek prior approval from the Supervisory Board and/or the approval of the General Meeting of Shareholders. In addition, the Supervisory Board may also subject other Executive Board decisions to its prior approval.

Composition of the Executive Board

Aegon's Executive Board consists of Lard Friese, who is Chief Executive Officer (CEO) and Chairman of the Executive Board, and Matt Rider, who is Chief Financial Officer (CFO).

The number of Executive Board members and their terms of employment are determined by the company's Supervisory Board. Executive Board members are appointed by the General Meeting of Shareholders for a four-year term, following nomination by the Supervisory Board.

The members of the Executive Board have an engagement agreement with the company rather than an employment contract. The company's Remuneration Policy for the Executive Board limits exit arrangements to a maximum of one year of the fixed component of the salary.

In 2022, no transactions were concluded between the company and either member of the Executive Board. Furthermore, the company did not provide any loans to, or issue guarantees in favor of either of the members of the Executive Board.

Management Board

Aegon's Executive Board is assisted in its work by the company's Management Board, which had 12 members, including the members of the Executive Board per December 31, 2022. Aegon's Management Board is composed of Lard Friese, Matt Rider, Elisabetta Caldera, Will Fuller, Mike Holliday-Williams, Allegra van Hövell-Patrizi, Astrid Jäkel, Marco Keim, Onno van Klinken, Bas NieuweWeme, Duncan Russell and Deborah Waters.

Aegon's Management Board works in unison with the Executive Board and helps oversee operational issues and the implementation of Aegon's strategy. Members are drawn from Aegon's business units and from Aegon's global functions. The members have both regional and global responsibilities. This ensures that Aegon is managed as an integrated international business. While the Executive Board is Aegon's sole statutory executive body, the Management Board provides vital support and expertise in pursuit of the company's strategic objectives.

In the relationship between the Supervisory Board and the Management Board, the CEO shall be the first point of contact for the Supervisory Board and its Chairman. Further, the members of the Boards will act in accordance with the provisions provided therefore in the Management Board Charter, the Executive Board Charter, and the Supervisory Board Charter.

Capital, significant shareholders and exercise of control

As a publicly listed company, Aegon is required to provide the following detailed information regarding any structures or measures that may hinder or prevent a third party from acquiring the company or exercising effective control over it.

The capital of the company

Aegon has an authorized capital of EUR 1,080 million, divided into 6 billion common shares and 3 billion common shares B, each with a nominal value of EUR 0.12. As of December 31, 2022, a total of 2,109,430,229 common shares and 546,196,080 common shares B had been issued.

Depository receipts for Aegon shares are not issued with the company's cooperation.

As per the Dutch act regarding the conversion of bearer shares, all 16,040 bearer shares outstanding at December 2020 have been converted into registered shares held by the company as per January 1, 2021. Until January 1, 2026, and upon request of a holder of a certificate of a bearer share, the company will provide the holder of such a valid certificate of a bearer share with a registered share as a replacement of the bearer share.

Each common share carries one vote. There are no restrictions on the exercise of voting rights by holders of common shares.

All issued and outstanding shares B are held by Vereniging Aegon, the company's largest shareholder. The nominal value of the common shares B is equal to the nominal value of a common share. This means that common shares B also carry one vote per share. However, the voting rights attached to common shares B are subject to restrictions as laid down in the Voting Rights Agreement, under which Vereniging Aegon may cast one vote for every 40 common shares B it holds in the absence of a Special Cause.

The financial rights attached to a common share B are one-fortieth (1/40th) of the financial rights attached to a common share. The rights attached to the shares of both classes are otherwise identical. For the purpose of the issuance of shares, reduction of issued capital, the sale and transfer of common shares B or otherwise, the value or the price of a common share B is determined as one-fortieth (1/40th) of the value of a common share. For such purposes, no account is taken of the difference between common shares and common shares B in terms of the proportion between financial rights and voting rights.

Significant shareholdings

On December 31, 2022, Vereniging Aegon, Aegon's largest shareholder, held a total of 315,532,860 common shares and 494,433,240 common shares B.

Under the terms of the 1983 Merger Agreement, as amended in May 2013, Vereniging Aegon has the option to acquire additional common shares B. Vereniging Aegon may exercise its call option to keep or restore its total stake to 32.6% of the voting rights, irrespective of the circumstances that caused the total shareholding to be or become lower than 32.6%.

During 2022, one transaction was concluded between Aegon N.V. and Vereniging Aegon. Execution of this transaction was done in compliance with all requirements of Best Practice 2.7.5 of the Dutch Corporate Governance Code.

On December 15, 2022, Aegon repurchased 43,817,400 common shares B from Vereniging Aegon for the amount of EUR 5,113,578.21 based on 1/40th of the Value Weight Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to bring the aggregate holding of voting shares by Vereniging Aegon in Aegon more in line with its special cause voting rights of 32.6% following the completion of the Share Buy Back Programs, initiated by Aegon in April 2022 following the completion of the sale of the Hungarian business and initiated in July and October 2022 to neutralize the dilutive effect of the distribution of the final dividend 2021 and the interim dividend 2022 in stock.

Special control rights

As a matter of Dutch corporate law, the common shares and the common shares B offer equal full voting rights, as they have equal nominal value (EUR 0.12). The Voting Rights Agreement entered into between Vereniging Aegon and Aegon provides that under normal circumstances, that is, except in the event of a Special Cause, Vereniging Aegon is not allowed to exercise more votes than is proportionate to the financial rights represented by its shares. This means that in the absence of a Special Cause, Vereniging Aegon may cast one vote for every common share it holds and one vote only for every 40 common shares B it holds. In the event of a Special Cause, Vereniging Aegon may cast one vote for every common share and one vote for every common share B.

A Special Cause may include:
- The acquisition by a third party of an interest in Aegon N.V. amounting to 15% or more
- A tender offer for Aegon N.V. shares, or
- A proposed business combination by any person or group of persons, whether acting individually or as a group, other than in a transaction approved by the company's Executive and Supervisory Boards

If Vereniging Aegon, acting at its sole discretion, determines that a Special Cause has arisen, it must notify the General Meeting of Shareholders. In this event, Vereniging Aegon retains full voting rights on its common shares B for a period limited to six months. Vereniging Aegon would, for that limited period, command 32.6% of the votes at a General Meeting of Shareholders.

Based on the Voting Rights Agreement, Vereniging Aegon has a right to, at its own discretion, take the decision to exercise its full voting rights on common shares B. Vereniging Aegon may exercise this right unilaterally and independent of Aegon N.V., and therefore also irrespective of any decisions of the Executive Board of Aegon N.V., including any decision whether or not to invoke a 180- or 250 -day response time under the Dutch Corporate Governance Code or Civil Code.

Issue and repurchase of shares

New shares may be issued up to the maximum of the company's authorized capital, following a resolution adopted by the General Meeting of Shareholders. Shares may also be issued following a resolution of the Executive Board, subject to approval by the Supervisory Board, providing, and to the extent that, the Board has been authorized to do so by the General Meeting of Shareholders. A resolution authorizing the Executive Board to issue new shares is usually presented at Aegon's Annual General Meeting of Shareholders.

Aegon is entitled to acquire its own fully paid-up shares, providing it acts within existing statutory restrictions. Shareholders usually authorize the Executive Board to purchase the company's shares under terms and conditions determined by the General Meeting.

Transfer of shares

There are no restrictions on the transfer of common shares. Common shares B can only be transferred with the prior approval of Aegon's Supervisory Board.

Aegon has no knowledge of any agreement between shareholders that might restrict the transfer of shares or the voting rights pertaining to them.

Significant agreements and potential change of control

Aegon is not party to any significant agreements that would take effect, alter, or terminate as a result of a change of control following a public offer for the outstanding shares of the company, other than those customary in financial markets (for example, financial arrangements, loans, and joint venture agreements).

Share plan

Senior executives at Aegon companies and some other employees are entitled to variable compensation of which part is granted in the form of shares. For further details, please see the Remuneration Report on page 65 and note 50 of the notes to Aegon's consolidated financial statements of this Integrated Annual Report. Under the terms of existing share plans the vesting of granted rights is predefined. The shares shall vest as soon as possible in accordance with payroll requirements of the relevant subsidiary after the adoption of the company's Integrated Annual Report at the Annual General Meetings of Shareholders in the year of vesting of these shares.

Appointing, suspending or dismissing Board members

The General Meeting of Shareholders appoints members of both the Supervisory and Executive Boards, following nominations by the Supervisory Board. These nominations are binding providing at least two candidates are nominated. The General Meeting of Shareholders may cancel the binding nature of these nominations with a majority of two-thirds of votes cast, representing at least one half of Aegon's issued capital. The General Meeting of Shareholders may, in addition, bring forward a resolution to appoint someone not nominated by the Supervisory Board. In order for the resolution to be adopted, the resolution requires a two-thirds majority of votes cast, representing at least one half of Aegon's issued capital.

Members of Aegon's Supervisory and Executive Boards may be suspended or dismissed by the General Meeting of Shareholders with a two-thirds majority of votes cast, representing at least one half of Aegon's issued capital, unless the suspension or dismissal has first been proposed by the company's Supervisory Board in which case the suspension or dismissal can be resolved by the General Meeting of Shareholders with an absolute majority of votes and a limited quorum. A member of the Executive Board may also be suspended by the Supervisory Board, although the General Meeting of Shareholders has the power to annul this suspension.

Amending the Articles of Association

The General Meeting of Shareholders may, with an absolute majority of votes cast, pass a resolution to amend Aegon's Articles of Association or to dissolve the company, in accordance with a proposal made by the Executive Board and approved by the Supervisory Board.

Dutch Corporate Governance Code

As a company based in the Netherlands, Aegon adheres to the Dutch Corporate Governance Code. The version of the Code applicable to the financial year 2022 is the version that came into force on January 1, 2017. Aegon endorses the Code and strongly supports its principles for sound and responsible corporate governance and long-term value creation. Aegon regards the Code as an effective means to help ensure that the interests of all stakeholders are duly represented and taken into account. It is the responsibility of both the Supervisory Board and the Executive Board to oversee Aegon's overall corporate governance structure.

In general, Aegon applies the best practice provisions set out in the Code. There is one best practice provision with which Aegon does not fully apply. In this case, Aegon adheres, as much as is possible, to the spirit of the Code.

Best Practice 4.3.3

The Dutch Corporate Governance Code recommends that the General Meeting of Shareholders may cancel the binding nature of nominations for appointments of members of the Executive Board and Supervisory Board with an absolute majority of votes and a limited quorum.

Aegon's position on Best Practice 4.3.3

Aegon's Articles of Association provide for a larger majority and a higher quorum than those advocated by the Code. Given that the company has no specific anti-takeover measures, the current system is deemed appropriate within the context of the 1983 Merger Agreement under which Aegon was formed. However, to mitigate any possible negative effects stemming from this, the Supervisory Board has decided that, in the absence of any hostile action, it will only make nominations for the appointment of members to the Executive and Supervisory Boards that are non-binding in nature.

Corporate Governance Statement

For an extensive review of Aegon's compliance with the Dutch Corporate Governance Code, please refer to the Corporate Governance Statement on Aegon's corporate website.

Sustainability governance

Key roles

Aegon's Executive Board has overall responsibility for sustainability. The Supervisory Board has ultimate oversight. Through its Nomination and Governance Committee, the Supervisory Board is advised and kept appraised of business and regulatory developments regarding sustainability.

Advice on Aegon's sustainability approach is provided by the Global Sustainability Board (GSB), which is supported by the Corporate Sustainability team. The GSB is a senior management committee established in December 2021, to enhance overall governance and oversight of Aegon's company-wide approach to sustainability. The GSB meets quarterly and advises the Management and Executive Boards on Aegon's strategic sustainability approach, including the two priority themes: climate change, and inclusion and diversity. It is chaired by the CEO of the Americas and consists of senior-level representatives from across the company, including five members of the Management Board.

The GSB's core function is to steer and strengthen the sustainability approach across Aegon's business units, and it is supported by the local sustainability boards. This includes the validation of Aegon's double materiality assessment, which assesses sustainability matters. Key actions include formulating sustainability-focused commitments, key performance indicators (KPIs), and targets; and tracking these.

Incentives

As per our Executive Board's Remuneration Policy, at least 50% of a member's variable compensation must be determined by non-financial performance indicators, where at least one must be ESG-related. Moreover, a significant risk or compliance incident related to ESG may result in a malus adjustment or claw-back of a member's variable compensation.

Risk management

The Group Risk & Capital Committee (GRCC) oversees the Financial Risk function's climate scenarios that analyze the potential impacts of climate change on our financial accounts. The Non-Financial Risk Committee (NFRC) oversees the Operational Risk function's annual climate risk assessment that identifies possible physical and transition risks that could impact Aegon.

The Compliance function conducts Aegon's biennial Human Rights Risk Assessment (HRRA). The Compliance function also annually assesses ethics and culture via the Systematic Integrity Risk Assessments (SIRA), part of which is to assure these are not directly or indirectly violating the principles in the Code of Conduct and Aegon's core values. This is also overseen by the NFRC.

Composition of the Boards

Members of the Executive Board

Lard Friese (1962, Dutch)
CEO and Chairman of the Executive and Management Boards of Aegon N.V.
Lard Friese earned a Master of Law degree at the University of Utrecht. He has worked most of his professional career in the insurance industry, including ten years at Aegon between 1993 and 2003. He was employed by ING as from 2008, where he held various positions. In July 2014, upon the settlement of the Initial Public Offering of NN Group N.V., he became the CEO of NN Group. During his tenure at NN Group, he led a wide range of businesses in Europe and Asia and created a stable platform for growth and shareholder value.

He has extensive experience in the areas of insurance, investment management, customer centricity, mergers & acquisitions, and business transformation. Mr. Friese was appointed CEO Designate as of March 1, 2020. During the 2020 Annual General Meeting (AGM), he was appointed as member of the Executive Board for a term of four years until the end of the AGM to be held in 2024. Mr. Friese is Chairman of Aegon's Executive Board and Management Board.

Matthew J. Rider (1963, American)
CFO and member of the Executive and Management Boards of Aegon N.V.
Matt Rider began his career at Banner Life Insurance Company and held various management positions at Transamerica, Merrill Lynch Insurance Group and ING before joining Aegon. From 2010 to 2013, he was Chief Administration Officer and a member of the Management Board at ING Insurance, based in the Netherlands. In this role he was responsible for all of ING's insurance and asset management operations, and specifically for Finance and Risk Management. Mr. Rider joined Aegon on January 1, 2017, and was appointed as CFO and member of the Executive Board of Aegon at the Annual General Meeting of Shareholders of Aegon N.V. of May 19, 2017. During the 2021 Annual General Meeting (AGM), Mr. Rider was reappointed for another term of four years until the end of the AGM to be held in 2025.

Members of the Management Board

Lard Friese: see above

Matthew J. Rider: see above

Elisabetta Caldera (1970, Italian)
Chief Human Resources Officer and member of the Management Board of Aegon N.V.
Elisabetta Caldera started her career in HR in 1994 at Foster Wheeler and soon moved to ABB Alstom.

In 2004, she joined Vodafone Italy where she was appointed Human Resources and Organization Director and member of the Management Board Vodafone Italy. Ms. Caldera moved to Vodafone Group in the United Kingdom as Human Resources Director for the Global Technology function and finally was appointed as HR Director for Europe Cluster & Egypt in 2018.

Ms. Caldera joined Aegon on June 1, 2021 as Chief HR Officer and member of Aegon's Management Board.

Ms. Caldera was a member of the Supervisory Board of Falck Renewable from 2014 until September 30, 2022.

Will Fuller (1971, American)
CEO of Aegon Americas and member of the Management Board of Aegon N.V.
Will Fuller has almost 30 years of experience in financial services, including life insurance, annuities, retirement plans and wealth management. Prior to joining Aegon, Mr. Fuller served as Executive Vice President of Lincoln Financial Group. His responsibilities included leading growth strategies, product and distribution innovation, and governance. His previous experience also includes Merrill Lynch, where he was responsible for product and distribution for Wealth Management in the Americas.

Mr. Fuller was appointed as a member of Aegon's Management Board in March 2021. He has been actively engaged in the financial services industry, most recently in forming the Alliance for Lifetime Income. He formerly served as a board member of LL Global, Inc. (LIMRA/LOMA), Forum for Investor Advice, Money Management Institute, and Insured Retirement Institute.

Mike Holliday-Williams (1970, British)

CEO of Aegon UK and member of the Management Board of Aegon N.V.

Mike Holliday-Williams started his career with WHSmith in 1991 as a graduate trainee, working as a Retail Manager in many UK stores and in Business Development. In 1997, he joined Centrica where he had several general management and marketing roles in British Gas, before becoming the Residential & Marketing Director of Centrica Telecoms/One.Tel in 2004.

In 2006, Mr. Holliday-Williams joined RSA, becoming the UK Managing Director of Personal Lines in 2008, responsible for MORETH>N, Partnerships and the Broker businesses. In 2011, he moved to Copenhagen to become the CEO of RSA Group's Scandinavian businesses, Codan A/S and Trygg-Hansa, he also became a member of the RSA Group Executive. In 2014, he moved to Direct Line Group (DLG) to become MD of the Personal Lines business, joining the Board of DLG in February 2017.

Mr. Holliday-Williams joined Aegon UK in October 2019, to take over as CEO. He is a member of Aegon's Management Board since March 2020.

Allegra van Hövell-Patrizi (1974, Italian and Belgian)

CEO of Aegon the Netherlands and member of the Management Board of Aegon N.V.

Allegra van Hövell-Patrizi began her career in 1996 at McKinsey & Company, specializing in financial institutions. After several years as a partner there, she joined F&C Asset Management in 2007 as a member of the Management Committee. In 2009, she joined Prudential plc where she was part of the CEO Office and then later became Group Risk Director, and a member of the Group Executive Risk Committee, as well as the PUSL Board (within the Prudential plc Group). Mrs. van Hövell-Patrizi joined Aegon at the end of 2015. She was appointed Chief Risk Officer of Aegon N.V. and a member of Aegon's Management Board in January 2016. Mrs. van Hövell-Patrizi was appointed CEO of Aegon the Netherlands on June 15, 2021. Mrs. van Hövell-Patrizi was a member of the Supervisory Board of LeasePlan (not listed) until March 2022.

Astrid Jäkel (1977, German)

Chief Risk Officer of Aegon N.V. and member of the Management Board of Aegon N.V.

Astrid Jäkel joined Aegon as Chief Risk Officer (CRO) and member of the Management Board of Aegon N.V. on March 1, 2022.

Astrid Jäkel has 20 years of experience in the European and global insurance sectors. She joined Aegon from the international management consultancy firm Oliver Wyman where she was a partner in the European Insurance and Asset Management Practice, co-leader of the European Insurance Financial Effectiveness team as well as a member of the Board of Oliver Wyman's Swiss subsidiary. Her consulting work focused on high-impact risk, capital, asset liability and investment management topics. Ms. Jäkel worked with leading European and global insurers on a broad range of projects to help transform and optimize their risk and balance sheet management capabilities for market, credit, insurance, and non-financial risks.

Her responsibilities include managing Aegon's Group Risk and Actuarial functions, along with maintaining the Group's Risk Management framework and overseeing the risk management capabilities.

Marco Keim (1962, Dutch)

CEO of Aegon International and member of the Management Board of Aegon N.V.

Marco Keim began his career with accountancy firm Coopers & Lybrand/Van Dien, before moving to the aircraft manufacturer Fokker Aircraft and NS Reizigers, part of the Dutch railway company, NS Group. In 1999, he joined Swiss Life in the Netherlands as a Member of the Board, and was appointed CEO three years later. Mr. Keim was appointed CEO of Aegon the Netherlands and member of Aegon's Management Board in June 2008. From 2017 to 2020, Mr. Keim headed Aegon's operations in mainland Europe. Mr. Keim is the head of Aegon International and responsible for Aegon's business in Central and Eastern Europe as well as Asia and Brazil. Mr. Keim is a former member of the Supervisory Board of Eneco Holding N.V.

Onno van Klinken (1969, Dutch)
General Counsel and member of the Management Board of Aegon N.V.
Onno van Klinken has over 25 years' experience providing legal advice to a range of companies and leading Executive Board offices. Mr. Van Klinken started his career at Allen & Overy, and previously worked for Aegon between 2002 and 2006. He then served as Corporate Secretary for Royal Numico, before it was acquired by Groupe Danone. His next position was as General Counsel for the Dutch global mail and express group TNT, where he served from 2008 until the legal demerger of the group in 2011. This was followed by General Counsel positions at D.E. Master Blenders 1753 and Corio N.V. Mr. Van Klinken rejoined Aegon in 2014 as General Counsel responsible for Group Legal, Regulatory Compliance, the Executive Board Office, and Government and Policy Affairs. Mr. Van Klinken has been a member of Aegon's Management Board since August 2016. Mr. Van Klinken was appointed member of the Board of Stichting Continuïteit SBM Offshore in December 2016.

Bas NieuweWeme (1972, Dutch)
Global CEO of Aegon Asset Management and member of the Management Board of Aegon N.V.
Bas NieuweWeme was appointed Global CEO of Aegon Asset Management and Member of the Aegon N.V. Management Board in June 2019. Having obtained a Master of Laws (2000) and an Executive MBA in 2007, Mr. NieuweWeme has worked in global investment management for 20 years.

The majority of this time was spent in various management positions within ING Investment Management Americas and Voya Investment Management. In 2016, he was named Global Head of the Client Advisory Group and a member of the management team at PGIM Fixed Income and Global Head of the Institutional Relationship Group at PGIM, Prudential Financial's global investment management business. He serves as vice-chairman of the supervisory board of La Banque Postal Asset Management and is a member of the Board of Aegon Industrial Fund Management Co., Ltd (China).

He is also a member of the Board of Directors of The Netherlands-America Foundation (NAF) and a member of the leadership council of AmeriCares, a non-profit disaster relief and global health organization.

Duncan Russell (1978, British)
Chief Transformation Officer and member of the Management Board of Aegon N.V.
Duncan Russell has worked most of his professional career in the financial services sector, lastly as CFO and Board member at Admiral Financial Services, the financial services subsidiary of Admiral Group, responsible for finance, analytics, funding, credit risk and pricing.

Before joining Admiral Group, Mr. Russell was Head of Group Strategy and Corporate Finance at NN Group N.V., the Netherlands, where he was responsible for capital management, treasury, M&A, and the group's strategy.

Before joining NN Group N.V., Mr. Russell held various positions at financial services groups in London.

Mr. Russell was appointed Chief Transformation Officer and member of the Management Board of Aegon N.V. on August 1, 2020.

Deborah Waters (1967, American)
Chief Technology Officer and member of the Management Board of Aegon N.V.
Debbie Waters began her career at the aerospace group Lockheed Martin in 1989 before moving to the software consultancy group Seer Technologies.

In 1995, she joined Citigroup Inc., where she held various technology leadership positions in the intervening years. Most recently she served for over five years as Citi's Global Head of Private Bank Operations and Technology. Additionally, Ms. Waters was the Head of Inclusion and Diversity for Citi's Institutional Client Group Operations and Technology.

Previous roles included leading Client Centric and Equities Technology, supporting the Equities, Research, Commercial Bank, Citi Velocity, and Markets Sales businesses. She also served as the Chief Operating Officer for the Markets Technology organization during her tenure. Before moving to Markets Technology, Deborah Waters managed Markets and Operational Risk Technology for the organization where she started as a developer of Risk solutions. Debbie Waters is a non-executive director at RanMarine Technology B.V. (non-listed).

Members of the Supervisory Board

William L. Connelly (1958, French)
Chairman of the Supervisory Board
Chairman of the Nomination and Governance Committee
Member of the Remuneration Committee

Mr. Connelly started his career at Chase Manhattan Bank, fulfilling senior roles in commercial and investment banking in France, the Netherlands, Spain, the United Kingdom, and the United States. He was appointed to Aegon's Supervisory Board in 2017 and became Chairman in May 2018 and his current term ends in 2025.

He is also chairman of the Supervisory Board Nomination and Governance Committee and a member of the Supervisory Board Remuneration Committee. Mr. Connelly is an independent director at the Board of Directors of Société Générale, an independent director at the Board of Directors of Singular Bank S.A. (formerly known as Self Trade Bank S.A., non-listed) and Chairman of the Board of Directors of Amadeus IT Group S.A.

Corien M. Wortmann-Kool (1959, Dutch)
Vice Chair of the Supervisory Board
Member of the Audit Committee
Member of the Nomination and Governance Committee

Corien M. Wortmann-Kool is the former Chair of the Board of Stichting Pensioenfonds ABP, the Dutch public sector collective pension fund, until December 2022. Ms. Wortmann-Kool is a former Member of the European Parliament and Vice President on Financial, Economic and Environmental affairs for the EPP Group (European People's Party). She was appointed to Aegon's Supervisory Board in May 2014, and her current term ends in 2026.

She is Vice Chair of the Supervisory Board, and a member of the Supervisory Board Audit Committee and the Supervisory Board Nomination and Governance Committee.

Ms. Wortmann-Kool is a member of the Supervisory Board of Royal DSM N.V., and a member of De Autoriteit Financiële Markten Capital Markets Advisory Committee. She was vice president of the European People's Party until March 2018, a member of the Advisory Council of the Centraal Bureau voor de Statistiek until June 2018, and a member of the Supervisory Board of Het Kadaster until March 2021. Furthermore, she was the Chair of the Board of Trustees of Save the Children Netherlands until January 2022.

Mark A. Ellman (1957, American)
Member of the Nomination and Governance Committee
Member of the Risk Committee

Mark A. Ellman is a former Vice Chairman Global Origination of Bank of America/Merrill Lynch. Before joining Bank of America/Merrill Lynch, he held various roles in the US insurance industry. These mostly entailed working in corporate finance at large US financial institutions, where he was engaged in M&A advice and transactions, together with equity and debt raisings for insurance companies. He was a Managing Director and Co-Head of the Global Financial Institutions Group of Credit Suisse First Boston, and a founding partner of Barrett Ellman Stoddard Capital Partners.

Mr. Ellman was appointed to Aegon's Supervisory Board in 2017, and his current term ends in 2025. He is a member of the Supervisory Board Risk Committee and the Supervisory Board Nomination and Governance Committee. Mr. Ellman was a non-executive director of Aegon USA from 2012 to 2017.

Karen Fawcett (1962, British)
Member of the Risk Committee
Member of the Remuneration Committee

Karen Fawcett was formerly CEO Retail, Brand and Marketing for Standard Chartered Bank, which focused primarily on Asia, Africa, and the Middle East. Her broad career across complex global businesses covers wholesale and retail banking, global strategy, technology transformation, and brand & marketing.

Prior to her career in banking, Ms. Fawcett was Partner at the global management and information technology consultancy firm Booz, Allen & Hamilton, where she advised insurers, banks, and asset managers on a wide range of strategic, technological, and operational transformations.

Ms. Fawcett was appointed to Aegon's Supervisory Board in May 2022. She is a member of the Supervisory Board Remuneration Committee and a member of the Supervisory Board Risk Committee.

Ms. Fawcett holds several non-executive director positions, with a portfolio across financial services & digital transformation, education, and climate change mitigation. These positions are with the following non-listed entities: the LGT Group Foundation; Temus; Global Evergreening Alliance; and BetterTradeOff. Ms. Fawcett was a non-executive director at INSEAD until December 2022.

Jack McGarry (1958, American)
Member of the Audit Committee
Member of the Remuneration Committee

Jack McGarry is a former actuary who spent the majority of his career at Unum Group, an NYSE-listed provider of workplace financial protection benefits. He has held various leadership roles in risk management, in finance, as CEO of Unum's business in the United Kingdom, and CEO of Unum's Closed Block.

His last position at Unum was as Chief Financial Officer. As CFO, he successfully led the transformation of the finance organization by outsourcing transactional processes, driving automation across the organization, implementing accounting and financial planning & analysis platforms and modeling, and navigating the company through the implementation of tax reform. This experience underscores his in-depth knowledge of the insurance industry and his integral perspective on managing an insurance company. During the 2021 AGM, Mr. McGarry was appointed to Aegon's Supervisory Board, and his current term ends in 2025. Mr. McGarry is a member of the Audit Committee and a member of the Remuneration Committee.

Ben J. Noteboom (1958, Dutch)
Chairman of the Remuneration Committee
Member of the Risk Committee

Ben J. Noteboom worked for Randstad Holding N.V. from 1993 until 2014, where he was appointed member of the Executive Committee in 2001 and became CEO in 2003. Before joining Randstad, Mr. Noteboom worked for Dow Chemical in several international management functions between 1984 and 1993.

He started his career in 1982 at Zurel as a management assistant. He was appointed to Aegon's Supervisory Board in May 2015, and his current term ends in 2023. He is Chairman of the Supervisory Board Remuneration Committee and a member of the Supervisory Board Risk Committee.

Mr. Noteboom is Chairman of the Supervisory Board of Royal Vopak N.V. In addition, Mr. Noteboom is the chairman of the Board of Directors of VUmc Cancer Center Amsterdam and the Chairman of Stichting Prioriteit Ordina Groep. Mr. Noteboom is a former member of the Supervisory Boards of Wolters Kluwer N.V. and Royal Ahold Delhaize N.V.

Caroline Ramsay (1962, British)
Chair of the Audit Committee
Member of the Risk Committee

Mrs. Ramsay gained a master's degree in Natural Sciences in 1984 at Cambridge. She started her professional career at KPMG in Ipswich and London, where she qualified as a Chartered Accountant in 1987. During her long career, Mrs. Ramsay gained substantial experience in Finance and Audit at large insurance companies. In addition to her strong financial background, Mrs. Ramsay acquired extensive managerial expertise in executive roles at Norwich Union plc (now Aviva plc) and RSA.

Mrs. Ramsay holds various Non-Executive Board positions. In 2013, she joined the board of Scottish Equitable – and as of 2017 also the boards of Aegon UK plc and Cofunds Ltd. – where she served as the Audit Committee Chair until May 14, 2020. Mrs. Ramsay was appointed to Aegon's Supervisory Board in May 2020 and her current term ends in 2024. She is Chair of the Supervisory Board Audit Committee and a member of the Supervisory Board Risk Committee.

Mrs. Ramsay is a senior independent director of the Board of Brit Syndicates Ltd (non-listed), a member of the Board of Directors of Aberdeen UK Smaller Companies Growth Trust Plc, a member of the Board of Directors of Ardonagh Specialty Holdings Ltd. (non-listed), and a member of the Board of Directors of Tesco Underwriting Ltd. (non-listed). Mrs. Ramsay is a member of the FCA Regulatory Decisions Committee and a member of the Payment Systems Regulator's Enforcement Decisions Committee.

Thomas Wellauer (1955, Swiss)
Member of the Audit Committee
Member of the Remuneration Committee

Thomas Wellauer started his professional career at McKinsey & Company, where he served as Senior Partner and Practice Leader. He held various executive management positions across multiple industries, including financial services, pharmaceuticals and chemicals. Among others, he served on the executive committees of Winterthur Insurance, Credit Suisse, Swiss Re, and Novartis. His most recent position from 2010 to 2019 was Group Chief Operating Officer of Swiss Re. During his career, Mr. Wellauer also served as an independent director on the boards of several global companies such as Munich Re and Syngenta.

Mr. Wellauer was appointed to Aegon's Supervisory Board in May 2020 and his current term ends in 2024. He is a member of the Supervisory Board Audit Committee and a member of the Supervisory Board Remuneration Committee.

Mr. Wellauer is Chairman of the Board of Directors of SIX Group (non-listed). In addition, he serves as Chairman of the Board of Trustees of the University Hospital Zurich Foundation and is Chairman of the International Chamber of Commerce in Switzerland.

Dona D. Young (1954, American)
Chair of the Risk Committee
Member of the Nomination and Governance Committee

Dona D. Young is an executive/board consultant and retired Chairman, President and Chief Executive Officer of The Phoenix Companies, which was an NYSE listed insurance and asset management company at the time of her tenure. She was appointed to Aegon's Supervisory Board in 2013, and her current term will end in 2023.

She is Chair of the Supervisory Board Risk Committee, and a member of the Supervisory Board Nomination and Governance Committee.

Ms. Young is a member and Chairman of the Board of Directors of Foot Locker, Inc. Ms. Young, is a member of the board of Spahn and Rose (non-listed), and serves as a member of the Board of Directors of USAA (non-listed. Furthermore, Ms. Young is a member of the Board of the National Association of Corporate Directors. Ms. Young is a member of the Board of Trustees of Save the Children US (non-listed) and served as a member of the Board of Save the Children International and Save the Children Association (non-listed) until February 2023.

Report of the Supervisory Board

The Supervisory Board is entrusted with supervising and advising the Executive Board regarding the management of the company ("Aegon N.V.") and overseeing Aegon's strategy and the general course of its businesses. In the performance of its duties, the Supervisory Board acts in accordance with the interest of the company and takes into account the interest of the company's stakeholders. This report provides information on how the Supervisory Board performed its duties in 2022.

The Supervisory Board discussed the long-term value creation strategy with the Executive Board and the Management Board. The Supervisory Board was involved in strategic deliberations and decision-making – in particular on the a.s.r, transaction as discussed below – and provided its advice on strategic considerations for the future of Aegon in the interest of all stakeholders. The Supervisory Board monitored the implementation of the strategy by discussing the business progress, risks, opportunities, and achievements on a quarterly basis with management. The Supervisory Board promotes a culture that supports long-term value creation, which is reflected during board meetings and during frequent interactions with local management teams and employees. In order to align on the strategic progress and the general course of affairs, the Chair of the Supervisory Board, Chair of the Audit Committee and the Chair of the Risk Committees are in close contact with the Chief Executive Officer, the Chief Finance Officer and the Chief Risk Officer, respectively.

The Supervisory Board supports the active management of the business portfolio and regularly discusses acquisitions and divestments. During the year and in light of Aegon's value proposition, the Board discussed various mergers, acquisitions, divestments, and balance sheet transactions. The sale of the Hungarian business to Vienna Insurance Group AG resulted in the financial flexibility to execute a EUR 300 million share buyback program and a debt tender offer. Another transaction to highlight was the sale of Aegon's 50% stake in the Spanish insurance joint venture with Liberbank to Unicaja Banco.

Aegon to combine its Dutch operations with a.s.r.

On October 27, 2022, Aegon announced it had reached an agreement with a.s.r. to combine its Dutch pension, life and non-life insurance, banking, and mortgage origination activities with a.s.r. The combination will create a leading Dutch insurance company. This step enables Aegon to accelerate its strategy and represents a major step in its ambition to become a leader in its chosen markets. The Executive Board and the Supervisory Board considered the financial and non-financial aspects of this transformational transaction during multiple additional board meetings and in close consultation with their respective financial and legal advisors, and concluded that the transaction is in the interest of Aegon and its stakeholders, and promotes the sustainable success of Aegon's business.

Following the unanimous recommendation of the Executive Board and the Supervisory Board, the shareholders of Aegon voted in favor of the transaction at the Extraordinary General Meeting held on January 17, 2023.

Sustainability

Sustainability is part of the company strategy and an area of specific attention for the Supervisory Board. While the full Supervisory Board bears such responsibility, the Supervisory Board is advised and kept appraised of business and regulatory developments regarding sustainability and ESG through its Nomination and Governance Committee. Other committees also address ESG matters, as linked to their area of responsibility. In 2022, the Supervisory Board requested regular updates on the progress of Aegon's Sustainability Roadmap and ESG developments. Also, discussions on non-financial controls related to sustainability reporting took place and progress updates on the Net-Zero Asset Owner Alliance commitments were discussed. The wider governance of sustainability is shown on page 49 of this report and this structure drives delivery of the Aegon's sustainability ambitions and alignment on sustainability across the business. The Supervisory Board is supporting Aegon's approach to sustainability and consequently considers ESG issues in its decision-making.

Educational sessions and deep dives

To further broaden the skillset of the Supervisory Board, and in addition to the regular updates and presentations provided by the company, the Supervisory Board participated in several educational sessions and deep dives. In 2022, significant time was spent on, among others, the strategy of the different business units, operations, distribution, people, competitive landscapes, and expense and growth initiatives. The Board participated in a session on managing risk and capital in volatile markets. Also, multiple deep dive sessions were organized around the implications and implementation of IFRS 17. Other deep dives related to how the purpose of the company was communicated, data privacy, the retirement strategies of the business units, and the impact of rising interest rates. In addition to the deep dives, the Supervisory Board interacted with talents and employees by participating in talent sessions and employee gatherings during their regular meetings and country visits to the United States and the United Kingdom.

The members of the Supervisory Board gathered general information on industry developments by participating in networks, reading independent reports, and sharing knowledge where appropriate with other Board members within and outside Aegon. Also, the Board took notice of the trending topics provided in the reports of the external auditor. These topics included, for example, economic prospects, net-zero commitments, international income tax rules, and asset and wealth management trends.

Focus items for 2023

In 2023, the Supervisory Board will, among others, continue its focus on the management actions that support the creation of long-term value for all stakeholders. Following the announced transaction with a.s.r., significant focus will be on the disentanglement of the relevant businesses from Aegon and other steps required for closing the transaction. Also, attention will be given to the implications of the a.s.r. transaction for the organization, including group supervision. Furthermore, the Supervisory Board will focus on the business strategy, resourcing, customer focus, IT developments, and culture. As in 2022, the Board will closely follow the implementation of IFRS 17, the rotation of the external auditor, and, as a continuous top priority, the developments related to ESG, and sustainability reporting. Other items that will receive special attention in 2023 are continuing the growth in strategic life insurance and retirement businesses, the Capital Markets Day in the second quarter of 2023, and the further acceleration of Aegon's strategy.

Board review

The Supervisory Board undertakes an internal review of Board effectiveness on an annual basis. An external assessment takes place every three to four years. The external assessment undertaken in 2022 was based on a survey completed by Supervisory Board members and Management Board members, as well as interviews with all Supervisory Board members and several Management Board members. Constructive feedback was provided to the Supervisory Board and to each Supervisory Board member, and the results of the board effectiveness assessment were discussed in February 2023. The Supervisory Board will act on the observations and recommendations provided in the evaluation report.

The evaluation of the Supervisory Board focused on the following issues: the functioning as a whole; the composition and roles, governance of the company, interactions within the Supervisory Board and with the Executive and Management Boards; the effectiveness of supervision and how the Supervisory Board fulfills its roles as advisor. The general outcome of this evaluation is positive and encourages the Supervisory Board to continue on the same path. The Supervisory Board and its committees perform well. The Supervisory Board acts independently, its members are well-equipped for their duties. There is an open and constructive atmosphere within the Supervisory Board. Furthermore, the information provision by and transparency of the Executive Board were judged positively. The recommendations arising from the evaluation include: structuring educational sessions in line with further education needs; following up on further improvement of meeting materials such as business data; reinforcing the focus on management development and succession planning; and maintaining a tight focus on strategic developments following the a.s.r. transaction.

Outside the presence of the Executive Board, the Supervisory Board reviewed the performance of the individual members of the Executive Board and Management Board over the preceding calendar year in February 2023. In addition, the Executive Board evaluated its own functioning as a whole and that of the individual Executive Board members as well. The performance of the members of the Executive and Management Boards was also discussed regularly during the year by the Supervisory Board.

Regular topics

Results and budget

In February 2022, the Supervisory Board convened to discuss the fourth quarter 2021 results and approved the final dividend for 2021. In March 2022, the Supervisory Board, in the presence of PwC, reviewed and adopted Aegon's 2021 Integrated Annual Report, the consolidated financial statements of Aegon N.V., and the company financial statements of Aegon N.V. In May, August, and November, the Supervisory Board reviewed Aegon's first, second, and third quarter 2022 results respectively based on the recommendation of the Audit Committee.

In December 2022, the Supervisory Board and Management Board reviewed the company's Medium Term Plan, which included the budget and capital plan for 2023. The Boards took note of the uncertainties and challenges in the coming years. These included, among others: increased regulatory requirements, execution risk, and developments in the financial markets. After discussing the Medium Term Plan, including Aegon's capital generation and capital projections, the Supervisory Board supported the plan and approved the 2023 budget. The Board also approved the 2023 funding plan and authorized the Executive Board to execute on the plan in 2023.

Legal, compliance, tax, and regulatory affairs

In 2022, the Supervisory Board and the Audit Committee discussed compliance, regulatory, tax, and legal topics in each of Aegon's business units with management, the General Counsel, the Global Head of Compliance, the Global Head of Tax, and the Global Head of Operational and Model Risk. In particular, the Board discussed the state of the legal and compliance functions, compliance risks, fraud, financial crime, and the tax policy and tax developments. This included Know Your Customer and ultimate beneficial owner requirements, anti-money laundering (AML), and whistleblower reports. An overview of the topics discussed in the field of Risk Management can be found in the Audit Committee and Risk Committee sections below.

The Chairs of the Supervisory Board, the Audit Committee and the Risk Committee held their regular meetings with the group supervisor, the Dutch Central Bank (DNB), in May and November 2022.

Other topics

In addition to the items mentioned above, the following topics – among others – were discussed during the 2022 Supervisory Board meetings:

- The war in Ukraine and the direct and indirect impacts on Aegon's businesses, customers, and investments
- Ongoing COVID-19 developments
- Selection of the new independent auditor
- Executive Board and senior management succession planning
- Executive remuneration, including the remuneration framework
- Supervisory Board effectiveness and composition
- Corporate governance matters
- Human resources, including talent development, organizational health developments, cultural change, and inclusion and diversity
- Capital generation and solvency capital positions, including management actions, and developments in the financial markets
- Enterprise risk management, cybersecurity and information security strategies, and the preparedness for global incidents
- Investor relations, including Aegon's shareholder base, market analysis and roadshow feedback;
- Highlighted topics by Supervisory Board Committees
- Regulatory changes at both a regional and global level
- Annual Global Employee Survey. The Supervisory Board discussed the outcome of the 2022 survey in detail in the first quarter of 2023;
- Tax policy and tax developments
- Technology, including the technology strategy, IT security, technological developments, and innovations
- HR Plan
- Group Recovery plan
- Own Risk and Solvency Assessment
- Solvency and Financial Condition Report

Corporate governance

Details of the role of the Supervisory Board, Aegon's corporate governance structure and a summary of how the company complies with the Dutch Corporate Governance Code can be found on pages 38-41 of this Integrated Annual Report and in the Corporate Governance Statement published on aegon.com.

Composition of the Supervisory Board and Executive Board

Supervisory Board

The composition of the Supervisory Board is discussed regularly in Board meetings and in particular by the Nomination and Governance Committee. All members of the Supervisory Board are considered independent under the terms of best practice provisions 2.1.7, 2.1.8, and 2.1.9 of the Dutch Corporate Governance Code. In compliance with the Dutch Corporate Governance Code, members of the Supervisory Board are appointed by shareholders for a term of four years. The option exists to reappoint members for one additional four-year term. A Supervisory Board member can then subsequently be reappointed again for a period of two years, which reappointment may be extended by at most two years. For a reappointment after an eight-year period, reasons will be provided in the report of the Supervisory Board.

An overview of the composition of the Supervisory Board in 2022 can be found on pages 50-55 of this Integrated Annual Report. The retirement schedule and other information about members of the Supervisory Board are available on aegon.com.

During the 2022 Annual General Meeting, Ms. Karen Fawcett was appointed as a Supervisory Board member for a term of four years until the end of the AGM to be held in 2026. Ms. Corien Wortmann-Kool was reappointed for another term of two years until the end of the AGM to be held in 2024. Ms. Wortmann-Kool was appointed to Aegon's Supervisory Board in 2014. She is Vice-Chair of the Supervisory Board, and a member of the Audit Committee and the Nomination and Governance Committee. The Nomination and Governance Committee (without the attendance of Ms. Wortmann-Kool) has discussed Ms. Wortmann-Kool's qualifications and concluded that she fits the Profile of the Supervisory Board. Ms. Wortmann-Kool is nominated to serve for a third term of two years (in line with the Dutch Corporate Governance Code) because of her broad background in the national and international political, societal, and business environment. Moreover, her nomination will provide continuity to the Supervisory Board. Ms. Wortmann-Kool has extensive knowledge of financial sector legislation, such as Solvency II, financial supervision in Europe, and competition policy. Furthermore, she has a wealth of experience with and knowledge of pensions and retirement, asset management, risk management, ESG, and corporate governance.

An induction program for new Supervisory Board members is in place. The program is regularly updated to reflect changes in the environment in which Aegon operates, including regulatory changes. The program is tailored to the needs of individual Board members.

Executive Board

The Executive Board consists of Mr. Lard Friese, Chief Executive Officer (CEO) and Chairman of the Executive Board, and Mr. Matthew J. Rider, Chief Financial Officer (CFO). The appointment schedule and other information about members of the Executive Board are available on aegon.com.

Board meetings

Attendance overview

The 2022 Supervisory Board members' attendance overview is provided in the table below.

Name	Regular SB meeting	Audit Committee	Member	Risk Committee	Member	Combined Audit & Risk Committee	Remuneration Committee	Member	Nomination & Governance Committee	Member	Additional SB (sub-committee) mtgs. / calls 3)	Additional Audit (sub) Committee mtgs. / calls 3)
Total no. of mtgs.	7	5		5		1	6		6			
SB members 1)												
Mr. William Connelly	7/7						6/6	v	6/6	Chair	10/10	
Mr. Mark Ellman	7/7			5/5	v	1/1			6/6	v	8/9	
Ms. Karen Fawcett 2)	4/4			2/2	v	1/1	3/3	v			5/5	
Mr. Jack McGarry	7/7	5/5	v			1/1	6/6	v			7/7	7/7
Mr. Ben Noteboom	7/7			5/5	v	1/1	6/6	Chair			10/10	
Ms. Caroline Ramsay	7/7	5/5	Chair	5/5	v	1/1					10/10	7/7
Mr. Thomas Wellauer	7/7	5/5	v			1/1	6/6	v			6/7	1/1
Ms. Corien Wortmann	7/7	5/5	v			1/1			6/6	v	8/10	7/7
Ms. Dona Young	7/7			5/5	Chair	1/1			6/6	v	10/10	

1 The Supervisory Board is a separate independent corporate body, consisting of 9 members on December 31, 2022.
2 Where a Supervisory Board member retired from the SB, stepped down from a Committee, or was appointed throughout the year, only meetings during his / her tenure are taken into account.
3 All SB members attended the regular SB (Committee) meetings. Throughout the year, ad-hoc meetings have been scheduled to discuss strategy-related topics. Furthermore, several sub-committees have been established to discuss - among others - strategy-related topics and the audit tender process. These ad-hoc (sub-committee) meetings were attended by most (applicable) SB members. For remuneration purposes, some of the additional (sub-committee) calls have been combined and were considered (and paid) as one meeting.

Members of the Executive Board and Management Board regularly attended the Supervisory Board meetings held in 2022. At the request of the Supervisory Board, other executives attended the meetings to report on specific topics. Representatives from Aegon's external auditor PwC attended the March 2022 Supervisory Board meeting on Aegon's 2021 Annual Report. PwC also attended all 2022 Audit Committee meetings, including the combined Supervisory Board Audit and Risk Committee meeting. Regular Board meetings were preceded or followed by meetings attended only by members of the Supervisory Board and the Chief Executive Officer. Furthermore, the Supervisory Board held meetings without Executive Board or Management Board members present.

Supervisory Board Committees

The Supervisory Board has four Committees that report into the Supervisory Board meetings. Supervisory Board members receive all minutes of the Committee meetings, and the Board discusses the items reported by the Committees.

The four Committees are the:
- Audit Committee
- Risk Committee
- Nomination and Governance Committee
- Remuneration Committee

The Risk Committee is responsible for supervising the activities with respect to the company's enterprise risk management framework and internal control systems. The Audit Committee primarily relies on oversight and advice from the Risk Committee for these topics, which is in line with the Dutch Corporate Governance Code.

The Audit Committee

The Committee confirmed that all of its members qualified as independent according to Rule 10A-3 of the SEC. The Chair of the Audit Committee qualifies as a financial expert according to the Sarbanes-Oxley Act in the United States and the competence in accounting and auditing according to the Audit Committee Decree 2016 ("Besluit instelling auditcommissie"), section 2(3).

Role and responsibilities

As Aegon has both an Audit Committee and a Risk Committee, the risk management responsibilities outlined in the Dutch Corporate Governance Code are assigned to the Risk Committee. With regard to the oversight of the operation of the risk management framework and risk control systems, including supervising the enforcement of relevant legislation and regulations, the Audit Committee operates in close coordination with the Risk Committee. Certain Board members participate in both committees and a combined meeting of the Audit and Risk Committees is scheduled on an annual basis.

The main role and responsibilities of the Audit Committee are to assist and advise the Supervisory Board in fulfilling its oversight responsibilities regarding:
- The integrity of the consolidated quarterly, half-yearly and full-year financial statements and financial reporting processes.
- Internal control systems and the effectiveness of the internal audit process.
- The performance of the external auditors and the effectiveness of the external audit process, including monitoring the independence and objectivity of the external auditor.

The Audit Committee reports to the Supervisory Board on its activities, identifying any matters about which it considers action or improvements are needed, and making recommendations as to the steps to be taken. For more information about the functioning of the Audit Committee, please see the Audit Committee Charter on aegon.com.

Committee meeting attendance

Audit Committee meetings were attended by, among others, the members of the Audit Committee, Aegon's Chief Financial Officer, the Head of Corporate Financial Center, the Chief Risk Officer, the Chief Internal Auditor, and partners of PwC, Aegon's external auditor.

Members of Aegon's Group Risk, Group Legal, Group Compliance, Investor Relations, Group Tax, Human Resources, Actuarial, and Business departments regularly attended Audit Committee meetings. Aside from the Audit Committee meetings, additional sessions were held with internal and external auditors, and the Global Head of Compliance, without management being present.

Financial reporting

In discharging their responsibilities with regard to the 2022 interim and full year financial statements, the Audit Committee:
- Reviewed and discussed the management letter and follow-up actions with the Executive and the Management Boards, Internal Audit, and PwC.
- Discussed PwC's report leading to a review opinion on the interim financial statements.
- Considered presentations on various topics by local business unit managers, chief financial officers, Internal Audit, and the compliance and legal functions.
- Reviewed and discussed areas of significant judgments in the preparation of the financial statements, including, in particular, investment valuation and impairments, accounting changes, economic and actuarial assumption setting, and model validations.
- Reviewed and approved the internal and external audit plans and monitored execution, including progress in respect of recommendations made.

The Audit Committee was satisfied with the explanations provided by the Executive and Management Boards, Internal Audit, and PwC, and the conclusions reached. Recurring items on the Audit Committee agenda in 2022 were Solvency II developments, controls, capital and liquidity, the quarterly legal and compliance reports, the annual whistleblower overview, and the IFRS 17 implementation progress. Other items included non-financial reporting, tax updates, capital plans, funding plans, the systemic integrity risk assessment, the Annual Report, the progress on finance and actuarial modernization programs, the auditor rotation process, and the performance review of the internal audit function and external auditor.

Risk management and internal controls

With respect to their oversight of internal controls (other than those where oversight is carried out via the Risk Committee), the Audit Committee:

- Discussed quarterly updates on the activities of the internal audit function, together with details of progress on internal audits with the internal auditor. Areas of focus include, amongst others, the Internal Audit strategy, audit planning process, Internal Audit charter, Internal Audit functional governance, quality assurance reviews, issue tracking and resolution, control environment, and results of audits in the areas of information and cybersecurity, Solvency II, third-party management and administration partnerships, General Data Protection Regulation, performance management and integrity.
- Reviewed the internal control framework, among others with respect to the Sarbanes-Oxley Act.
- Discussed the internal control statement with the Executive Board.

External audit effectiveness

The external auditor has been appointed by the shareholder for the period 2021-2023. Aegon has well-established policies on audit effectiveness and independence of auditors that set out, among other things:

- The review and evaluation of the external auditor and the lead partner of the external audit team on at least an annual basis.
- Non-audit services performed by the external auditor.
- Rotations of the external auditor.

The Audit Committee established that the policies were properly followed and adhered to. For more information about the policies relating to the effectiveness and independence of the external auditor, please see Annexes A, B and C of the Audit Committee Charter on aegon.com.

Audit rotation process

In 2021, the Audit Committee started the preparations for the mandatory auditor rotation process in line with regulations as the current auditor is nearing the maximum audit term of 10 years, ending after the audit of Aegon's financial statements over 2023. In 2022, the Audit Committee in close collaboration with the Supervisory Board mandated a Selection Committee to conduct an audit tender process. The Selection Committee consisted of three Audit Committee members and two members of Aegon's Finance management. The Selection Committee oversaw the execution of the audit tender process which was performed by a Steering Committee supported by a dedicated project team consisting of employees of Corporate Center and Business Units. The amended Audit Directive (2014/56/EU) and the Audit Regulation (537/2014/EU), which prescribe specific requirements on the appointment of statutory auditors or audit firms, have been considered in the audit tender process. In addition, the Selection Committee considered the report of the AFM published in February 2021, which provides recommendations on the external auditor selection.

The unanimous recommendation from the Selection Committee to the Audit Committee was to propose that EY be elected as Aegon's external auditor from January 1, 2024. The Selection Committee recommended the appointment for a tenure of five years. The Audit Committee agreed with the recommendation made by the Selection Committee. It was proposed to the Supervisory Board to recommend the Annual General Meeting to appoint EY as the Groups' next external auditor effective January 1, 2024.

The Risk Committee

Role and responsibilities

The main role and responsibilities of the Risk Committee are to assist and advise the Supervisory Board in fulfilling its oversight responsibilities regarding the effectiveness of the design, operation, and appropriateness of both the Enterprise Risk Management (ERM) framework and the internal control systems of the company and the subsidiaries and affiliates that comprise Aegon. This includes:

- Risk strategy, risk tolerance, and risk governance
- Product development and pricing
- Risk assessment
- Risk responses and internal control effectiveness
- Risk limits and monitoring
- Risk reporting
- Operational risk, and
- Non-financial risk.

Furthermore, the Risk Committee regularly reviews risk exposures as they relate to capital, earnings, liquidity, operations, and compliance with risk policies. The company's risk management is an important topic for the Supervisory Board.

The Risk Committee works closely with the Audit Committee. One combined meeting was held in December 2022. The combined meeting focused on the 2023 global risk plan, model validation, credit risk, information security, global incident response plans, and volatility in interest rates.

For more information about the functioning of the Risk Committee, please see the Risk Committee Charter on aegon.com.

Committee meetings attendance

The company's Chief Executive Officer and Chief Risk Officer attended all the Committee meetings. The Chair of the Risk Committee granted the Global Chief Audit Executive a standing invitation to all the Risk Committee meetings. Other Management Board members and senior managers attended the meetings when relevant to the discussion.

Risk management and Internal controls

Recurring items on the Risk Committee agenda in 2022 were risk exposure information, risk policy compliance monitoring, risks associated with IT and information security, as well as risks associated with COVID-19 and strategic change programs in the company. The Risk Committee assessed the effectiveness of the design and operation of the Enterprise Risk Management framework and internal control systems in 2022 by:

- Discussing the quarterly risk dashboard, including all material group level risks, with the Executive Board, Chief Risk Officer, and relevant senior managers. The material group level risks consisted of financial, underwriting, and operational risks, including cybersecurity and information security risk. Specific attention was paid to the impact of the war in Ukraine, inflation risk, hedging, rapidly rising interest rates, liquidity and credit risk, people risk, and the delivery of the regulatory roadmap of Aegon the Netherlands.
- Assessing a quarterly dashboard that outlined risks with regard to the execution of the strategic change programs in each region, and how those risks were monitored and mitigated.
- Reviewing Aegon's risk appetite, which consists of the risk strategy, risk tolerances and indicators.
- Reviewing the risk governance structure and risk competencies, including the skills and resources necessary for the risk function.

The Risk Committee spent time on emerging risks and the business environment risks, the identification and monitoring of non-financial risks – and in particular related to ESG and sustainability reporting – assumption and model changes, the actuarial function report, data protection, the impact of market risk on the annual budget plan, reinsurance developments, material outsourcing, product and distribution risk, the DNB Risk Score Report, and on a number of important asset and liability management and hedging topics across the company. Also, and on the request of the Risk Committee, deep dives on Information Security per region were provided. In addition, the Risk Committee dedicated time to wider global developments, such as the geopolitical environment, and the development of financial markets in 2022, including global inflation rates. Finally, in the context of the transaction with a.s.r., the Risk Committee discussed the risks in relation to the transaction and the disentanglement of Aegon the Netherlands.

The Nomination and Governance Committee

Role and responsibilities

The main role and responsibilities of the Nomination and Governance Committee are to assist and advise the Supervisory Board in fulfilling its responsibilities in the areas of Human Resources Management and Corporate Governance. This includes:

- Board member and senior management succession planning.
- Drawing up selection criteria and procedures for the appointment of Board members, together with supervising the selection criteria and procedures for senior management.
- Advising on and proposing nominations, appointments, and reappointments.
- Assessing and advising on the approach to sustainability as part of the corporate strategy and overseeing the execution thereof.
- Reviewing and updating the Supervisory Board profile and charters for the Supervisory Board and its committees.
- Periodically assessing the functioning of individual members of the Supervisory Board and the Executive Board.
- Overseeing the corporate governance structure of the company, compliance with the Dutch Corporate Governance Code and any other applicable corporate governance legislation and regulations.

Committee meetings attendance

In addition to the committee members, these meetings were attended in whole or in part by the CEO, the Global Head of Human Resources, and the General Counsel.

Supervisory Board-related activities

The Nomination and Governance Committee discussed the composition of the Supervisory Board and its Committees, thereby addressing succession planning and diversity. The profiles of Supervisory Board members, as well as their capabilities, also in terms of working collectively with other members of the Supervisory Board, were debated by the Committee.

With the appointment of Ms. Fawcett and the reappointment of Ms. Wortmann-Kool, a well-balanced composition in terms of gender diversity, nationality, and backgrounds has been ensured, which also does justice to the geographical spread of Aegon's activities.

The Supervisory Board noted the new Act on Diversity and is complying with this Act when addressing (re)appointments. In future searches for a new Supervisory Board member, the Committee continues to adhere to the improved attraction and selection practices, including reaching a broader pool of diverse candidates.

A Supervisory Board competency overview is published on aegon.com.

Executive and Management Board-related activities

During 2022, the Nomination and Governance Committee reviewed the composition of the Management Board and was informed – and consulted on – the succession of Management Board vacancies, and on certain appointments of key management.

The Committee was also kept apprised of major organizational changes, developments in employee engagement, and talent management. Also, the Committee discussed the annual Global Employee Survey, which was conducted at the end of 2022.

Further to the activities mentioned above, the Nomination and Governance Committee discussed senior management team developments and governance matters and structures, also in relation to the material business units and functions.

The Nomination and Governance Committee also reviewed the important outside board positions of the members of the Management and Supervisory Boards and discussed specific appointments to important outside board positions where applicable. The Nomination and Governance Committee has furthermore discussed the potential governance implications of the a.s.r. transaction.

Sustainability

In 2022, the Committee was kept apprised of regulatory and business developments in the area of ESG and discussed the regulatory framework and reporting standards in both Europe and the US, and the impact thereof on Aegon.

The Committee was frequently updated on the development of the Sustainability Roadmap 2025 and discussed, amongst others, the sustainability approach, goals, performance indicators, and the value of the Sustainability Roadmap for both Aegon and Aegon's stakeholders. The Committee also regularly discussed updates on the Net-Zero Asset Owner Alliance commitments.

Diversity

Enhancing diversity in the Executive, Management, and Supervisory Boards is an important goal for Aegon. Selection and appointment are based on expertise, skills, and relevant experience, and the Supervisory Board takes diversity into account with a view to achieving its aim of having a balanced Supervisory, Executive, and Management Board composition.

In 2017, the Supervisory Board adopted a diversity policy for the Executive, Management, and Supervisory Boards. The purpose of the diversity policy is to have a more balanced and diverse composition of the Supervisory Board, the Executive Board, and the Management Board in terms of nationality, age, gender and educational, professional, and geographical background and experience of the individual members. The Committee now strives to have at least 33% female representation in the Supervisory Board, and the combined Executive Board and Management Board.

In 2022, the Committee continued its discussions on the new "Act on Diversity", which is aimed at improving gender diversity in (boards of) Dutch companies. The Committee reviews the implementation thereof within Aegon. The actions being taken by the company to address the requirements of the Act are covered on page 62 of the Integrated Annual Report.

In the current Supervisory Board composition, there are four female members out of nine members in total. This means that Aegon complies with the requirement under Dutch law that at least one-third of the Supervisory Board positions should be filled by women and at least one-third by men. With the appointment of a new Chief Risk Officer as of March 1, 2022 and the appointment of the new Chief Technology Officer as of February 7, 2022, there are four female members out of twelve Management Board members in total, which means that Aegon achieved the minimum female representation in the Management Board that it strives for.

More information on diversity within the Board is available in the Supervisory Board Composition and Competency overview and in Chapter 7 (Diversity) of the Corporate Governance Statement – as published on aegon.com.

The Remuneration Committee

Role and responsibilities

The Remuneration Committee is designated to safeguard sound remuneration policies and practices within the company by overseeing the development and execution of these policies and practices. In order to ensure that the remuneration policies and practices take all types of risks properly into account, in addition to considering liquidity and capital levels, the Remuneration Committee assesses in particular the remuneration governance processes, procedures, and methodologies adopted. Furthermore, the Committee ensures that the overall remuneration policy is adhered to and is consistent with the longer-term strategy of the company and the longer-term interests of its shareholders, investors, and other stakeholders. This includes:

- Reviewing Aegon's Global Remuneration Framework and making recommendations on the remuneration policies.
- Overseeing the remuneration of the Executive Board and Heads of Group Control functions.
- Preparing recommendations regarding variable compensation both at the beginning and at the end of the performance year.
- Preparing the information provided to shareholders on remuneration policies and practices, including the Remuneration Report.

The Remuneration Committee oversaw the application, implementation, and approval of Aegon's Group Global Remuneration Framework and the various policies and procedures related to it, including the Remuneration Policy for Material Risk Takers. The above included:

- Setting the outcome of the 2021 Group Performance Indicators and of the 2021 Individual Performance Indicators for Executive Board members, and allocating variable compensation related to 2021 where required.
- Setting the 2022 Individual Performance Indicators for Executive Board members.
- Setting the 2022 Group Performance Indicators and targets for remuneration purposes.
- Preparing for the 2023 performance indicators.
- Reviewing and/or approving the ex-ante risk assessments and ex-post risk assessments, any exemption requests (for example, sign-on arrangements) under the remuneration policies, and changes to the list of Material Risk Takers.
- Reviewing the related Remuneration Report.

Committee meetings attendance

In addition to the committee members, these meetings were attended in whole or in part by the CEO, the Global Head Human Resources, and the General Counsel.

Annual Accounts

This Integrated Annual Report includes the Annual Accounts for 2022, which were prepared by the Executive Board and discussed by both the Audit Committee and the Supervisory Board. The Annual Accounts are signed by the members of the Executive Board and the Supervisory Board and will be placed on the agenda of the 2023 Annual General Meeting of Shareholders for adoption. The Supervisory Board recommends that shareholders adopt the annual accounts.

Acknowledgment

The members of the Supervisory Board would like to encourage the strategic progress that has been made and acknowledges the impact it has on Aegon's employees and other stakeholders. Despite the level of change, the employees continue to serve Aegon's customers with full dedication and appreciation. The Supervisory Board would like to thank the Executive Board and management for their efforts in setting and guiding the continuous change.

The Hague, the Netherlands, March 15, 2023

William L. Connelly
Chairman of the Supervisory Board of Aegon N.V.

Remuneration Report

The 2022 Remuneration Report from our Remuneration Committee, on behalf of the Supervisory Board

Introduction

This report has been prepared by the Remuneration Committee of the Supervisory Board, which was led by the Committee's Chairman Mr. Ben J. Noteboom and was approved by the Supervisory Board. In the first chapter, the Remuneration Committee presents an overview of the business and remuneration highlights in 2022 and a look ahead to 2023. This is followed by chapter two, which contains a general introduction to remuneration at Aegon. The third chapter is the 2022 Supervisory Board Remuneration Report, which contains a summary of the Supervisory Board Remuneration Policy that was applicable in 2022 and the Supervisory Board remuneration over the recent years. In chapter four, the 2022 Executive Board Remuneration Report provides a summary of the Executive Board Remuneration Policy that was applicable in 2022, the Executive Board remuneration over the recent years, and the 2023 Executive Board performance indicators.

1. Business and remuneration highlights

This chapter presents an overview of the business and remuneration highlights in 2022 and a look ahead to 2023.

2022 Business highlights

Despite challenging market circumstances in 2022, Aegon made significant progress in further strengthening the balance sheet and in improving the operational performance. Free cash flows increased from EUR 729 million in 2021 to EUR 780 million in 2022. As a result, Aegon met the targeted cumulative free cash flow for the period 2021 to 2023 a year ahead of schedule. The operating result amounted to EUR 1,918 million in 2022 and was stable compared with 2021 (EUR 1,906 million). The result was supported by expense savings, benefits from growth initiatives, improved claims experience, and strengthening of the US dollar. This was offset by lower fees due to adverse market movements and outflows in Variable Annuities and Asset Management. Between the launch of the operational improvement plan and the end of 2022, a total of 1,199 initiatives have been executed, of which 921 are related to expense savings. As of year-end 2022, the operational improvement plan resulted in EUR 366 million in the addressable expense savings compared with 2019 (was EUR 244 million by the end of 2021). This meant 92% of the targeted expense savings of EUR 400 million by 2023 were achieved. Market consistent value of new business remained broadly stable at EUR 526 million, while it was EUR 538 million in 2021. Improved results for US Life together with favorable currency movements were offset by a reduced result for US Workplace Solutions and by a less favorable product in International, including a lower demand for critical illness products in China.

Business performance highlights	2022	2021
Free cash flows (in EUR million)	780	729
Operating result (in EUR million)	1,918	1,906
Addressable expense savings (in EUR million)	366	244
Market consistent value of new business (in EUR million)	526	538

2022 Remuneration highlights

At the Annual General Meeting of Shareholders on May 31, 2022, shareholders were asked to cast an advisory vote on the 2021 Remuneration Report. The 2021 Remuneration Report was approved with 97.50% of the votes cast, which was comparable to 2020 (97.99%). The readability of the report was further increased by making the disclosures more concise by combining several tables regarding the allocated remuneration and related IFRS expenses.

In 2022, Aegon paid out EUR 256 million in variable compensation and 38 employees received EUR 1 million or more in total annual compensation (that is, the sum of fixed compensation, variable compensation, and pension contributions paid in 2022). These employees worked for Aegon's Corporate Center, Aegon Americas, Aegon UK, and Aegon Asset Management.

For serving as an Executive Board member in 2022, Mr. Friese received EUR 1,559,250 in fixed compensation (2021: EUR 1,485,000) and Mr. Rider received EUR 987,998 (2021: EUR 968,394). For Mr. Friese this included a 5% increase per January 2022. Mr. Rider's fixed compensation level was not changed during 2022. For that same period, Mr. Friese was allocated EUR 3.6 million in total compensation (2021: EUR 3.5 million) and Mr. Rider EUR 2.3 million (2021: EUR 2.3 million).

The 2022 CEO pay ratio was 23.5 (2021: 28.0, 2020: 32.2). This ratio was based on the EU-IFRS remuneration expenses for Mr. Friese and for Aegon's employees in 2022, which have been audited. The annual expenses for Mr. Friese's total compensation were EUR 3.1 million (2021: EUR 2.9 million). The average expenses for the employees' total compensation were EUR 134 thousand (2021: EUR 105 thousand[1]), which were calculated by:

- The total EU-IFRS remuneration expenses for all employees, which are the total employee expenses minus the CEO remuneration expenses: EUR 2,094 million - EUR 3.1 million = EUR 2,091 million.
- Divided by the number of employees in scope, which are the total number of employees minus employees in joint ventures and associates (as their expenses are not included in note 14 given the partial consolidation for these businesses) and minus the CEO: 19,087 - 3,507 - 1 = 15,579 employees.

The Remuneration Committee took note that various factors have influenced the CEO pay ratio. Mr. Friese's 2022 remuneration expenses changed mainly due to an increase in his fixed compensation and because the deferred expenses for his variable compensation have been building up more since his appointment in 2020. The average employee expenses mainly increased due to the impact of exchange rate movements, higher inflation, and the impact from a significant change in Aegon's employee population following the sale of Aegon Hungary, Aegon Turkey, and Aegon Asset Management CEE. As these factors can be different from year to year, the Committee does not have a preferred ratio. Instead, all compensation within Aegon (including for the Executive Board members) should be in line with the relevant internal and external references for the relative weight of the position, its responsibilities, and characteristics as well as the employee's qualifications, experience, and performance.

Looking ahead to 2023

In accordance with the Executive Board remuneration policy, the fixed compensation levels of Mr. Friese and Mr. Rider have been increased by 5% as of January 2023. Mr. Friese's fixed compensation changed from EUR 1,559,250 to EUR 1,637,213 and that of Mr. Rider's from EUR 987,998 to EUR 1,037,397. These increases will keep both aligned with internal and external compensation levels, economic developments (e.g. inflation) and changes to the compensation levels of other senior managers in the Netherlands.

2. Remuneration at Aegon in general

This chapter contains a general introduction to Aegon's Global Remuneration Framework, Human Resources Strategy, Remuneration Principles, the concepts of total compensation and variable compensation, Risk Management in relation to remuneration, and remuneration of Material Risk Takers.

Global Remuneration Framework

Aegon's Global Remuneration Framework (GRF) has been designed in accordance with relevant rules and regulations, including the Dutch Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code, and the Solvency II Legal Framework. All remuneration policies within Aegon are derived from the GRF, such as the Executive Board Remuneration Policy and the local Remuneration Policies of our business units.

Human Resources Strategy

In order to support the Aegon Strategy and local business objectives, the Aegon Group Human Resources Strategy contains the following remuneration-related goals:

- Attract, retain, motivate, and reward a highly qualified, and diverse workforce.
- Align the interests of executives, managers, and all other employees with the business strategy and risk tolerance, the values, and the long-term interests of Aegon.
- Provide a well-balanced and performance-related compensation package to all employees, taking into account shareholder and other stakeholder interests, relevant regulations, the corporate responsibilities, and Aegon's purpose, values, and behaviors.

Remuneration Principles

Based on the Human Resources Strategy, Aegon has formulated the following Remuneration Principles, which are the foundation for all remuneration policies and practices within the company.

- Firstly, Aegon's remuneration is employee-oriented by fostering a sense of value and appreciation in each individual employee; promoting the short- and long-term interests and wellbeing of Aegon's employees through fair compensation and supporting the career development and mobility of employees.
- Secondly, it is performance-related by establishing a clear link between pay and performance by aligning objectives and target setting with performance evaluation and remuneration, reflecting individual as well as collective performance in line with Aegon's long-term interests.

[1] This figure continued to include expenses for the employees of Aegon the Netherlands. Please note that for this reason, the employee expenses deviate from what is disclosed in note 14. In note 14, the employee expenses for employees of Aegon the Netherlands are out-of-scope, due to the intended sale of Aegon the Netherlands.

- Thirdly, it is fairness-driven by promoting fairness and consistency in Aegon's remuneration policies and practices, avoiding discrimination, having gender-neutral policies and practices paying equal for equal work, and by providing total compensation packages in line with an appropriately established peer group at a country and/or functional level.
- And lastly, Aegon's remuneration is risk-prudent (see also Risk Management in relation to Remuneration below).

Alignment with position in the financial industry and society

Aegon is a large player in the global financial market. In this position Aegon aims to create long-term value for various stakeholders in the societies in which we operate:

Customers: Aegon seeks to support its customers – who include individuals, as well as group and corporate clients – with a broad mix of investment, protection, and retirement solutions, in addition to smooth and efficient customer experiences. We measure our customers' satisfaction levels through benchmarked Net Promoter Scores. As part of our wider responsibility to society, we promote financial awareness and good health and wellbeing among financial services users. This ambition goes hand in hand with our responsible products approach; namely, to provide honest and transparent product information and to extend our solutions to underserved groups such as low-income earners.

Employees: Aegon's workforce comprises full- and part-time employees, as well as tied agents and contractors. In each case, we seek to maintain high levels of employee engagement and wellbeing, and foster a supportive and inclusive work environment. As our staffing needs evolve, we dedicate significant attention to talent management, with a focus on attracting and retaining highly talented employees, and by offering extensive opportunities for training and skills development. Employee engagement and wellbeing are assessed through regular workforce surveys.

Business partners: Aegon maintains a well-diversified, global supply chain that is made up of distributors, joint venture partners, reinsurers, sourcing partners, and suppliers of goods and services. To this end, we employ responsible supply chain practices that safeguard the interests and wellbeing of all of Aegon's partners, and seek to cultivate positive long-term business relationships that reflect our purpose and behaviors. The company-wide Vendor Code of Conduct is an important tool that enables Aegon to communicate its expectations and drive alignment along the supply chain on important topics such as environmental stewardship and inclusion and diversity.

Investors: Supported by a resilient and sustainable business model, Aegon seeks to provide a consistent and attractive return on investment to its global investors, who include both shareholders and bondholders. Our approach includes paying regular dividends and conducting other forms of appropriate capital distributions to our equity investors, who may also derive value from the performance of our shares, while our bondholders derive value from regular interest payments.

Society: Aegon's products and services enable individuals to take control of their finances and save for their own retirement, reducing their reliance on public pension systems and increasing financial stability in wider society. At the same time, we aim to have a positive impact on the communities in which we operate, through tax payments, charitable donations, and volunteer work. More widely, Aegon seeks to support a fair, equitable, and sustainable future society by actively addressing climate change, inclusion and diversity, and other prominent environmental and societal concerns. Practical examples of this include Aegon's net-zero commitment and responsible investment approach.

To ensure that Aegon can continue to create this long-term value for our stakeholders, it is critical to attract, retain, motivate, and reward a highly qualified and diverse workforce. Therefore, Aegon aims to offer market-competitive remuneration that takes the specific role, responsibilities, experience and expertise of the individual into account. Remuneration typically consists of fixed compensation, variable compensation (where in line with the local market practice), pension, and other benefits. At hiring, in annual compensation reviews and with promotions, compensation decisions are based on reference information such as: collective labor agreements, internal fixed and variable compensation structures, compensation of direct peers, external benchmark information, compensation trends in the market, and economic developments (for example, inflation).

Risk Management in relation to Remuneration

Remuneration, and specifically variable compensation, may have an impact on risk-taking behaviors of employees and, as such, may undermine effective risk management. The GRF therefore includes additional remuneration rules for Executive Board members, Material Risk Takers[1] and Control Staff, as their roles and responsibilities require tailored risk mitigating measures and governance processes. These rules include minimum requirements on deferred pay-out of variable compensation in non-cash instruments, mandatory ex-ante and ex-post risk assessments related to setting individual goals, allocation

[1] Aegon selects Group Material Risk Takers for the Aegon N.V. legal entity based on the Solvency II selection criteria. Additionally, legal entities within the company that are directly subject to the Capital Requirements Directive, Solvency Directive, the Alternative Investment Fund Managers Directive, and/or the Undertakings for the Collective Investment in Transferable Securities Directive, select Local Material Risk Takers in accordance with the applicable selection criteria and local regulatory requirements.

of variable compensation and pay-out of deferred variable compensation, and malus and claw-back provisions.

Both the Risk Management and Compliance functions are involved in the design and execution of Aegon's GRF and remuneration policies, such as reviewing proposed updates to the GRF and remuneration policies, reviewing the selection of Material Risk Takers, and executing various risk mitigating measures during the compensation cycle (when the targets are set, before a variable compensation award is allocated, before and after deferred variable compensation is paid).

Variable compensation

Variable compensation, if any, is capped at an appropriate level as a percentage of fixed compensation. For senior management, variable compensation is usually paid out in upfront cash and deferred Aegon shares and is subject to malus and claw-back provisions. In accordance with the Dutch Financial Supervision Act, Aegon offered selected Corporate Center employees variable compensation up to 100% of fixed compensation in 2022 and continued to comply with the related requirement that at least 75% of its employees within the entire company were employed outside the Netherlands. Aegon also obtained shareholder approval at the Annual General Meeting of Shareholders of May 20, 2016, to offer variable compensation up to 200% of fixed compensation to selected senior employees outside the European Economic Area in positions that, based on local market practice, could receive variable compensation that exceeds 100% of fixed compensation. Aegon's capital was not adversely impacted by the maximum variable compensation that was paid out.

3. 2022 Supervisory Board Remuneration Report

The 2022 Supervisory Board Remuneration Report has been prepared by the Remuneration Committee of the Supervisory Board in accordance with the Dutch Civil Code (article art 2:135b) and the Dutch Corporate Governance Code. The Remuneration Committee was led by the Committee's Chairman Ben J. Noteboom. This report was approved by the Supervisory Board.

This report contains a summary of the Supervisory Board Remuneration Policy which applied to 2022 and the Supervisory Board remuneration over the recent years.

Aegon's Supervisory Board remuneration is subject to various rules and regulations, including the Dutch Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code, and the Solvency II Legal Framework.

Supervisory Board Remuneration Policy in 2022

Aegon's Supervisory Board Remuneration Policy is aimed at ensuring fair compensation and protecting the independence of the Supervisory Board members. The Supervisory Board Remuneration Policy that has been applied in 2022 was adopted at the Annual General Meeting of Shareholders on May 15, 2020. Since its adoption, this policy has been subject to annual reviews by the Supervisory Board and no changes have been proposed during this period. The policy remains in place until a new or revised policy has been adopted by the shareholders in accordance with the applicable requirements from the Dutch Civil Code.

The policy contributes to Aegon's strategy, long-term interests, and sustainability through the remuneration of the Supervisory Board members in various ways:

- The policy provides the Supervisory Board with the means to attract, motivate, and retain competent, diverse, and experienced Supervisory Board members for the long term. This is essential for executing Aegon's strategy and safeguarding and promoting its long-term interests and sustainability.
- Supervisory Board members receive fixed remuneration for their responsibilities that does not depend on Aegon's results in order to protect their independence when supervising the manner in which the Executive Board members implement the long-term value creation strategy. These responsibilities are part of the membership of the Supervisory Board and its Committees and the position of (Vice) Chairman of the Supervisory Board and/or its Committees. The certainty of the fixed compensation also allows Supervisory Board members in their supervisory role to focus on the long-term interest and sustainability of Aegon.
- The Supervisory Board members receive fixed remuneration for their activities, such as attending Committee meetings and additional Supervisory Board meetings, in order to regularly discuss the Aegon strategy, the implementation of the strategy and the principal risks associated with it, while taking into account the broader long-term interests and sustainability of Aegon.
- Supervisory Board members are only allowed to privately own Aegon N.V. shares if this is a long-term investment, aligning their interests with Aegon's long-term interests.

The Supervisory Board took Aegon's position in the financial industry and society, purpose, and values into account when developing the policy and its changes:

- Aegon is an integrated, diversified, international financial services group based in the Netherlands. We offer investment, protection, and retirement solutions. The policy provides the Supervisory Board with the means to attract, motivate, and retain Supervisory Board members from various countries, predominantly based in the Netherlands and the US. As Aegon is based in the Netherlands, the policy considers the European Insurance peers as well as Dutch General Industry peers to be the relevant external reference for the Supervisory Board member's Remuneration. The policy is also influenced by the European and Dutch rules and regulations on (Executive) remuneration, which apply to Aegon as a result of its identity (that is, being an insurance firm in Europe and being a listed and financial company in the Netherlands).
- Aegon's purpose and values in place at the time were taken into account by the Supervisory Board when the last changes to the policy were proposed in 2020.
- The policy continues to align with our new company purpose (*helping people live their best lives*) and related values (we tune in, we step up, and we are a force for good). Furthermore, the Supervisory Board will take the new purpose and values into account when a new or revised policy is developed in the future.

The Supervisory Board has not taken the compensation structures and levels at Aegon into account as the fee-based compensation structure for Supervisory Board members differs significantly from the Aegon compensation structures and levels.

The Supervisory Board members are entitled to the following fees (see also the table below):

- A base fee for membership of the Supervisory Board. No separate attendance fees are paid to members for attendance at the regular Supervisory Board meetings.
- An attendance fee for each extra Board meeting attended, be it in person or by video and/or telephone conference.
- A committee fee for members on each of the Supervisory Board's Committees.
- An attendance fee for each Committee meeting attended, be it in person or through video and/or telephone conference.
- An additional fee for attending meetings that require intercontinental, continental, or US interstate travel between the Supervisory Board member's home location, and the meeting location.

Base fee for Supervisory Board membership	EUR / year
Chairman	84,000
Vice-Chairman	52,500
Member	42,000

Fee for Supervisory Board committee membership	EUR / year
Chairman of the Audit or Risk Committee	13,650
Member of the Audit or Risk Committee	8,400
Chairman of other committees	10,500
Member of other committees	5,250

Attendance fees	EUR
Committee meeting	3,150
Extra Supervisory Board meeting	3,150

Travel fees	EUR
Intercontinental	4,200
Continental or US interstate	2,100

Each of these fees is a fixed amount. Each quarter Aegon pays the fees that the Supervisory Board members earned during that period. Where required, Aegon pays the employer social security contributions in the home country of the Supervisory Board member. The employee social security contributions in the home country, if any, are paid by the Supervisory Board member.

The Supervisory Board members do not receive any performance or equity-related compensation, and do not accrue pension rights with Aegon. These measures are designed to ensure the independence of Supervisory Board members and to strengthen the overall effectiveness of Aegon's corporate governance.

The Supervisory Board regularly assesses the competitiveness of the Supervisory Board's remuneration structure and levels against peer companies with data provided by Willis Towers Watson. For this purpose, the Supervisory Board selected a primary set of peer group companies according to the following criteria:

- Industry: Insurance, with a preference for life insurance.
- Size: Average market capitalization, employees, revenue, and total assets.
- Geographic scope: Preferably companies that operate globally.
- Location: Headquarters based in Europe, excluding UK (because the non-executive directors typically have different responsibilities compared to their continental European counterparts).

Based on these criteria, the current peer group consists of the following 16 European insurance companies: Ageas, Assicurazioni Generali, CNP Assurances, Hannover Rueck, Helvetia, MAPFRE, Münchener RE, NN Group, Poste Italiane, Sampo, SCOR, Swiss Life, Swiss Re, Talanx, Vienna Insurance Group, and Zurich Insurance Group. This peer group differs from the European peer group for the Executive Board as a result of excluding the UK companies. The peer group is reviewed each year and may be updated accordingly. The last update of this peer group was in 2022, when the peer group size was increased from 12 to 16 (creating a more balanced selection), Hannover Rueck, Helvetia, Poste Italiane, Sampo, SCOR, and Vienna Insurance Group were added, and Allianz and AXA were removed.

In addition, the Supervisory Board selects a secondary peer group according to the following criteria, in order to monitor alignment with the General Industry in the Netherlands:

- Industry: General industry and listed on the AEX.
- Size: Average market capitalization, employees, revenue, and total assets.
- Location: Headquarters based in the Netherlands.

Based on these criteria, the current secondary peer group consists of the following 12 AEX companies: Akzo Nobel, Ahold Delhaize, ASML, DSM, ING Group, Heineken, KPN, NN Group, Philips, Randstad, Signify, and Wolters Kluwer. This peer group is also reviewed each year and was last updated in 2022 (replacing ABN AMRO with Signify). This peer group is identical to the Dutch peer group for the Executive Board.

The Remuneration Committee may recommend changes to the fee levels or structure of the Supervisory Board members, based on the results of a competitiveness review and economic developments in the Netherlands. Such recommendations would be discussed by the Supervisory Board, which can support, revise, or reject them.
The Supervisory Board is allowed to annually index the fees for economic developments in the Netherlands. For any other change to the level or structure of the fees, the shareholders will be asked to adopt the proposed changes at the Annual General Meeting of Shareholders.

The policy contains a temporary derogation clause, with rules which are in accordance with the Dutch Civil Code. This means derogation is only allowed in exceptional circumstances to serve the long-term interest and sustainability of Aegon or to assure its viability, for a limited period of time, when it stays in line with the general spirit of the policy and when the details are disclosed in the next Remuneration Report. This clause was not used in 2022.

Information on members of the Supervisory Board and the composition of its four committees can be found in the report of the Supervisory Board in this Integrated Annual Report 2022.

Supervisory Board remuneration in recent years

The table below shows the fees and benefits that have been allocated to and paid for each Supervisory Board member in the calendar years 2020, 2021, and 2022, in accordance with the Supervisory Board remuneration policy that applied at the time. In line with the Supervisory Board Remuneration Policy, the fees have been indexed with 5% in January 2022 compared to the fee levels in January 2020, in response to the economic developments in the intervening period. There were no deviations from this policy in these years. The table also includes the total IFRS expenses that were recognized for the compensation of the Supervisory Board members in 2020, 2021 and 2022.

In EUR thousand	Year	Base fees	Attendance fees [1]	Benefits [2]	Total compensation
William L. Connelly	2022	100	88	29	217
	2021	95	57	10	162
	2020	95	45	4	144
Mark A. Ellman	2022	56	60	17	132
	2021	53	45	4	102
	2020	55	39	4	98
Ben J. Noteboom	2022	61	66	11	138
	2021	58	45	4	107
	2020	58	39	-	97
Corien M. Wortmann - Kool	2022	66	79	6	151
	2021	63	45	4	112
	2020	63	48	-	111
Dona D. Young	2022	61	66	25	152
	2021	62	51	6	119
	2020	66	57	4	127
Caroline Ramsay	2022	64	82	37	183
	2021	61	39	21	121
	2020	38	21	9	68
Thomas Wellauer	2022	56	57	24	136
	2021	53	45	13	111
	2020	33	21	5	59
Jack McGarry	2022	56	76	23	154
	2021	31	24	6	61
Karen Fawcett (as of May 31, 2022)	2022	32	32	13	77
Ben van der Veer (up to May 15, 2020)	2020	22	27	-	49
Total compensation	2022	551	605	184	1,340
	2021	476	351	69	896
	2020	430	297	26	752
Recognized IFRS expenses [3]	2022	551	605	184	1,340
	2021	482	357	72	911
	2020	459	321	26	806

1 In 2022, there were four additional Supervisory Board calls and two Supervisory Board sub-committee calls, for which the participants received attendance fees. Mr. Connelly received attendance fees for joining the combined audit and risk committee meeting on December 7, 2022 (EUR 3,150) and on December 7, 2021 (EUR 3,000). Mr. Connelly, Mr. Ellman, and Mr. Noteboom received an attendance fee of EUR 3,000 for joining the audit committee call on March 16, 2021. Mr. Connelly received attendance fees for meetings outside the regular Supervisory Board meeting cycle (EUR 18,900 in 2022 and EUR 6,000 in 2021). In 2022, Ms. Ramsay, Ms. Wortmann - Kool, and Mr. McGarry received EUR 18,900 in attendance fees related to the audit tender process. For the same purpose, Mr. Wellauer received EUR 3,150 in attendance fees in 2022.

2 Benefits cover the travel fees for all Supervisory Board members and the mandatory employer social security contributions in the home countries of Ms. Ramsay (UK) and Mr. Wellauer (Switzerland). Mr. Connelly received travel fees for attending meetings outside the regular Supervisory Board meeting cycle (EUR 8,400 in 2022 and EUR 2.000 in 2021). In 2022, Ms. Ramsay and Mr. McGarry received EUR 2,100 in travel fees related to the audit tender process.

3 Based on a Decree of the Dutch State Secretary of Finance which came into force as from May 7, 2021, the Supervisory Board fees were not subject to Dutch VAT anymore, retroactively as from June 13, 2019. Therefore, Aegon has not paid Dutch VAT anymore on the fees of the Supervisory Board Members as from Q2 2021. Additionally, Aegon reclaimed VAT for the period Q3 2019 - Q1 2021, except for its Supervisory Board members based in the Netherlands for practical reasons.

The table below presents the total compensation (fees and benefits) that was awarded and due in the last five calendar years on an annualized basis and the year-on-year annual change in total compensation. This compensation was paid in accordance with the Supervisory Board remuneration policy that applied at the time and there were no deviations. Additionally, the table shows the Aegon net result, a proxy of the financial and non-financial business performance, the inflation in the Netherlands, and the average employee compensation over the same period.

In EUR thousand	Annualized [1]	2018	2019	2020	2021	2022
William L. Connelly	Compensation	119	169	144	162	217
	Change	-	42%	(15%)	13%	34%
Mark A. Ellman	Compensation	103	115	98	102	132
	Change	-	12%	(15%)	5%	30%
Ben J. Noteboom	Compensation	86	103	97	107	138
	Change	-	20%	(6%)	10%	29%
Corien M. Wortmann - Kool	Compensation	103	123	111	112	151
	Change	-	19%	(10%)	1%	35%
Dona D. Young	Compensation	121	158	127	119	152
	Change	-	31%	(20%)	(6%)	28%
Caroline Ramsay (as of May 15, 2020)	Compensation	-	-	108	121	183
	Change	-	-	-	12%	51%
Thomas Wellauer (as of May 15, 2020)	Compensation	-	-	94	111	136
	Change	-	-	-	18%	22%
Jack McGarry (as of June 3, 2021)	Compensation	-	-	-	105	154
	Change	-	-	-	-	46%
Karen Fawcett (as of May 31, 2022)	Compensation	-	-	-	-	131
	Change	-	-	-	-	-
Ben van der Veer (up to May 15, 2020)	Compensation	101	118	131	-	-
	Change	-	17%	11%	-	-
Robert W. Dineen (up to Oct 11, 2019)	Compensation	101	101	-	-	-
	Change	-	1%	-	-	-
Aegon net result based on EU-IFRS	In EUR million	741	1,525	55	1,701	(2,504)
Aegon business performance [2]	Target = 100%	106%	79%	57%	123%	113%
Inflation in the Netherlands	Consumer Price Index	1.7%	2.6%	1.3%	2.7%	10.0%
Average employee compensation [3]	In EUR thousand	104	115	110	105	134
	Annual change	-	11%	(4%)	(5%)	28%

1 Remuneration amounts are annualized for Supervisory Board members who joined or left during a calendar year.
2 The weighted average Aegon financial and non-financial business performance, expressed as a percentage on a performance scale with 50% as the threshold, 100% as the target and 150% as the maximum, as used for the allocation of variable compensation in the applicable year.
3 Consistent with the CEO pay ratio calculation, the average employee compensation is based on the audited total EU-IFRS remuneration expenses for all employees divided by the number of employees in scope for these expenses.

4. 2022 Executive Board Remuneration Report

The 2022 Executive Board Remuneration Report has been prepared by the Remuneration Committee of the Supervisory Board in accordance with the Dutch Civil Code (article art 2:135b) and the Dutch Corporate Governance Code. The Remuneration Committee was led by the Committee's Chairman Ben J. Noteboom. This report was approved by the Supervisory Board.

This report contains a summary of the Executive Board Remuneration Policy that applied to 2022, the Executive Board remuneration over the recent years, and the 2023 Executive Board performance indicators.

Executive Board Remuneration Policy in 2022

The Supervisory Board has the overall responsibility for Aegon's Remuneration Policies, including the Executive Board Remuneration Policy. The Executive Board Remuneration Policy that has been applied in 2022 was adopted at the Annual General Meeting of Shareholders on May 15, 2020. Since its adoption, this policy has been subject to annual reviews by the Supervisory Board and no changes have been proposed during this period. The policy remains in place until a new or revised policy has been adopted by the shareholders in accordance with the applicable requirements from the Dutch Civil Code.

The current policy contributes to Aegon's strategy, long-term interests and sustainability through the remuneration of the Executive Board members in various ways:

- The policy provides the Supervisory Board with the means to attract, motivate, and retain competent and experienced Executive Board members for the long term. This is essential for executing Aegon's strategy and safeguarding and promoting its long-term interests and sustainability.
- The leading performance indicator categories for the successful execution of Aegon's strategy are capital, growth, and strategy. To support the execution of Aegon's strategy, the policy makes these performance indicator categories mandatory for the Executive Board member.
- Aegon strives to create long-term value for its stakeholders and the communities in which it operates. Due to the nature of Aegon's business, value created is often financial, but it may also be social, economic, or environmental. The policy directly aligns Executive Board members' personal long-term interests with those of Aegon and its shareholders by paying a significant part of the Executive Board members' variable compensation (two-thirds) in shares, which must be held for five years after completion of the performance period. The pay-out in these restricted shares is combined with prohibiting Executive Board members using personal hedging strategies or insurance, which could undermine this long-term alignment of interests. Additionally, Executive Board members are aligned with the long-term interests of Aegon, its shareholders, and other stakeholders through the use of mandatory performance indicator categories of earnings, shareholders, and other stakeholders.
- Aegon is committed to doing business responsibly and in a sustainable way. Variable compensation of Executive Board members can be adjusted downwards (that is, malus) or clawed-back in cases where certain performance has not been achieved in a sustainable way. This includes but is not limited to significant risk and compliance incidents, insufficient response to such incidents and/or insufficient evidence of embedding of good standards of practice, such as sound and responsible business practices, and integrity of products and services delivered. Additionally, the policy makes the performance indicator category environmental, social and governance (ESG), mandatory for Executive Board members to support this approach to doing business.

The Supervisory Board took Aegon's position in the financial industry and society, purpose, and values into account when developing the policy and its changes:

- Aegon is an integrated, diversified, international financial services group based in the Netherlands. We offer investment, protection, and retirement solutions. The policy provides the Supervisory Board with the means to attract, motivate, and retain Executive Board members who are competent and experienced to run Aegon in this specific context. As the Executive Board members are based in the Netherlands, the Policy considers the European insurance peers as well as Dutch general industry peers to be the relevant external reference for Executive Remuneration. The Policy is also strongly influenced by the European and Dutch rules and regulations on (Executive) remuneration which apply to Aegon.
- Aegon's purpose and values in place at the time were taken into account by the Supervisory Board when the last changes to the policy were proposed in 2020.
- The policy continued to align with our new company purpose (*helping people live their best lives*) and related values (we tune in, we step up, and we are a force for good). Furthermore, the Supervisory Board will take the new purpose and values into account when a new or revised policy is developed in the future.

Aegon's Executive Board remuneration is subject to various rules and regulations, including the Dutch Financial Supervision Act, the Dutch Civil Code, the Dutch Corporate Governance Code, and the Solvency II Legal Framework. The most prominent requirements thereof are:

- The total variable compensation amount that is allocated to an Executive Board member for a performance year cannot exceed 100% of the fixed compensation level.
- Variable compensation should be based on a mix of Aegon and personal performance, with at least 50% weight on non-financial performance.
- A substantial portion of any variable compensation award should be paid in a non-cash instrument (for example, Aegon shares) and should be deferred for at least three years. Additionally, awarded shares should be restricted for five years. With a three-year vesting period, this requires an additional holding period of two years.
- Aegon can claw-back any variable compensation which has been paid (cash and shares) in specific circumstances such as a material financial restatement or individual gross misconduct.

These are also the main reasons why Aegon operates one Executive Board variable compensation plan per year, with a single variable compensation award which is subsequently split into cash and shares, rather than operating separate Short-Term Incentive (cash) and Long-Term Incentive (share) Plans.

The Remuneration Committee may recommend policy changes to the Supervisory Board. In that case, the Remuneration Committee will conduct scenario analyses to determine the long-term effects on the level and structure of compensation granted to each Executive Board member, and reports their findings to the Supervisory Board. The Supervisory Board can subsequently decide on referring the proposed policy changes to the Annual General Meeting of Shareholders for adoption.

The policy contains a temporary derogation clause, with rules which are in accordance with the Dutch Civil Code. This means derogation is only allowed in exceptional circumstances to serve the long-term interest and sustainability of Aegon or to assure its viability, for a limited period of time, when it stays in line with the general spirit of the policy and when the details are disclosed in the next Remuneration Report. This clause was not used in 2022.

Total compensation

Total compensation for Executive Board members is defined in the Executive Board Remuneration Policy as a combination of fixed compensation, variable compensation, pension, and other benefits. The Supervisory Board determines and regularly reviews the appropriate selection of remuneration elements and their (maximum) remuneration level for Executive Board members to ensure the structure remains competitive and provides proper and risk-based incentives in line with Aegon's risk appetite. The fixed and variable compensation elements and their levels are reviewed at least once a year. The pension arrangements and other benefits and their levels are reviewed at least every four years. In its review, the Supervisory Board takes the specific role, responsibilities, experience, and expertise of Executive Board members into account as well as internal and external reference information:

- The internal references are the compensation structure and levels of the members of the Management Board of Aegon N.V. and the annual compensation changes of the general employee population and senior managers within Europe and the Netherlands specifically.
- The external references are compensation trends in the market, economic developments (for example, inflation) as well as quantitative assessments of the competitiveness against a peer group of insurance companies in Europe and a peer group of companies based in the Netherlands.
- Additionally, the Remuneration Committee conducts a scenario analysis in case of a policy change to determine the long-term effect on the remuneration structure and level of each Executive Board member, and reports their findings to the Supervisory Board.

The European Insurance peer group was selected by the following criteria:

- Industry: Insurance, with a preference for life insurance
- Size: Average market capitalization, employees, revenue, and total assets
- Geographic scope: Preferably companies that operate globally
- Location: Headquarters based in Europe

Based on these criteria, the current peer group consists of the following 16 European insurance companies: Ageas, Assicurazioni Generali, Aviva, CNP Assurances, Helvetia, Legal & General, MAPFRE, Münchener Re, NN Group, Poste Italiane, SCOR, Swiss Life, Swiss Re, Talanx, Vienna Insurance Group, and Zurich Insurance Group. The last update of this peer group was in 2022, when Helvetia, Poste Italiane, SCOR and Vienna Insurance Group were added, and Allianz, AXA, Prudential, and RSA Insurance Group were removed. This peer group differs from the European peer group for the Supervisory Board, as the latter excludes UK companies where non-executive directors typically have different responsibilities compared to their continental European counterparts.

The Dutch peer group was selected by the following criteria:

- Industry: general industry and listed on the AEX.Size: Average market capitalization, employees, revenue and total assets
- Location: Headquarters based in the Netherlands

Based on these criteria, this peer group consists of the following 12 AEX companies: Akzo Nobel, Ahold Delhaize, ASML, DSM, ING Group, Heineken, KPN, NN Group, Philips, Randstad, Signify, and Wolters Kluwer. This peer group is also reviewed each year and was last updated in 2022 (replacing ABN AMRO with Signify).

The Supervisory Board will review both peer groups annually and will amend them as necessary, within the above-mentioned selection criteria, to ensure they continue to provide a reliable basis for comparison. Any change to the peer group will be disclosed in the Remuneration Report.

The Remuneration Committee may recommend changes to the compensation levels of the Executive Board members in accordance with Remuneration Policy, based on the results of this annual total compensation review and on discussions with the Executive Board members regarding their remuneration level and structure. Such recommendations would subsequently be discussed by the Supervisory Board, which can approve, revise, or reject them.

The Supervisory Board discussed and approved the 2022 total compensation for the Executive Board, after taking the Remuneration Committee's review into consideration.

Fixed compensation

The fixed compensation for the Executive Board members is paid in monthly installments. The policy allows fixed compensation to be paid in cash and in shares. All Executive Board members received their 2022 fixed compensation in cash.

The Supervisory Board may offer permanent or temporary gross monthly fixed allowances when the Supervisory Board considers this an appropriate alternative for other remuneration elements.

Variable compensation

Executive Board members are eligible for variable compensation with a target level of 80% of the fixed compensation level (excluding allowances, if applicable), with a threshold level of 50% and a maximum opportunity of 100% of the fixed compensation level.

The variable compensation award is based on performance against a set of performance indicators, weights, and target levels that have been set by the Supervisory Board at the start of the performance year. The performance indicators contribute to Aegon's strategy, long-term interests, and sustainability, within Aegon's risk tolerance statements and should comply with the following rules:

- It contains a mix of financial and non-financial performance indicators, with at least 50% weight allocated to the non-financial performance indicators in accordance with article 1:118.3 of the Dutch Financial Supervision Act.
- The maximum weight for unadjusted financial indicators is determined by the Global Remuneration Framework and is currently set at 50%.
- It contains a mix of Aegon and personal performance indicators, which can range in weight between 50-80% and 20-50% respectively, depending on the Aegon priorities of the performance year.
- At least 20% of the indicators have a retrospective three-year performance horizon, while the remainder has a one-year performance horizon.
- The indicators should cover the following mandatory performance indicator categories: shareholders, capital, earnings, growth, stakeholders, ESG, and strategy.

The Remuneration Committee and the Executive Board members prepare a proposal for the performance indicators, weights, and target levels. These are subsequently reviewed by Aegon's Risk Management team (that is, the first ex-ante risk assessment) before the Supervisory Board approves these, to ensure that:

- The performance indicators and weights are in line with the policy.
- The financial performance indicators are consistent with the risk tolerance statements.
- The non-financial performance indicators are consistent with risk tolerance statements, regulatory requirements, and reasonable stakeholder expectations, and are supporting sound and responsible business practices and integrity of the products and services delivered.

The Remuneration Committee sends the proposal and the first ex-ante risk assessment to the Supervisory Board, which can approve, revise, or reject the proposal. After approval, the Executive Board members are granted their conditional variable compensation awards for the plan year. This conditional award equals their target variable compensation level, split between 33.33% upfront cash and 66.67% deferred Aegon shares. The grant price for the shares is equal to the volume weighted average price on the Euronext Amsterdam stock exchange for the period December 15 to January 15 at the start of the plan year.

After the completion of the performance period, the Remuneration Committee prepares a recommendation for the allocation of a variable compensation award to each Executive Board member. This recommendation is based on the actual performance results compared to target levels and takes a second ex-ante risk assessment by the Risk Management team into account. This risk assessment looks into whether there are reasons for a downward adjustment of the intended variable compensation award (malus) which were not take into account yet, such as:

- Significant risk or compliance incident(s)
- Insufficient response to risk incident(s), compliance incident(s), regulatory fine(s) and/or insufficient execution of risk mitigating measures in response to these incidents
- Breaches of laws and regulations
- Insufficient evidence of embedding good standards of practice
- Significant deficiencies or material weaknesses relating to the Sarbanes-Oxley Act
- Reputation damage due to risk events

In this assessment possible risk-mitigating behaviors are also taken into account, such as remaining within risk limits, risk reduction, risk avoidance, risk transfer, and risk response by the Executive Board member.

The Remuneration Committee sends its recommendation and the second ex-ante risk assessment to the Supervisory Board, which can approve, revise, or reject the recommendation. This Supervisory Board decision includes validating that, when taken together, the results of the performance indicators represent a fair reflection of the overall performance of the Executive Board member over the performance year.

The allocated variable compensation award is subsequently split between 33.33% upfront cash (that is, paid in the year following the performance year) and 66.67% deferred shares.

These shares are deferred for a three-year period after allocation after which they cliff-vest. Before vesting, the Risk Management team executes an ex-post risk assessment which looks into whether there are reasons for a downward adjustment of the originally allocated variable compensation award (malus) which were not taken into account yet. This risk assessment takes the same criteria into consideration as the second ex-ante risk assessment. Based on this assessment, the Remuneration Committee subsequently prepares a recommendation on how to pay out the deferred portion (that is, unchanged or adjusted downward). The Remuneration Committee sends its recommendation and the ex-post risk assessment to the Supervisory Board. The Supervisory Board can approve, revise, or reject the recommendation.

Claw-back provision

Aegon's Supervisory Board can claw-back variable compensation that has already been paid to the Executive Board member in case of a material financial restatement or individual gross misconduct, after considering a risk assessment by Aegon's Risk Management team which looks into whether in hindsight the paid amount should have been lower or nil. Examples of misconduct are, but not limited to, a significant breach of laws and/or regulations, use of violence, either verbally or physically, involvement with fraud, corruption or bribery, significant issues due to evident dereliction of duty, and/or discrimination of any kind (for example age or gender).

Pension arrangements

The Executive Board members are entitled to pension contributions that equal 40% of their fixed compensation level, which consists of the following three parts:

- Participation in Aegon's defined contribution pension plan for employees based in the Netherlands, for their eligible earnings up to EUR 114,866 (2022 threshold set by Dutch law).
- Participation in Aegon's defined contribution pension plan for employees based in the Netherlands, for their fixed income above EUR 114,866.
- An additional gross allowance for pension to make the sum of these three pension contributions equal to 40% of their fixed compensation level.

The Executive Board members receive pension contributions that are somewhat higher compared to employees based in the Netherlands and of similar age (approximately 10-15% difference). This is done to achieve a competitive total compensation level. Please note the Supervisory Board will consider discontinuing the additional gross allowance for new Executive Board members, while ensuring their total compensation level stays competitive, and including this as a policy change in the next update of the Executive Board Remuneration Policy.

Other benefits

Other benefits include non-monetary benefits (for example, company car), social security contributions by the employer, and tax expenses borne by Aegon.

Aegon does not grant Executive Board members personal loans, guarantees or other such arrangements, unless in the normal course of business and on terms applicable to all employees, and only with the approval of the Supervisory Board.

Terms of Engagement

Members of the Executive Board are appointed for four years and may then be reappointed for successive mandates also for a period of four years. Executive Board members have a board agreement with Aegon N.V., rather than an employment contract. Members of the Executive Board may terminate their board agreement with a notice period of three months. The Supervisory Board may terminate the board agreement by giving six months' notice if it wishes to terminate the agreement.

The Supervisory Board may entitle Executive Board members to a termination payment up to or equal to the total annual fixed compensation level. This payment is not allowed in case of early termination at the initiative of the Executive Board member (unless due to imputable acts or omissions of Aegon), imputable acts, or omissions by the Executive or failure of Aegon as a company during the appointment term of the Executive Board members. Mr. Friese and Mr. Rider have a termination clause included in their board agreement. Mr. Wynaendts was not entitled to a termination payment when his board agreement was terminated in 2020.

Executive Board remuneration in recent years

In this section you will find more details related to the remuneration that has been allocated and paid to the Executive Board members. It covers the allocated remuneration (2020-2022), the calculation of the 2022 variable compensation, the pay-out schedule of variable compensation (2020-2026), the recognized IFRS expenses for remuneration (2020-2022), the remuneration that was awarded and due in 2021 and 2022, and the annualized total compensation overview (2018-2022).

Allocated remuneration (2020-2022)

The first table shows the remuneration that has been allocated to the Executive Board members, for the performance years 2020, 2021, and 2022, in accordance with the Executive Board remuneration policy that applied at the time. There were no deviations from the policy in these years.

Allocated compensation (in EUR thousand)	Fixed compensation	Variable compensation	Pension	Other Benefits	Total compensation
Lard Friese					
2022 [1)]	1,559	1,368	621	77	3,625
2021	1,485	1,359	594	77	3,515
2020 [2)]	931	634	373	49	1,987
Matt Rider					
2022	988	837	395	66	2,286
2021 [3)]	968	884	387	67	2,306
2020	941	640	376	67	2,024
Alex Wynaendts					
2020 [4)]	496	302	337	97	1,233
All Executive Board members					
2022	2,547	2,205	1,016	143	5,912
2021	2,453	2,243	981	144	5,821
2020	2,368	1,577	1,086	213	5,244

1 Mr. Friese's fixed compensation increased by 5% as of January 2022.
2 The disclosed amounts for 2020 cover the period that Mr. Friese has been a member of the Executive Board (as of May 15, 2020), and excludes the sign-on arrangement of EUR 1,228 thousand that Mr. Friese received when joining Aegon in March 2020.
3 Mr. Rider's fixed compensation increased by 5% as of June 2021.
4 The disclosed amounts for 2020 cover the period that Mr. Wynaendts has been a member of the Executive Board (until May 15, 2020).

Calculation of 2022 variable compensation

Subject to the adoption of the annual accounts at the General Meeting of Shareholders on May 25, 2023, Mr. Friese has been awarded EUR 1,368 thousand in conditional variable compensation for the 2022 performance year (88% of fixed compensation) and Mr. Rider EUR 837 thousand (85% of fixed compensation). The following table shows how these awards compare to their minimum, target and maximum variable compensation opportunity levels and how the awards will be paid out.

2022 variable compensation	Minimum	Target	Maximum	Result	Pay-out
Lard Friese					
In % of fixed compensation	50%	80%	100%	88%	
In total (EUR thousand)	780	1,247	1,559	1,368	Split in 33.33% cash and 66.67% shares
In cash (EUR thousand)	260	416	520	456	Paid upfront in 2023
In shares [1)]	115,750	185,200	231,500	203,072	Deferred for 3 years (2026)
Matt Rider					
In % of fixed compensation	50%	80%	100%	85%	
In total (EUR thousand)	494	790	988	837	Split in 33.33% cash and 66.67% shares
In cash (EUR thousand)	165	263	329	279	Paid upfront in 2023
In shares [1)]	73,343	117,349	146,686	124,273	Deferred for 3 years (2026)

1 The 2022 grant price of the shares was EUR 4.4905, which is equal to the volume-weighted average price on the Euronext Amsterdam stock exchange for the period December 15, 2021 to January 15, 2022. After vesting in 2026, these shares are subject to an additional 2-year holding period.

The 2022 variable compensation awards for both Executive Board members were based on a mix of 70% Group performance and 30% personal performance, for which the results are summarized in the first table below. The Group performance is initially measured on a 50-100-150% performance scale, which is used internally to fund the employee bonus pools. The total company performance result on this scale (113%) is subsequently converted in a result on the 50-80-100% scale that applies to the variable compensation of the Executive Board members (which equals 85%). Their personal performance results are directly scored on the 50-80-100% scale. The second and third table below contain more detailed information on the Group and personal performance indicators respectively.

				For Aegon bonus pools
2022 Group performance indicators	Weight	Target	Outcome	Result [1]
Free cash flows (2021-2022)	20%	1,000	1,509	150%
Relative total shareholder return (2020-2022)	10%	Rank 5	Rank 7	67%
Operating result	10%	2,101	1,918	56%
Addressable expense savings (2021-2022)	10%	322	366	150%
Market consistent value of new business	10%	556	526	93%
Transformation program: Earnings contribution	10%	100%	102%	109%
Transformation program: Timely initiative execution	10%	100%	103%	108%
Transformation program: Timely milestone completion	10%	100%	152%	150%
Employee engagement	10%	70%	70%	100%
Total performance result				**113%**

1 The Group performance results are measured on a 50-100-150% performance scale, which is used for the funding of the bonus pools for our employees.

	Lard Friese		Matt Rider	
2022 Executive Board performance indicators	Weight	Result	Weight	Result
Group performance [1]	70%	85%	70%	85%
Strategic Roadmap development	10%	100%	5%	100%
Execution of capital initiatives in line with Strategic Roadmap	10%	100%	5%	100%
Sustainability integration and execution	5%	80%	5%	80%
Women in senior management	5%	80%	5%	80%
Finance strategy execution	---	---	10%	70%
Total performance result		**88%**		**85%**

1 The abovementioned Group performance result of 113% equals 85% on the 50-80-100% performance scale that applies to the Executive Board members (i.e. with 80% being the target level and 100% the maximum).

2022 Aegon performance indicators	Definition
Free cash flows	Free cash flows represent cash flows from remittances from the units less the Holding funding and operating expenses. The 2021-2022 target was based on the 2021-2023 cumulative free cash flows target that was disclosed at the Capital Markets Day in December 2020 and the updated guidance in February 2021.
Relative total shareholder return	Aegon's position relative to 7 US and 7 non-US peers when looking at Total Shareholder Return for a retrospective 3-year performance period (2020-2022). These peers were selected for being the most similar to Aegon based on their index listing, industry classification, 5 year monthly Beta, Market Capitalization and Total Revenue. [1)]
Operating result	Operating result reflects our profit before tax from underlying business operations and excludes components that relate to accounting mismatches that are dependent on market volatility, updates to best estimate actuarial and economic assumptions and model updates or events that are considered outside the normal course of business. The 2022 target was based on the 2022 budget.
Addressable expense savings	Addressable expenses are expenses reflected in the operating result, excluding deferrable acquisition expenses, expenses in joint ventures and associates and expenses related to operations in CEE countries. The 2021-2022 target was based on the 2021-2023 savings target that was disclosed at the Capital Markets Day in December 2020.
Market consistent value of new business	Represents how much value the sale of new insurance policies is generating for the company. This value represents the present value of our best estimate of incoming premiums and outgoing claims, benefits and expenses related to these new sales. The 2022 target was based on the 2022 budget.
Transformation program: Earnings contributions	Measures the expected cumulative run-rate earnings contribution for performance improvement initiatives that moved to the execution phase during the retrospective 3-year performance period 2020-2022, compared to the cumulative 2020-2022 target in the transformation program.
Transformation program: Timely initiative execution	Measures whether performance improvement initiatives moved to the execution phase in time, compared to the 2022 targets in the transformation program.
Transformation program: Timely milestone completion	Measures the timely milestone completion of the performance improvement initiatives, compared to the 2022 targets in the transformation program.
Employee engagement	Employee engagement as measured in the global employee survey. The 2022 target was 70%.
Strategic Roadmap development	Assesses how the Strategic Roadmap further evolved for strategic assets and non-core assets in 2022.
Execution of capital initiatives in line with Strategic Roadmap	Assesses the completion of management actions in relation to financial assets and non-core assets in 2022.
Sustainability integration and execution	Measures the degree of complete milestones in 2022 related to further integrating our ESG priorities in Aegon's strategy, sustainability reporting, and reaching our 2025 carbon emission reduction target.
Women in senior management	Measures the percentage of women in Aegon's senior management layer worldwide. The 2022 target was 36%.
Finance strategy execution	Assesses the completion of the 2022 milestones from the Finance strategy.

1 These peers are in order of the 2020-2022 ranking results: 1) Principal Financial Group Inc, 2) Unum Group, 3) MetLife Inc, 4) ASR Nederland NV, 5) NN Group NV, 6) Brighthouse Financial Inc, 7) Aegon NV, 8) Equitable Holdings Inc, 9) Prudential Financial Inc, 10) Swiss Life Holding AG, 11) Athene Holding Ltd / Helvetia Holding*, 12) Assicurazioni Generali SpA, 13) Baloise Holding AG, 14) Prudential PLC, and 15) Lincoln National Corp. This is the blended result of the initial peer Athene and the back-up peer Helvetia, which replaced Athene per March 9, 2021, in accordance with our plan rules, following the merger announcement by Athene.

Lard Friese	Target	Result on 50-80-100% scale
10% Strategic Roadmap Development	Further evolve the Strategic Roadmap for strategic assets and non-core assets in 2022.	100%. Announced an agreement to combine Aegon the Netherlands with a.s.r. to create a leading Dutch insurance company, in which Aegon will hold a strategic stake. Identified several areas of our business where we will invest to achieve profitable growth, and create value for our customers, shareholders, and other stakeholders in the years ahead. These include Transamerica's Workplace Solutions where we will focus on small and mid-sized employers, and Individual Solutions where we will invest in selected individual life insurance, accumulation, and investment products, leveraging our strong distribution capabilities.
10% Execution of capital initiatives in line with Strategic Roadmap	Complete management actions in relation to financial assets and non-core assets in 2022.	100%. Freed up capital by reinsuring the universal life portfolio of Transamerica Life Bermuda to Transamerica. Reduced our risk exposure by completing a lump-sum buyout program for certain Variable Annuity policies in Transamerica, and took steps to reduce the sensitivity of our solvency ratios to equity market movements. Successfully completed the divestment of Aegon Hungary and Turkey to Vienna Insurance Group AG Wiener Versicherung Gruppe. Integrated the operational improvement program into our annual operating cycle.
5% Sustainability integration and execution	Complete milestones in 2022 related to ESG priorities, sustainability reporting and carbon emission reduction.	80%. Adopted the Sustainability Roadmap 2025 to drive lasting value creation for our company and its stakeholders. Further enhanced the Sustainability Reporting Program by making the company's finance function responsible for delivering sustainability reporting with appropriate controls. Added new targets to Aegon's climate change commitments.
5% Women in Senior Management	Increase the number of women in Aegon's senior management layer worldwide to at least 36%.	80%. At the end of 2022, 36% of the people in Aegon's senior management layer were women.

Matt Rider	Target	Result on 50-80-100% scale
5% Strategic Roadmap Development	Further evolve the Strategic Roadmap for strategic assets and non-core assets in 2022.	100%. Announced an agreement to combine Aegon the Netherlands with a.s.r. to create a leading Dutch insurance company, in which Aegon will hold a strategic stake. Identified several areas of our business where we will invest to achieve profitable growth, and create value for our customers, shareholders, and other stakeholders in the years ahead. These include Transamerica's Workplace Solutions where we will focus on small and mid-sized employers, and Individual Solutions where we will invest in selected individual life insurance, accumulation, and investment products, leveraging our strong distribution capabilities.
5% Execution of capital initiatives in line with Strategic Roadmap	Complete management actions in relation to financial assets and non-core assets in 2022.	100%. Freed up capital by reinsuring the universal life portfolio of Transamerica Life Bermuda to Transamerica. Reduced our risk exposure by completing a lump-sum buyout program for certain Variable Annuity policies in Transamerica, and took steps to reduce the sensitivity of our solvency ratios to equity market movements. Successfully completed the divestment of Aegon Hungary and Turkey to Vienna Insurance Group AG Wiener Versicherung Gruppe. Integrated the operational improvement program into our annual operating cycle.
5% Sustainability integration and execution	Complete milestones in 2022 related to ESG priorities, sustainability reporting and carbon emission reduction.	80%. Adopted the Sustainability Roadmap 2025 to drive lasting value creation for our company and its stakeholders. Further enhanced the Sustainability Reporting Program by making the company's finance function responsible for delivering sustainability reporting with appropriate controls. Added new targets to Aegon's climate change commitments.
5% Women in Senior Management	Increase the number of women in Aegon's senior management layer worldwide to at least 36%.	80%. At the end of 2022, 36% of the people in Aegon's senior management layer were women.
10% Finance Strategy Execution	Complete the 2022 milestones from the Finance Strategy.	70%. Not all targeted milestones were completed, mainly due to the work that was required to prepare for combining Aegon the Netherlands with a.s.r. Successfully completed the audit tender process. Developed a multi-year roadmap for the Sustainability Reporting Program and completed its 2022 milestones, which included strengthening its processes and controls.

Pay-out schedule variable compensation (2019-2026)

The following tables show for each current and former Executive Board member how much variable compensation has been paid in shares and cash respectively in 2020, 2021, and 2022 and how much conditional variable compensation is scheduled to be paid out in the coming years. The vesting price of the shares were: EUR 2.079 on May 15, 2020, EUR 3.934 on June 3, 2021, and EUR 4.973 on May 31, 2022. In 2020, the pay-out schedule of variable compensation changed from tranche-vesting to cliff-vesting. Shares allocated for plan years up to and including 2019 are subject to an additional three-year holding period after pay-out. Shares for the plan years from 2020 onwards are subject to an additional two-year holding period after pay-out.

Shares by plan year	VWAP [1]	Years of vesting 2020	2021	2022	2023	2024	2025	2026	Total
Lard Friese									
2020	EUR 4.083	-	-	-	-	103,580	-	-	103,580
2021	EUR 3.293	-	-	-	-	-	275,182	-	275,182
2022	EUR 4.491	-	-	-	-	-	-	203,072	203,072
Total number of shares		**-**	**-**	**-**	**-**	**103,580**	**275,182**	**203,072**	
Matt Rider									
2017	EUR 5.246	9,508	9,508	-	-	-	-	-	19,016
2018	EUR 5.405	14,054	14,054	14,054	-	-	-	-	42,162
2019	EUR 4.162	35,693	17,847	17,847	17,847	-	-	-	89,234
2020	EUR 4.083	-	-	-	-	104,547	-	-	104,547
2021	EUR 3.293	-	-	-	-	-	178,961	-	178,961
2022	EUR 4.491	-	-	-	-	-	-	124,273	124,273
Total number of shares		**59,255**	**41,409**	**31,901**	**17,847**	**104,547**	**178,961**	**124,273**	
Alex Wynaendts									
2015	EUR 6.106	-	-	-	-	-	-	-	-
2016	EUR 5.128	20,361	-	-	-	-	-	-	20,361
2017	EUR 5.246	21,866	21,866	-	-	-	-	-	43,732
2018	EUR 5.405	19,656	19,656	19,656	-	-	-	-	58,968
2019	EUR 4.162	50,345	25,174	25,174	25,174	-	-	-	125,867
2020	EUR 4.083	-	-	-	-	49,346	-	-	49,346
Total number of shares		**112,228**	**66,696**	**44,830**	**25,174**	**49,346**	**-**	**-**	
Darryl Button									
2016	EUR 5.128	14,808	-	-	-	-	-	-	14,808
Total number of shares		**14,808**	**-**	**-**	**-**	**-**	**-**	**-**	

1 This is the volume weighted average price (VWAP) of Aegon on the Euronext Amsterdam stock exchange for the period December 15 to January 15. For instance for the 2022 plan year, this is the VWAP for the period December 15, 2021 to January 15, 2022.

Cash by plan year (in EUR)	2020	2021	2022	2023	Total
Lard Friese					
2020	-	211,431	-	-	211,431
2021	-	-	452,981	-	452,981
2022	-	-	-	455,880	455,880
Total cash	**-**	**211,431**	**452,981**	**455,880**	
Matt Rider					
2017	49,878	49,878	-	-	99,756
2018	75,964	75,964	75,964	-	227,892
2019	148,560	74,278	74,278	74,278	371,394
2020	-	213,404	-	-	213,404
2021	-	-	294,589	-	294,589
2022	-	-	-	278,984	278,984
Total cash	**274,402**	**413,524**	**444,831**	**353,262**	
Alex Wynaendts					
2016	104,412	-	-	-	104,412
2017	114,710	114,710	-	-	229,420
2018	106,243	106,243	106,243	-	318,729
2019	209,548	104,772	104,772	104,772	523,864
2020	-	100,725	-	-	100,725
Total cash	**534,913**	**426,450**	**211,015**	**104,772**	
Darryl Button					
2016	74,674	-	-	-	74,674
Total cash	**74,674**	**-**	**-**	**-**	

The Executive Board members have a time-based shareholding requirement of five years after the initial allocation of their variable compensation in shares (that is, a three-year deferral period before vesting and an additional two-year holding period after vesting). Additionally, Mr. Friese and Mr. Rider voluntarily agreed to a minimum shareholding requirement of 100% of their fixed compensation level, once they have reached that level. For this purpose, both vested and unvested shares that have been allocated as compensation will be included in the count, with the unvested share allocations valued at what they would be worth after tax. For the vested share allocations, this tax has already been deducted and paid. After the allocation of the 2022 variable compensation award, Mr. Friese will hold 126% of his fixed compensation in shares and Mr. Rider 169%, based on the opening share price on March 1, 2023.

Recognized IFRS expenses of remuneration (2020-2022)

The following table contains the recognized IFRS expenses of the remuneration of the Executive Board members in the calendar years 2020, 2021, and 2022. These numbers deviate from the above-mentioned allocated remuneration amounts, as the deferred parts of variable compensation and Mr. Friese's sign-on arrangement are expensed over multiple calendar years, and the shares are included at their fair value instead of the grant price.

IFRS expenses for compensation (In EUR thousand)	Fixed compensation	Variable compensation	Pension	Other Benefits	Total
Lard Friese					
2022 1)	1,586	864	621	77	3,149
2021 1)	1,576	692	594	77	2,939
2020 1)	1,869	282	373	49	2,572
Matt Rider					
2022	988	594	395	66	2,044
2021	968	583	387	67	2,005
2020	941	528	376	67	1,912
Alex Wynaendts					
2020 2)	496	497	337	97	1,427
All Executive Board members					
2022 1)	2,574	1,459	1,016	143	5,193
2021	2,545	1,275	981	144	4,944
2020	3,306	1,307	1,086	213	5,911

1 Includes the fixed compensation expenses for the sign-on arrangement of EUR 1,228 thousand that Mr. Friese received when joining Aegon in March 2020. These expenses were EUR 27 thousand in 2022, EUR 91 thousand in 2021, and EUR 938 thousand in 2020.

2 The disclosed amounts for 2020 cover the period that Mr. Wynaendts has been a member of the Executive Board (until May 15, 2020).

Awarded and due remuneration (2021-2022)

In line with the European guidelines on the standardized presentation of the remuneration report, the remuneration that was awarded and due to the Executive Board members in the calendar years 2021 and 2022 can be found in the table below. These amounts were awarded and due in accordance with the Executive Board remuneration policy that applied at the time and there were no deviations.

		Fixed		Variable					
In EUR thousand		Salary	Benefits	Upfront 1)	Deferred 2)	One-off	Pension	Total	Ratio Fixed/Variable 3)
Lard Friese	2022 4)	1,559	77	453	-	199	621	2,910	78% / 22%
	2021 5)	1,485	77	211	-	255	594	2,622	82% / 18%
Matt Rider	2022	988	66	295	309	-	395	2,053	71% / 29%
	2021	968	67	213	363	-	387	1,999	71% / 29%

1 The upfront cash and share payments of variable compensation that was allocated for the previous performance year. The shares are valued at their price at vesting. For example, the upfront cash and shares of the 2021 variable compensation award that were paid in 2022.

2 The deferred cash and share payments of the variable compensation that was allocated for performance years before the previous performance year. The shares are valued at their price at vesting. For example, the deferred cash and shares of the 2018-2019 variable compensation awards that were paid in 2022.

3 Fixed (the numerator) is the sum of Salary, Benefits and Pension divided by the Total. Variable (the denominator) is the sum of Upfront, Deferred and One-off divided by the Total.

4 The one-off item concerns the payments of the 2020 sign-on arrangement that were deferred for two years (EUR 57 thousand in cash and 28,692 shares at a vesting price of EUR 4.973).

5 The upfront variable amount covers the pro-rated cash bonus payment that was awarded for the period as Executive Board member during 2020 (from May 15 to December 31). The one-off item concerns the payments of the 2020 sign-on arrangement that were deferrred for one year (EUR 105 thousand in cash and 37,980 shares at a vesting price of EUR 3.934).

Annualized total compensation overview (2018-2022)

The table below shows the total compensation that was awarded and due in the last five calendar years on an annualized basis and the year-on-year annual change in total compensation. Please note that therefore several amounts have been annualized, while in practice these were pro-rated for the period during which the individual served as an Executive Board member. These amounts were awarded and due in accordance with the Executive Board remuneration policy that applied at the time and there were no deviations. Additionally, the table shows the Aegon net result, a proxy of the financial and non-financial business performance, the vesting price of the Aegon shares, the inflation in the Netherlands and the average employee compensation over the same period.

In EUR thousand	Annualized	2018	2019	2020	2021	2022
Lard Friese	Awarded and due	-	-	2,719	2,748	2,910
	Change	-	-	-	1%	6%
Matt Rider (as of May 19, 2017)	Awarded and due	1,670	1,799	1,824	2,052	2,053
	Change	-	8%	1%	12%	0%
Alex Wynaendts	Awarded and due	4,969	3,806	3,268	-	-
	Change	-	(23%)	(14%)	-	-
Aegon net result (EU-IFRS)	In EUR million	741	1,525	55	1,701	(2,504)
Aegon business performance [1]	Target = 100%	106%	79%	57%	123%	113%
Vesting price Aegon shares	In EUR	5.848	4.287	2.079	3.934	4.973
Inflation in the Netherlands	Consumer Price Index	1.7%	2.6%	1.3%	2.7%	10.0%
Average employee compensation [2]	In EUR thousand	104	115	110	105	134
	Annual change	-	11%	(4%)	(5%)	28%

1 The weighted average Aegon financial and non-financial business performance, expressed as a percentage on a performance scale with 50% as the threshold, 100% as the target and 150% as the maximum, as used for the allocation of variable compensation in the applicable year.
2 Consistent with the CEO pay ratio calculation, the average employee compensation is based on the audited total EU-IFRS remuneration expenses for all employees divided by the number of employees in scope for these expenses.

2023 Executive Board performance indicators

Looking ahead to the 2023 performance years, the 2023 performance indicators for Mr. Friese and Mr. Rider will be based again on a mix of 70% Group performance and 30% personal performance. The first table below shows the weight that is assigned to each performance indicator. The second table contains a summary of the performance indicator definitions.

2023 performance indicator weights	For Aegon bonus pools	Lard Friese	Matt Rider
Group performance			
Free cash flows (2021-2023)	20%	14%	14%
Relative total shareholder return (2021-2023)	10%	7%	7%
Earnings on in-force	10%	7%	7%
Market consistent value of new business	10%	7%	7%
Addressable expenses savings from cost initiatives	10%	7%	7%
Revenue growth from growth initiatives	10%	7%	7%
Timely execution of initiatives	10%	7%	7%
Weighted average carbon intensity	10%	7%	7%
Employee engagement	10%	7%	7%
Personal performance			
Strategic Roadmap development and execution		25%	10%
Women in senior management		5%	5%
Finance strategy execution		-	15%
Total weight	**100%**	**100%**	**100%**

2023 performance indicators	Definition
Free cash flows	Free cash flows represent cash flows from remittances from the units less the Holding funding and operating expenses. For 2023 it will be measured on a retrospective 3-year performance period (2021-2023). The 2021-2023 target is equal to the 2021-2023 cumulative free cash flows target that was disclosed at the Capital Markets Day in December 2020 and the updated guidance, excluding Aegon the Netherlands.
Relative total shareholder return	Aegon's position relative to 7 US and 7 non-US peers when looking at Total Shareholder Return for a retrospective 3-year performance period (2021-2023). These peers were selected for being the most similar to Aegon based on their index listing, industry classification, 5 year monthly Beta, Market Capitalization and Total Revenue. [1)]
Earnings on In-Force	Represents the capital that is generated by the business units from their In-Force business in 2023. It is based on the definition of Operating Capital Generation, but excludes the New Business Strain, Release of Required Capital in the business units, and Holding & Funding expenses at Group level. The 2023 target is based on the 2023 budget, excluding Aegon the Netherlands.
Market consistent value of new business	Represents how much value the sale of new insurance policies is generating for the company. This value represents the present value of our best estimate of incoming premiums and outgoing claims, benefits and expenses related to these new sales. The 2023 target is based on the 2023 budget, excluding Aegon the Netherlands.
Addressable expenses savings from cost initiatives	Measures the addressable expense savings delivered by cost initiatives in 2023. The 2023 target is based on the 2023 budget, excluding Aegon the Netherlands.
Revenue growth from growth initiatives	Measures the revenue growth delivered by growth initiatives in 2023. The 2023 target is based on the 2023 budget, excluding Aegon the Netherlands.
Timely execution of initiatives	Measures the timely operational completion of cost and growth initiatives.
Weighted average carbon intensity	Measures the weighted average carbon intensity reduction by the end of 2023, compared to our 2019 baseline, excluding Aegon the Netherlands.
Employee engagement	Employee engagement as measured in the global employee survey, excluding at Aegon the Netherlands.
Strategic Roadmap development and execution	Strategic Roadmap development and execution, such as to further enhance the growth prospects for the strategic assets and successfully combine Aegon the Netherlands with a.s.r.
Women in senior management	Measures the percentage of women in Aegon's senior management layer worldwide, excluding at Aegon the Netherlands.
Finance strategy execution	Complete the 2023 milestones from the Finance strategy.

1 These peers are in order of the 2020-2022 ranking results: 1) Principal Financial Group Inc, 2) Unum Group, 3) MetLife Inc, 4) ASR Nederland NV, 5) NN Group NV, 6) Brighthouse Financial Inc, 7) Aegon NV, 8) Equitable Holdings Inc, 9) Prudential Financial Inc, 10) Swiss Life Holding AG, 11) Athene Holding Ltd / Helvetia Holding*, 12) Assicurazioni Generali SpA, 13) Baloise Holding AG, 14) Prudential PLC, and 15) Lincoln National Corp. This is the blended result of the initial peer Athene and the back-up peer Helvetia, which replaced Athene per March 9, 2021, in accordance with our plan rules, following the merger announcement by Athene.

Risk management

As an insurance group, Aegon manages risk for the benefit of its customers and other stakeholders. The company is exposed to a range of underwriting, operational and financial risks. Aegon's risk management and internal control systems are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the company's strategy.

For Aegon, risk management involves:

- Understanding risks that the company faces
- Maintaining a group-wide framework through which the risk-return trade-off associated with these risks can be assessed
- Maintaining risk tolerances and supporting policies to limit exposure to a particular risk or combination of risks
- Monitoring risk exposures and actively maintaining oversight of the company's overall risk and solvency positions

This section provides a description of Aegon's risk management framework.

Enterprise Risk Management (ERM) framework

Aegon's ERM framework is designed and applied to identify risks that may affect Aegon and manage individual and aggregate risks within Aegon's set risk tolerances. The ERM framework covers the ERM components as identified by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The ERM framework applies to all of Aegon's businesses for which it has operational control.

Risk strategy, risk appetite statement and risk tolerances

The formulation of the risk strategy starts with the principle that taking a risk should be based on serving a customer's need. The competence to manage the risk is assessed and Aegon's risk preferences are formulated, considering Aegon's risk capacity. The process results in a targeted risk profile, reflecting the risks Aegon wants to assume, and the risks Aegon would like to avoid or mitigate.

Aegon's risk appetite statement and risk tolerances are established to assist management in carrying out Aegon's strategy within the boundaries of the resources available to Aegon. Aegon's risk appetite statement is to:

"Fulfill our promises towards our customers and other stakeholders by delivering sustainable and growing long-term free cash flow through strong resilience in solvency and liquidity, with a healthy balance in exposures, and by running a responsible business with effective controls."

Following from the risk appetite statement, risk tolerances are defined on:

- Solvency, including Cash Capital at Holding and capital generation, to ensure that Aegon remains solvent even under adverse scenarios;
- Liquidity, to ensure that Aegon has sufficient liquidity even under extreme scenarios;
- Risk balance, to ensure a healthy balance of risk exposures; and
- Responsible business with effective controls, which acknowledges an acceptable level of operational risk and stresses a low tolerance for (lack of) actions that could lead to material adverse risk events that result in breaking promises or not meeting reasonable expectations of customers, legal and regulatory breaches, reputational damage, financial detriment or financial misstatement.

The tolerances are further developed into measures, thresholds and indicators that have to be complied with to remain within the tolerances.

Risk universe

Aegon's risk universe is structured to reflect the type of risks to which the company is exposed. The identified risk categories are financial risk (for example, interest rate risk and credit risk), underwriting risk (for example, mortality and morbidity risk and policyholder behavior), and operational risk (for example, fraud, business disruption and non-financial risks). Specific risk types are identified within these risk categories. These risks, internal or external, may affect the company's operations, earnings, share price, value of its investments, or the sale of certain products and services. In the context of Aegon's risk strategy, a risk appetite is set for the three identified risk categories (see table below).

Risk category	Description	Appetite
Underwriting	The risk of incurring losses when actual experience deviates from Aegon's best estimate assumptions on mortality, longevity, morbidity, policyholder behavior, P&C claims and expenses used to price products and establish technical provisions.	Medium to high - Underwriting risk is Aegon's core business and meets customer needs.
Financial	The risk of incurring financial losses due to movements in financial markets and the market value of balance sheet items. Elements of financial risk are credit risk, inflation risk, investment risk, interest rate risk and currency risk.	Low to medium - Accepted where it meets customer needs and the risk return profile is acceptable.
Operational	The risk of losses resulting from inadequate or failed internal processes and controls, people and systems or from external events, such as processing errors, legal and compliance issues, natural or man-made disasters, and cybercrime.	Low - Accepted as a necessary condition of conducting business, but mitigated as much as possible in an economically efficient manner.

Risk identification and risk assessment

Aegon has identified a risk universe that captures all known material risks to which the company is exposed. To assess all risks, Aegon maintains a documented, consistent methodology for measuring risks. The risk metrics are embedded in Aegon's key reports and are used for decision making.

Risk response

Aegon distinguishes the following risk responses, which are particularly relevant where risks are out of tolerance:

- Risk acceptance: The risk is accepted;
- Risk control: The risk is reduced by reducing the exposure, by improving processes and existing controls or by introducing new controls;
- Risk transfer: The risk is reduced by insuring the company against the risk or by outsourcing activities to third parties; or
- Risk avoidance: Activities that are the source of the risk are terminated.

Risk monitoring and reporting

Risks are monitored regularly and reported internally on at least a quarterly basis. The impact of key financial, underwriting, and operational risk drivers on earnings and capital is shown in the quarterly risk dashboards for the various risk types, both separately and on an aggregate basis.

Risk exposures are compared with the measures and indicators as defined by Aegon's risk tolerance statements. Reporting also includes compliance and incident reporting. Finally, the main risks derived from Aegon's strategy and day-to-day business are discussed, as well as forward-looking points for attention. If necessary, mitigating actions are taken and documented.

Risk control

A system of effective controls is required to mitigate the risks identified. In Aegon's ERM framework, risk control includes risk governance, risk policies, internal control framework, model validation, risk framework embedding, risk culture, and compliance.

Most significant risks

The most significant risks Aegon faces in terms of exposures and required capital are:

- Financial markets risks (particularly related to credit, equity, and interest rates)
- Underwriting risks (particularly related to mortality and morbidity risks and policyholder behavior)
- Operational risks (particularly related to reputation and continuity of operations).

Description of risk types

Financial market risks

Credit risk

Credit risk is the risk of loss resulting from the default by, or failure to meet contractual obligations of, issuers and counterparties. Aegon also considers credit risk to include spread risk, that is, a decline in the value of a bond, loan or mortgage due to a widening of credit spreads. Having a well-diversified investment portfolio means that Aegon can accept credit spread risk to earn a liquidity premium on assets that match liabilities. The focus is on high-quality securities with low expected defaults because Aegon has a low appetite for default risk.

Equity market risk and other investment risks

Aegon runs the risk that the market value of its investments changes. Investment risk affects Aegon's direct investments in the general account, indirect investments for the account of policyholders and agreements where Aegon relies on counterparties, such as reinsurance and derivative counterparties.

Aegon has a low preference for investments in equity securities via the general account. Equity investments generate an equity risk premium over the long run, but in combination with a high capital charge result in a relatively low return on capital. Aegon accepts equity exposure through fee-based business in the separate accounts and mutual funds. Aegon has experience and expertise in managing complex investment guarantees and leverages this capability by providing customers access to a range of investment strategies and guaranteed benefits. Although Aegon accepts equity exposure via guarantee products, its preference is to hedge this risk as much as possible. Other investment risks include real estate exposure in the general account via Dutch Amvest holdings, and indirectly via property funds invested for the account of policyholders.

Interest rate risk

Aegon is exposed to interest rates as both its assets and liabilities are sensitive to movements in long-term and short-term interest rates, as well as to changes in the volatility of interest rates. Aegon may accept interest rate risk in order to meet customer needs. However, as no spread is earned on interest rate risk, Aegon prefers to mitigate the risk to the extent possible.

Currency exchange rate risk

As an international company, Aegon conducts business in different currencies and is therefore exposed to movements in currency exchange rates. Foreign currency exposure exists primarily when policies are denominated in currencies other than the issuer's functional currency. Currency risk in the investment portfolios backing insurance and investment liabilities is managed using asset-liability matching principles. Assets allocated to equity are held in local currencies to the extent shareholders' equity is required to satisfy regulatory and self-imposed capital requirements. Currency exchange rate fluctuations therefore affect the level of shareholders' equity as a result of converting local currencies into euros (EUR), the company's reporting currency. The company holds its capital base in various currencies in amounts that correspond to the book value of individual business units.

Inflation risk

Aegon is exposed to inflation risk through inflation-linked benefits offered on some of the products sold by Aegon's insurance entities such as pensions or long-term care products. In addition, Aegon is exposed to cost inflation through its expense base. Aegon prefers to mitigate the risk to the extent possible.

Liquidity risk

Aegon needs to maintain sufficient liquidity to meet short-term cash demands, not only under normal conditions, but also in the event of a crisis. To that end, Aegon has put a strong liquidity management framework in place. The company considers extreme liquidity stress scenarios, including the possibility of prolonged "frozen" capital markets, an immediate and permanent rise in interest rates, and elevated policyholder withdrawals.

Please refer to note 4 "Financial Risk" to Aegon's financial statements.

Underwriting risk

Underwriting risk relates to the products sold by Aegon's insurance entities and is the risk of incurring losses when actual experience deviates from Aegon's best estimate assumptions on mortality, morbidity, policyholder behavior, Property & Casualty (P&C) claims and expenses. Aegon has a preference to selectively grow underwriting risk, but this must work hand-in-hand with a strong underwriting process. Aegon's earnings depend, to a significant degree, on the extent to which claims experience is consistent with assumptions used to price products and establish technical provisions. Changes in, among other things, morbidity, mortality, longevity trends, and policyholder behavior may have a considerable impact on the company's income. Assumptions used to price products and establish technical provisions are reviewed on a regular basis. Please refer to note 3 "Critical accounting estimates and judgment in applying accounting policies" to Aegon's consolidated financial statements for further information.

Operational risk

Like other companies, Aegon faces operational risk resulting from operational failures or external events, such as processing errors, inaccuracies in models used, negative behavior by personnel, non-compliance to laws and regulations, and natural or man-made disasters, including climate change. In addition, major programs or organizational transformations may also increase the potential for operational risks. Aegon's systems and processes are designed to support complex products and transactions, and to help protect against such issues as system failures, business disruption, financial crime, and breaches of information security. Aegon monitors and analyses these risks, and retains flexibility to update and revise where necessary. Aegon's operational risk universe distinguishes as risk types: business risk; legal, regulatory, conduct, and compliance risks; tax risk; financial crime risk; processing risk; information technology and business disruption risks; people risk; and facility risk. These level 1 risk types are split into more granular level 2 risk types. The more granular risk types include, among others, information security risk, conduct risk, fraud risk, modelling risk, and physical damage risk.

Sustainability risk

Sustainability risk is not considered a separate risk type but is a risk driver that impacts multiple risks. Sustainability is explicitly part of Aegon's risk taxonomy, embedded in its ERM framework and incorporated in the relevant risk policies. Sustainability has financial risk, underwriting, business risk, legal, regulatory, conduct and compliance risk angles. For example, climate change can impact future investment returns The legal, regulatory, conduct and compliance risk angles relate to the ability to comply with relevant legal and regulatory requirements. The importance of handling sustainability risk effectively and expeditiously is expected to further increase, also given the increasing importance of sustainability for all stakeholders including society, investors, customers, and regulators.

Fraud risk

Fraud Risk is interpreted broadly in Aegon and relates both to operational types of fraud and financial reporting related fraud.

Operational types of fraud are distinguished between internal and external fraud, that is, fraud committed by employees and fraud committed by others, with external fraud further specified as intermediary fraud or fraud committed by third parties. To combat operational types of fraud, Aegon has put policies in place and reports internally on its adherence to these policies. To enable Aegon Boards to assess fraud risks, Compliance departments report quarterly on fraud events. In its annual Systematic Integrity Risk Analysis (SIRA), Aegon analyses both its exposure to fraud, and its residual risks, taking into account all measures Aegon has put in place to combat fraud. Where gaps are found, additional measures are put in place.

Furthermore, Aegon has an established process in place to assess and confirm effective controls are in place concerning fraud in financial reporting. This assessment is performed annually and is based on a set of mandatory scenarios. In addition, the assessment is required to be performed by all Aegon subsidiaries. In 2022, the assessment confirmed that effective controls were in place to mitigate the risk of fraud in the financial statement process.

Business environment scan

In addition to managing these various types of risk, Aegon performs a business environment scan. The aim is to identify emerging, fundamental/structural trends, risks, and opportunities in our operating environment, which could have significant impact on value creation and Aegon's financial strength, competitive position, or reputation. It is a critical, cross-functional exercise that looks beyond impact alone to assess the potential of topics to influence value creation. The scan is performed as a check on the ongoing appropriateness of the risk universe, to ensure the completeness of Aegon's risk assessment as well as to provide input for ongoing strategy development.

Topic identification, mapping, and selection are based on desk research, interviews with internal and external experts, and management selection. Outcomes can be used for materiality reporting, as input for Aegon's strategy process and for possible follow-up in terms of further analysis, tracking, or as a global project.

Risk governance framework

Aegon's risk management is based on clear, well-defined risk governance. The goals of risk governance are to:
- Define roles and responsibilities, and risk reporting procedures for decision-makers
- Institute a proper system of checks and balances
- Provide a consistent framework for managing risk in line with the targeted risk profile
- Facilitate risk diversification

Governance structure

Aegon's risk management framework is represented across all levels of the organization. This ensures a coherent and integrated approach to risk management throughout the company. Similarly, Aegon has a comprehensive range of group-wide risk policies that detail specific operating guidelines and limits. These policies include legal, regulatory, and internally set requirements, and are designed to keep overall risk-specific exposures to a manageable level. Any breach of policy limits or warning levels triggers remedial action or heightened monitoring. Further risk policies may be developed at a local level to cover situations specific to particular business units.

Aegon's risk management governance structure has four layers:
- The Supervisory Board and the Supervisory Board Risk Committee (SBRC)
- The Executive Board and the Management Board
- The Group Risk & Capital Committee (GRCC) and its sub-committees
- The local Risk & Capital Committees

The SBRC reports to the Supervisory Board on topics related to the ERM framework and the internal control system. This includes:
- Risk strategy, risk tolerance, and risk governance;
- Product development and pricing;
- Risk assessment;
- Risk responses and internal control effectiveness;
- Risk monitoring; and
- Risk reporting.

The Risk Committee works closely with the Audit Committee.

For a description of the main roles and responsibilities of the SBRC see the section on the Risk Committee on page 61 of the Report of the Supervisory Board in this Annual Report.

It is the responsibility of the Executive Board and the Group's Chief Risk Officer (CRO) to inform the Supervisory Board of any risk that directly threatens the solvency, liquidity, or operations of the company.

Aegon's Executive Board has overall responsibility for risk management. The Executive Board adopts the risk strategy, risk governance, risk tolerance, and material changes in risk methodology and risk policies. The Group's CRO has a standing invitation to attend Executive Board meetings and a direct reporting line to the Supervisory Board to discuss ERM and related matters, and is a member of the Management Board.

The Management Board oversees a broad range of strategic and operational issues. While the Executive Board is Aegon's statutory executive body, the Management Board provides vital support and expertise in safeguarding Aegon's strategic goals. The Management Board discusses and sponsors ERM, in particular the risk strategy, risk governance, risk tolerance, and the introduction of new risk policies.

The Executive Board and Management Board are supported by the Group Risk & Capital Committee (GRCC). The GRCC is Aegon's most senior risk committee. It is responsible for managing Aegon's balance sheet at the global level, and is in charge of risk oversight, risk monitoring, and risk management -related decisions on behalf of the Executive Board and in line with its charter. The GRCC ensures risk-taking is within Aegon's risk tolerances; that the capital position is adequate to support financial strength and regulatory requirements, and that capital is properly allocated. The GRCC informs the Executive Board about any identified (near) breaches of overall tolerance levels that threaten the risk balance, as well as any potential threats to the company's solvency, liquidity, or operations.

The GRCC has three sub-committees: the ERM framework, Accounting and Actuarial Committee (ERMAAC), the Non-Financial Risk Committee (NFRC) and the Model Validation Committee (MVC).

The purpose of the ERMAAC is to assist the GRCC, Executive Board, and Management Board with financial risk framework setting and maintenance across all group-level balance sheet bases, including policies, standards, guidelines, methodologies, and assumptions.

The purpose of the NFRC is to assist the GRCC, Executive Board and Management Board with non-financial risk framework setting and maintenance, including policies, standards, guidelines, and methodologies, and to act as a formal discussion and information-exchange platform on matters of concern regarding non-financial risk management.

The MVC is responsible for approving all model validation reports across Aegon. This is an independent committee that reports to the GRCC and the Executive Board to provide information on model integrity and recommendations on how to further strengthen these models.

Aegon's business units have a Risk, or Risk and Capital committee, and an Audit committee. The responsibilities and prerogatives of the committees are aligned with those of the company-level committees and further elaborated in their respective charters, which are tailored to local circumstances.

In addition to the four layers described above, Aegon has an established group-wide Risk function. It is the mission of the Risk function to ensure the continuity of the company by safeguarding the value of existing business, protecting Aegon's balance sheet and reputation, and by supporting the creation of sustainable value for all stakeholders.

In general, the objective of the Risk function is to support the Executive Board, Management Board, Supervisory Board, and business unit boards in ensuring that the company reviews, assesses, understands, and manages its risk profile. Through oversight, the Risk function ensures the company-wide risk profile is managed in line with Aegon's risk tolerances, and stakeholder expectations are managed under both normal business conditions and adverse conditions caused by unforeseen negative events.

The following roles are important in order to realize the objective of the Risk function:
- Advising on risk-related matters including risk tolerance, risk governance, risk methodology, and risk policies
- Supporting and facilitating the development, incorporation, maintenance, and embedding of the ERM framework and sound practices
- Monitoring and challenging the implementation and effectiveness of ERM practices

In the context of these roles, the Risk function has the following responsibilities:

ERM Framework
- The overarching ERM Framework supports Aegon's corporate strategy and enables management to effectively deal with uncertainty and the associated risk-return trade-offs.

Global Risk Appetite (GRA)
- The GRA is linked to and supports Aegon's strategy and purpose and translates these into risk tolerances and risk limits.

Risk identification and assessment
- All material risks are captured and classified in Aegon's risk universe. An emerging risk process is in place to ensure that risk universe remains up to date and complete. Risk assessment includes risk measurement across valuation and reporting metrics and feeds into Aegon's risk strategy, including risk preferences and risk profile considerations.

Risk governance
- A risk governance framework is in place across all levels of the company, including formal committees, committee charters, memberships across relevant functions, and escalation procedures.

Policies and standards
- Risk policies and standards set out requirements, roles and responsibilities, and processes to manage risks across the risk universe.

Risk framework embedding
- The ERM Framework is embedded in Aegon's key business areas. The Own Risk Self-Assessment (ORSA) unites the risk and capital management and the business planning processes across Aegon and aligns these to its strategy. The risk strategy is aligned with the business strategy, the strategy execution is closely monitored, and risks are identified on time to ensure strong delivery in a safe and timely manner.

Risk oversight
- Major business (and risk) decisions are risk-based; properly risk-informed and, where relevant, challenged by the Risk function to protect the balance sheet and proper customer conduct.

Risk monitoring and reporting
- Risks across the risk universe are monitored and reported.

Risk culture
- Risk culture is embedded across the company.
- Risk culture encompasses the awareness of employees, management, and leadership of relevant risks and how risks are managed.

Aegon's group-wide and business unit risk management staff structure is fully integrated. Business unit CROs have either a direct reporting line to the Group CRO or one of the CROs that reports directly to the Group CRO.

Keeping ERM framework up to date and effective

Aegon continuously works on keeping its ERM framework up-to-date, effective and fit-for-purpose. The annual risk development plan outlines priorities for the year and rationalizes activities that align with Aegon's strategy and vision. Policies, charters and other governance documents are regularly reviewed and updated where necessary. Also, activities such as the Business Environment Scan provide an internal and external perspective on the risk universe and will signal where updates are required. As an example, sustainability risk, including climate risk has been incorporated more explicitly in our risk taxonomy and relevant risk and business policies and processes. In addition, internal processes like policy attestation verify compliance with policies. Non-compliance requires remediating action plans, which are actively monitored to ensure execution. Aegon conducts an internal System of Governance review on a regular basis, as required by Solvency II legislation. The review includes design and effectiveness assessments of Aegon's system of governance, including risk management. Identified weaknesses and improvement areas following from such reviews are reported, discussed and acted on.

Internal control system

Aegon has developed an internal control system that serves to facilitate its compliance with applicable laws, regulations (for example. Sarbanes-Oxley Act and Solvency II), and administrative processes, and the effectiveness and efficiency of operations with regard to its objectives, in addition to the availability and reliability of financial and non-financial information. The overall internal control system ensures appropriate control activities for key processes, and the documentation and reporting of administrative and accounting information. A key element of the internal control system is to facilitate action planning and embed continuous improvement regarding the internal control environment throughout the organization. The internal control system is embedded through policies and frameworks such as the ERM Framework, Model Validation Framework, Operational Risk Management (ORM) Framework, and Information Technology Framework. Aegon's internal control system is considered more encompassing in scope than the Integrated Framework issued by COSO on which criteria for the internal control system are based.

In relation to the Information Technology Framework, as some of the core processes and systems shift from legacy on-premises environment to the cloud, Aegon has established a strategy to manage cloud risk. This includes defining key elements of cloud governance, cloud security strategy, as well as integrating cloud control requirements into our IT Control Framework.

In 2022, risk management and internal control topics were discussed by the relevant management committees and bodies, including the Management Board, the Executive Board, Supervisory Board Risk Committee (SBRC), and the Supervisory Board Audit Committee (SBAC). An analysis of internal and external audit reports and risk reviews revealed no material weaknesses. As a result, no significant changes or major improvements were made or planned to the risk management and internal control systems.

Capital and liquidity management

Guiding principles

The management of capital and liquidity is of vital importance for Aegon, for its customers, investors in Aegon securities, and for Aegon's other stakeholders. In line with its risk tolerance, the goal of Aegon's capital and liquidity management is to promote strong and stable capital adequacy levels for its businesses, in addition to maintaining adequate liquidity to ensure the company is able to meet its obligations.

Aegon follows a number of guiding principles in terms of capital and liquidity management:

- Promoting strong capital adequacy in Aegon's businesses and operating units
- Managing and allocating capital efficiently in support of the strategy and in line with its risk tolerance
- Maintaining an efficient capital structure, with an emphasis on optimizing Aegon's cost of capital
- Maintaining adequate liquidity in both the operating units and the Holding to ensure that the company is able to meet its obligations by enforcing stringent liquidity risk policies
- Maintaining continued access to international capital markets on competitive terms

Aegon believes that the combination of these guiding principles strengthens the company's ability to withstand adverse market conditions, enhances its financial flexibility, and serves both the short-term and the long-term interests of the company, its customers, and other stakeholders.

The management and monitoring of capital and liquidity is firmly embedded in Aegon's Enterprise Risk Management (ERM) framework.

Management of capital

Aegon's capital management framework is based on adequate capitalization of its operating units, Cash Capital at Holding, and leverage.

Capital adequacy of Aegon's operating units

Aegon manages capital in its operating units at levels sufficient to absorb moderate shocks without impacting the remittances to the Group. These moderate shocks could be caused by various factors, including general economic conditions, financial markets risks, underwriting risks, changes in government regulations, and legal and arbitration proceedings. To mitigate the impact of such factors on the ability of operating units to pay remittances to the Group, Aegon established an operating level of capital in each of the units: 400% Risk-Based Capital (RBC) Company Action Level (CAL) in the US and 150% Solvency Capital Requirement (SCR) for Solvency II units. Aegon manages capital in the units to their respective operating levels over-the-cycle.

After investments have been made in new business to generate organic growth, capital generated by Aegon's operating units is available for distribution to the holding company. In addition to an operating level, Aegon established a minimum dividend payment level of capital in each of the units: 350% RBC CAL in the US and 135% SCR for Solvency II. As long as the capital position of the unit is above this minimum dividend payment level, the unit is expected to pay remittances to the Group.

When the operating unit's capital position approaches the minimum dividend payment level, capital management tools will be used to ensure that units will remain well capitalized. The frequent monitoring of actual and forecasted capitalization levels of its operating units is an important element in Aegon's capital framework in order to actively maintain adequate capitalization levels.

The regulatory capital requirement, minimum dividend payment level, operating level, and actual capitalization for Aegon's main operating units at December 31, 2022 are included in the following table:

Capital requirements	Regulatory capital requirement	Minimum dividend payment level	Operating level	Actual capitalization
US RBC CAL ratio	100%	350%	400%	425%
NL Life Solvency II ratio	100%	135%	150%	210%
Scottish Equitable Plc (UK) Solvency II ratio	100%	135%	150%	169%

For more details on the capital ratios and the movement thereof, see note 43 "Capital management and solvency" in Aegon's consolidated financial statements.

Improving risk-return profile

Aegon has an active global reinsurance program designed to optimize the risk-return profile of insurance risks.
In addition, Aegon monitors the risk-return profile of new business written, withdrawing products that do not create value for all stakeholders including policyholders and shareholders.

Aegon continues to take measures to improve its risk-return profile. Particularly in the United States, several actions were taken to strengthen the capital position and reduce the volatility of the local capital positions.

Management actions US

Transamerica – Aegon's business in the United States – has entered into a series of transactions designed to reduce the volatility of mortality claims on its statutory capital position. Statutory reserves were strengthened through a recapture of a captive reinsurance. Separately, Transamerica has acquired a portfolio of universal life secondary guarantee policies from institutional owners. The primary management actions regarding long-term care are rate increase programs. The total value of approvals achieved since the start of the program stood at USD 471 million at the end of 2022, compared with USD 342 million at the end of 2021. Therefore, the company has achieved the USD 450 million target for this program. This was the upgraded target compared with the targeted USD 300 million value of rate increases that Aegon communicated at the Capital Markets Day in 2020. Transamerica will continue to work with state regulators to get pending and future actuarially justified rate increases approved.

Since the Capital Markets Day in 2020, Transamerica has made good progress on increasing the value of the US variable annuity portfolio through unilateral and bilateral actions, including actions to reduce the sensitivity of the US RBC ratio to financial market movements.

- In the first quarter of 2022, a program was completed whereby certain policyholders were offered a lump-sum payment – exceeding the account value – in return for surrendering their variable annuity policy. The program reduces hedge costs for the remaining variable annuity portfolio and reduces Transamerica's economic exposure at a price that is more favorable than the price that Aegon believes would be possible to achieve in a transaction with a third party;
- Transamerica also adopted a long-term implied volatility assumption in April 2022. The long-term implied volatility assumption was higher than the then prevailing implied volatility for the valuation of its variable annuity guarantees. Previously, spikes in short-term volatility could result in more variability in the RBC ratio. Given that implied volatility does tend to revert to the mean over time, the adoption of a long-term volatility assumption will better protect Transamerica's capital position against short-term market dislocations; and
- In order to reduce the volatility of the RBC ratio caused by the exposure of base contract fees to equity markets, Transamerica established a voluntary reserve in the fourth quarter of 2022 that more closely aligns the recognition of the fees in capital with when they are earned. This has substantially reduced the sensitivity of Transamerica's RBC ratio to equity market movements.

In October 2022, Transamerica Life Bermuda (TLB) reinsured its closed block of universal life insurance liabilities with Transamerica. The transaction allows Transamerica to recognize its equity in TLB as available capital for solvency purposes.

Cash Capital at Holding and liquidity management

Liquidity management is a fundamental building block of Aegon's overall financial planning and capital allocation processes. Liquidity is managed both centrally and at the operating unit level and is coordinated centrally at Aegon N.V.

The ability of the holding company to meet its cash obligations depends on the amount of liquid assets on its balance sheet and on the ability of the operating units to pay remittances to the holding company. In order to ensure the holding company's ability to fulfill its cash obligations, to maintain sufficient flexibility to provide capital and liquidity support to Aegon's operating units, and to provide stability in external dividends, the company manages Cash Capital at Holding, including Aegon's centrally managed (unregulated) holding companies, to an operating range of EUR 0.5 billion to EUR 1.5 billion.

The main sources of liquidity in Cash Capital at Holding are remittances from operating units and divestitures. In addition, contingent internal and external liquidity programs are maintained to provide additional safeguards against extreme unexpected liquidity stresses.

Aegon uses the cash flows from its operating units to pay for holding expenses, including funding costs. The remaining free cash flow is available to execute the company's strategy, to strengthen the balance sheet through deleveraging or make capital injections into units as required, to make acquisitions, to fund dividends on its shares, and to return capital to shareholders if possible, all subject to maintaining targeted Cash Capital at Holding. Aegon aims to pay out a sustainable dividend to enable equity investors to share in its performance.

When determining whether to declare or propose a dividend, Aegon's Executive Board balances prudence with offering an attractive return to shareholders. This is particularly important during adverse economic and/or financial market conditions. Furthermore, Aegon's operating units are subject to local insurance regulations that could restrict remittances to be paid to the holding company. There is no requirement or assurance that Aegon will declare and pay any dividends.

On December 31, 2022, Aegon held a balance of EUR 1.6 billion in Cash Capital at Holding, compared to EUR 1.3 billion on December 31, 2021. Details on the movement are included in note 43 "Capital management and solvency" in Aegon's consolidated financial statements.

Liquidity management

The company's liquidity risk policy sets guidelines for its operating companies and the Holding in order to achieve a prudent liquidity profile and to meet cash demands under extreme conditions. Aegon's liquidity is invested in accordance with the company's internal risk management policies. Aegon believes that its Cash Capital at Holding, backed by its external funding programs and facilities, is ample for the company's present requirements.

Aegon maintains a liquidity policy that requires all business units to project and assess their sources and uses of liquidity over a two-year period under normal and severe business and market scenarios. This policy ensures that liquidity is measured and managed consistently across the company, and that liquidity stress management plans are in place.

Aegon's operating units are engaged in life insurance and pensions business, which are long-term activities with relatively illiquid liabilities and generally matching assets. Liquidity consists of liquid assets held in investment portfolios, in addition to inflows generated by maturing assets, coupons and premium payments, and customer deposits.

Leverage

Aegon uses leverage to lower the cost of capital that supports businesses in the company, thereby contributing to a more effective and efficient use of capital. In managing the use of leverage throughout the company, Aegon has implemented a Leverage Use Framework as part of its broader ERM framework.

Financial leverage

Aegon defines gross financial leverage as debt or debt-like funding issued for general corporate purposes and for capitalizing Aegon's business units. Gross financial leverage includes hybrid instruments, and subordinated and senior debt. In 2022, Aegon achieved its goal to reduce its gross financial leverage to a range of EUR 5.0 billion to EUR 5.5 billion, as announced during the December 2020 Capital Markets Day. The range was based on a euro/US dollar exchange rate of 1.20, and at this exchange rate the gross financial leverage was EUR 5.4 billion per December 31, 2022. Following the close of the a.s.r. transaction Aegon intends to further reduce its gross financial leverage by up to EUR 700 million.

The following are metrics that Aegon assesses in managing leverage:

- Gross financial leverage ratio
- Fixed charge coverage
- Various rating agency leverage metrics
- Other metrics, including gross financial leverage divided by operating capital generation

Aegon's gross financial leverage ratio is calculated by dividing gross financial leverage by total capitalization. Aegon's total capitalization consists of the following components:

- Shareholders' equity, excluding revaluation reserves and cash flow hedge reserves, based on IFRS as adopted by the EU
- Non-controlling interests and shares related to long-term incentive plans that have not yet vested
- Gross (or total) financial leverage

Aegon's fixed charge coverage is a measure of the company's ability to service its financial leverage. It is calculated as the sum of the operating result and interest expenses on financial leverage divided by interest payments on financial leverage. The fixed charge coverage includes the impact of interest rate hedging.

Operational leverage

Although operational leverage is not considered part of Aegon's total capitalization, it is an important source of liquidity and funding. Operational leverage relates primarily to financing Aegon's mortgage portfolios through securitizations, warehouse facilities, covered bonds, and the use of a Federal Home Loan Bank (FHLB) facility.

Funding and back-up facilities

The majority of Aegon's financial leverage is issued by Aegon N.V., the parent company. A limited number of other Aegon companies have also issued debt securities, but for the most part these securities are guaranteed by Aegon N.V.

Aegon N.V. has regular access to international capital markets under a USD 6 billion debt issuance program. Access to the capital market in the United States is made possible by a separate shelf registration.

Aegon also has access to domestic and international money markets through its EUR 2.5 billion commercial paper programs. On December 31, 2022, Aegon had no amounts outstanding under these commercial paper programs.

To support its commercial paper programs and need for Letters of Credit (LOCs), and to enhance its liquidity position, Aegon maintains backup credit and LOC facilities with international lenders. The company's principal arrangements comprise a EUR 2 billion syndicated revolving credit facility and an LOC facility of USD 2 billion. The syndicated revolving credit facility matures in 2025. The LOC facility matures in 2026. In addition, Aegon also maintains various shorter-dated bilateral backup liquidity facilities in addition to committed and uncommitted LOC facilities.

Rating agency ratings

Aegon's objective is to maintain very strong financial strength ratings in its main operating units, and this plays an important role in determining the company's overall capital management strategy. Aegon maintains strong financial strength ratings from several international rating agencies for its operating units.

December 31, 2022	Aegon N.V.	Aegon USA	Aegon the Netherlands	Aegon UK
S&P Global[1]				
Financial strength		A+	A+	A+
Long-term issuer	BBB+			
Senior debt	BBB+			
Subordinated debt	BBB-			
Moody's Investors Service[2]				
Financial strength		A1		
Long-term issuer	A3			
Senior debt	A3			
Subordinated debt	Baa1			
A.M. Best[1]				
Financial strength		A		

1 The outlook on S&P's ratings is negative. The financial strength rating of Aegon the Netherlands has been placed on CreditWatch with negative implications.
2 Moody's Investors Service's long-term issuer rating, senior debt rating and subordinated debt rating have been placed on review for downgrade.

Aegon Group Solvency Ratio

The Solvency II regulatory framework determines the regulatory capital requirements for EU-domiciled insurance and reinsurance entities. In Aegon's Non-EEA (European Economic Area) regions, (re)insurance entities domiciled in third countries deemed either provisionally or fully equivalent (US life insurance entities, Bermuda, and Brazil), the capital requirement is based on local capital requirements. For more information about Solvency II and recent developments, please refer to section "Regulation and supervision".

As on December 31, 2022, the estimated Solvency II ratio of Aegon amounted to 208%, a decrease of 3%-points since December 31, 2021. This was mainly driven by negative market impacts, share buybacks (including the EUR 200 million share buyback to be executed in the first half of 2023), dividends and a tax charge related to the anticipated settlement of a tax position in connection with the transaction with a.s.r. These impacts were largely offset by operating capital generation and management actions including divestitures. For more details, please refer to note 43 "Capital management and solvency" to Aegon's consolidated financial statements.

	December 31, 2022 [1]	December 31, 2021
Group Own Funds	16,332	19,431
Group SCR	7,844	9,226
Group Solvency II ratio	208%	211%

1 The Solvency II ratios are estimates and are not final until filed with the respective supervisory authority.

Sensitivities

Aegon calculates the sensitivities of its Solvency II ratios as part of its capital management framework. The following table provides an overview of the sensitivities (downward and upward) to certain parameters and their estimated impact on the Solvency II ratio. Please note that the sensitivities listed in the tables below represent sensitivities to Aegon's position at the balance sheet date. The sensitivities reflect single shocks – except for the US credit default shock, which also includes assumed rating migration – where other elements remain unchanged.

Real-world market impacts (for example, lower interest rates and declining equity markets) may happen simultaneously, which can lead to more severe combined impacts and may not be equal to the sum of the individual sensitivities presented in the table. The sensitivities assume deferred tax asset (DTA) admissibility. Under certain adverse scenarios and where applicable, part of DTAs could become inadmissible. While this would increase the sensitivities relative to the published sensitivities, the DTAs would still be recoverable over time. In the US RBC ratio, part of the DTAs was inadmissible per 4Q 2022.

	Scenario	Group		Americas[1]		NL Life		SE Plc	
		2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Equity markets	-25%	(4%)	(8%)	(15%)	(24%)	(1%)	(2%)	10%	2%
Equity markets	+25%	0%	2%	7%	14%	(3%)	(1%)	(8%)	(3%)
Interest rates	-50bps	2%	(00%)	0%	1%	4%	7%	0%	(2%)
Interest rates	+50bps	(2%)	(1%)	1%	0%	(5%)	(8%)	(2%)	1%
Curve steepening	+10bps	(0%)	(2%)	n.a.	n.a.	(1%)	(6%)	n.a	n.a.
Govt spreads excl EIOPA VA	-50bps	1%	0%	n.a.	n.a.	(2%)	(3%)	1%	4%
Govt spreads excl EIOPA VA	+50bps	(1%)	(0%)	n.a.	n.a.	5%	6%	(2%)	(4%)
Non-govt spreads excl. EIOPA VA	-50bps	1%	(10%)	(2%)	(3%)	8%	11%	0%	(9%)
Non-govt spreads excl. EIOPA VA	+50bps	(2%)	(10%)	1%	4%	(8%)	(11%)	(1%)	1%
US Credit Defaults [2]	~+200bps	(18%)	(17%)	(42%)	(38%)	n.a.	n.a.	n.a.	n.a.
UFR	-15bps	(1%)	(2%)	n.a.	n.a.	(4%)	(6%)	n.a.	n.a.
Longevity [3]	+5bps	(3%)	(5%)	(4%)	(8%)	(6%)	(8%)	(1%)	(2%)
Mortgage spreads	-50bps	2%	2%	n.a.	n.a.	6%	6%	n.a.	n.a.
Mortgage spreads	+50bps	(2%)	(2%)	n.a.	n.a.	(6%)	(6%)	n.a.	n.a.
EIOPA VA	-5bps	0%	0%	n.a.	n.a.	2%	1%	n.a.	n.a.
EIOPA VA	+5bps	(0%)	(0%)	n.a.	n.a.	(2%)	(1%)	n.a.	n.a.

1 The sensitivities are presented on a Solvency II basis, after application of the conversion methodology to US regulated (life) companies.
2 Additional 130 bps defaults for 1 year plus assumed rating migration
3 Reduction of annual mortality rates by 5%

Equity sensitivities

Aegon is exposed to the risk of a downturn in equity markets. This is mainly a consequence of indirect equity exposure in the Americas.

In the Americas, equity sensitivities are primarily driven by the variable annuity (VA) business, where base contract fees are charged as a percentage of underlying funds, many of which are equity based. While guaranteed benefits are fully hedged for equity risk, the indirect equity exposure associated with the base contract fees is not. The asymmetry between the impacts of up and down shocks is caused by reserve flooring in the variable annuity business. The variable annuity voluntary reserve that was set up in 2022 provides a dampening of the RBC ratio sensitivity towards equity movements, which is reflected in these sensitivities.

Interest rates sensitivities

Aegon's solvency ratio is not very sensitive to movements in interest rates given the asset liability management and hedging programs that are in place.

In the Americas, a decrease in interest rates leads to higher reserves for variable annuities and universal life products, which are offset by payoffs from interest rate hedging programs. The exposure to interest rates has continued to decrease due to reducing the open interest rate duration exposure on the general account.

NL Life hedges interest rate exposure on an economic basis, which results in an over-hedged position on a Solvency II basis. This results in NL Life's solvency ratio being exposed to rising interest rates and to steepening of the interest rate curve at the longer end.

For SE Plc, exposure to lower interest rates leads to higher required capital on mortality, expense and policyholder lapse risks which is partly offset by gains on the swaps held in the general account.

Spread sensitivities

The non-government spread sensitivities include shocks on mortgages, corporate bonds and structured instruments. For NL Life, the spread sensitivities reflect an internal model feature that mitigates volatility caused by the basis risk between the EIOPA VA reference portfolio and NL Life's own asset portfolio.

Overall, Aegon is exposed to the risk of widening credit spreads across non-government, government, and mortgage instruments, which results in lower asset valuations.
The solvency ratio of the Americas is positively impacted by widening spreads, which results in a higher discount rate used for valuing employee pension plan liabilities. For variable annuities, widening credit spreads also lead to lower liabilities, as – since the expansion of the dynamic hedge program in 2021 – an illiquidity premium is used in valuing the liabilities. There is a partial offset, again for variable annuities, from a lower value of separate account fixed-income assets resulting in an addition to reserves reflecting a higher cost of guarantees.

Aegon as a whole has little exposure to changes in government spreads. The exposure in the Americas is negligible, and there are offsetting risks in NL Life and SE Plc. The solvency ratio of NL Life is exposed to government spreads narrowing because the resulting increase of SCR, due to a lower volatility adjustment, outweighs the resulting increased Own Funds from higher bond valuations in terms of ratio impact. The solvency ratio of SE Plc is exposed to spread widening which would have a negative impact on the valuation of fixed-income assets.

Exposure to government spread sensitivities is driven by NL Life and SE Plc. NL Life is exposed to spreads narrowing compared to spreads widening last year. This change is due to higher interest rates, the change in composition of the Solvency II ratio over the year (more Own Funds but materially lower SCR) and the sale of sovereigns over the year. The latter was a direct consequence of higher rates as NL Life had liquidity needs to fulfill margin requirements on the Interest Rate swap hedges. SE Plc is exposed to spreads widening due to the reduction in the value of fixed-income assets.

Aegon is exposed to widening mortgage spreads, due to exposure in NL Life, which has an adverse impact on the asset valuation. The Americas credit defaults sensitivity reflects the combined impact of credit default and adverse credit rating migrations on assets held in the general account portfolio.

Longevity sensitivities

All main business units contribute to the company-wide risk that people will live longer than the expectations embedded in our provisions. The exposure has decreased since last year, driven by higher rates and reserves strengthening across different product lines, including further improved premium deficiency reserve sufficiency in the LTC business in the US.

Capital quality

Solvency II distinguishes between basic Own Funds and ancillary Own Funds. Aegon's total Own Funds are comprised of Tier 1, Tier 2, and Tier 3 basic Own Funds. Aegon does not currently have ancillary Own Funds. Tier 1 basic Own Funds are divided into unrestricted Tier 1 capital and restricted Tier 1 capital. The latter category contains Own Funds instruments subject to the restrictions of the Solvency II Delegated Regulation, which includes grandfathered Tier 1 Own Funds instruments. Based on agreements with its supervisory authorities, Aegon applies a fungibility and transferability restriction with respect to charitable trusts within the Americas. These restrictions, applied to Aegon's basic Own Funds, result in Aegon's Available Own Funds.

Available Own Funds

Unrestricted Tier 1 capital consists of Aegon's share capital, share premium, and the reconciliation reserve. The reconciliation reserve includes deductions to account for foreseeable dividends that meet the IFRS definition of a liability or have been approved by the Board but that have yet to be distributed to Aegon's shareholders, and restrictions related to Aegon's with-profits fund in the UK for which the excess of Own Funds over its capital requirement is ring-fenced for policyholders and therefore unavailable to Aegon's shareholders.

Restricted Tier 1 capital consists of Aegon's junior perpetual capital securities, perpetual cumulative subordinated bonds, and perpetual contingent convertible securities. Aegon's Tier 2 capital consists of subordinated notes, which include Solvency II compliant notes and grandfathered dated notes. Aegon's Tier 3 capital under the Solvency II framework consists of Aegon's deferred tax asset position under Solvency II. For more details reference is made to note 43 "Capital management and solvency."

The grandfathered restricted Tier 1 and Tier 2 capital instruments are grandfathered to count as capital under Solvency II for up to 10 years from January 1, 2016. All call dates are listed in note 31 "Other equity instruments" and note 32 "Subordinated borrowings" to Aegon's consolidated financial statements.

Eligible Own Funds

Under Solvency II regulation, restrictions apply to the eligibility of restricted Tier 1, Tier 2 and Tier 3 capital. As a result, it is possible that part of the Own Funds overflows to another tier or that it is not considered eligible in determining the company Solvency II ratio.

The table below shows the composition of Aegon's Available and Eligible Own Funds, taking into consideration tiering restrictions.

For more details on tiering restrictions, reference is made to note 43 "Capital management and solvency" in Aegon's consolidated financial statements.

As at December 31, 2022, the Eligible Own Funds of EUR 16,332 million are slightly below the Available Own Funds of EUR 16,525 million as deferred tax assets are partly ineligible due to the Tier 3 restriction of 15% of SCR. No overflow from restricted Tier 1 to Tier 2 Own Funds is applied from year-end 2022 and 2021.

	December 31, 2022		December 31, 2021	
	Available Own Funds	Eligible Own Funds	Available Own Funds	Eligible Own Funds
Unrestricted Tier 1	11,762	11,762	14,044	14,044
Restricted Tier 1	1,822	1,822	2,364	2,364
Tier 2	2,195	2,195	2,348	2,348
Tier 3	746	552	675	675
Total Tiers	**16,525**	**16,332**	**19,431**	**19,431**

Regulation and supervision

Individually regulated Aegon companies are each subject to prudential supervision in their respective home countries and therefore are required to maintain a minimum solvency margin based on local requirements. In addition, the company as a whole is subject to prudential requirements on a group basis, including capital, internal governance, risk management, reporting, and disclosure requirements, pursuant to Solvency II and the Financial Conglomerates Directive. The content of this section is based on the structure and composition of Aegon, prior to the closing of the transaction with a.s.r. Aegon is engaging with its college of supervisors on the implications for group supervision upon closing of the intended transaction.

Solvency II

Introduction

The Solvency II framework imposes prudential requirements at group level as well as on the individual EU insurance companies in Aegon. Insurance supervision is exercised by local supervisors on the individual insurance companies in Aegon and, in addition, by the group supervisor at group level. The Dutch Central Bank (DNB) is Aegon's Solvency II group supervisor. Solvency II contains economic, risk-based capital requirements for insurance companies in all EU member states, as well as for groups with insurance and/or reinsurance activities in the EU. The Solvency II framework is structured along three pillars. Pillar 1 comprises quantitative requirements (including technical provisions, valuation of assets and liabilities, solvency requirements, and own fund requirements). Pillar 2 includes governance and risk management requirements, and requirements for effective supervision. Pillar 3 consists of disclosure and supervisory reporting requirements.

Pillar 1

Solvency II requires EU insurance companies to determine technical provisions at a value that corresponds with the present exit value of their insurance obligations towards policyholders and other beneficiaries of insurance and reinsurance contracts. The calculation of the technical provisions should be based on market-consistent information where possible. The value of the technical provisions is equal to the sum of a best estimate and a risk margin. The discount rate at which technical provisions are calculated and other parameters to determine the technical provisions may have an important effect on the amount of own funds (the excess of assets over liabilities) that insurance undertakings are required to maintain as well as volatility thereof. Insurers and reinsurers are required to hold eligible own funds in order to ensure that they are able to meet their obligations over the next 12 months with a probability of at least 99.5% (that is, the ability to withstand a 1-in-200-year event), which is called the Solvency Capital Requirement (SCR).

Insurance companies are allowed to use: (a) a standard formula to calculate their SCR; (b) a self-developed internal model; for which the approval of the supervisory authorities is required; or (c) a partial internal model (PIM); a combination of the standard formula and an internal model that also requires approval of the supervisory authorities. An internal model should better reflect the actual risk profile of the insurance company than the standard formula. Aegon, as a Group, uses a PIM. In addition to the SCR, insurance companies should also calculate a Minimum Capital Requirement (MCR). This represents a lower level of financial security than the SCR, below which the level of eligible own funds held by the insurance company is not allowed to drop. An irreparable breach of the MCR would lead to the withdrawal of an insurance company's license. Insurance companies are required to hold eligible own funds against the SCR and MCR. Own funds are divided into three tiers based on their quality. More details can be found in the Capital and Liquidity Management section.

Pillar 2

Under Pillar 2, insurance companies are required to set up and maintain an adequate and effective system of governance, which includes an appropriate internal organization, a risk governance system and an effective assessment of the risk and solvency position of the company, including a prospective assessment of risks, through the Own Risk and Solvency Assessment (ORSA) process. In general, the system of governance should be proportionate to the nature, scale, and complexity of the insurance company. A number of risks that insurance companies face can only be addressed through proper governance structures, rather than quantitative requirements. Management is ultimately responsible for the maintenance of an effective governance system. An example of such a risk, is climate risk, which is addressed in the ORSA process. The Supervisory Review Process (SRP), which is part of Pillar 2, allows supervisory authorities to supervise the ongoing compliance of undertakings with Solvency II requirements. Possible enforcement measures include: the imposition of capital add-ons; the requirement to submit and execute a recovery plan; and ultimately, the revocation of an insurance license.

Pillar 3

Solvency II includes detailed reporting and disclosure requirements. These requirements include non-public supervisory reporting on a regular basis through regular supervisory reports (RSR), complemented by detailed quantitative reporting templates (QRTs) reported on a quarterly basis, which contain detailed financial data and are partly public. In addition, it is a requirement to publish a Solvency and Financial Condition Report (SFCR) on an annual basis.

Group supervision

Many of the Solvency II requirements that apply to the individual insurance undertakings apply, with the necessary modifications, also at group level. These requirements include group solvency requirements, group reporting, and disclosure requirements, and requirements regarding the system of governance, risk management, and internal control framework at group level. Entities that are not subject to solo supervision under Solvency II (such as entities in other financial sectors, non-financial entities, and regulated and non-regulated entities in third countries) may be affected indirectly by the Solvency II group requirements. Entities in other financial sectors are, in most cases, taken into account in the group solvency calculation, applying the capital requirements of that specific financial sector and either by using the Accounting Consolidation method, which is the default method under Solvency II, or the Deduction and Aggregation method. The difference between these two methods primarily affects the extent to which diversification can be taken into account in the group capital requirements. Under the Accounting Consolidation method the group is essentially treated as one economic unit together with the Solvency II entities, whereas the Deduction and Aggregation method requires the group to aggregate entities, rather than to fully consolidate entities for the purpose of the group capital requirements. Subject to certain conditions, entities in other financial sectors may be included in accordance with the Accounting Consolidation method. In particular, this may be the case when the group supervisor is satisfied as to the level of integrated management and internal control regarding these entities. This applies to Aegon Bank in the Netherlands, for example. Furthermore, DNB may require groups to deduct any participation from the own funds eligible for the Group Solvency ratio. As explained in note 43 "Capital management and solvency" in Aegon's consolidated financial statements, Aegon uses a combination of the two aggregation methods defined within the Solvency II framework to calculate the Group Solvency ratio. For insurance entities domiciled outside the EEA for which provisional or full equivalence applies, such as the United States, Aegon uses the Deduction and Aggregation method, based on local regulatory requirements to translate these into the Group Solvency position. US insurance entities are included in Aegon's group solvency calculation in accordance with local US Risk-Based Capital (RBC) requirements. Aegon's current method is applied since July 1, 2017 and received approval from DNB. Details are included in note 43 "Capital management and solvency" in Aegon's consolidated financial statements. Aegon's UK insurance subsidiaries continue to be included in the Group Solvency II calculation in accordance with Solvency II standards, including Aegon's approved Partial Internal Model. Solvency II group supervision is exercised by a combination of the supervisory authorities of the local insurance entities and the group supervisor. An important role in the cooperation between the supervisory authorities in the context of group supervision is played by the college of supervisors, in which the local and group supervisors are represented. This college is chaired by the group supervisor.

At international level, the International Association of Insurance Supervisors (IAIS) is developing a risk-based global Insurance Capital Standard (ICS). The IAIS' ultimate goal, by a date yet to be determined, is a single ICS that includes a common methodology by which it achieves comparable outcomes across jurisdictions. Ongoing work is intended to lead to improved convergence over time on the key elements of the ICS towards this ultimate goal. According to the IAIS the key elements include valuation, capital resources, and capital requirements. In 2019, the IAIS adopted ICS Version 2.0, which is being used during a five-year monitoring period for confidential reporting to group-wide supervisors and discussion in supervisory colleges, not as a formal capital requirement. From 2025 onwards, it is currently envisaged that local jurisdictions will formally enact the ICS, which is described as a minimum standard. In Europe, and consequently for Aegon, this may entail that ICS standards will be incorporated in the Solvency II framework.

Solvency II review

On September 22, 2021, the European Commission published its legislative proposal for amendments to the Solvency II Directive, following extensive preparatory work in previous years by the European Commission and EIOPA. The Solvency II Directive proposal will be supplemented by a legislative proposal to amend the Solvency II Delegated Regulation, which will be published at a later stage. The co-legislators at European level are assessing the legislative proposals in order to arrive at a final text, resulting in amendments to the Solvency II Directive and the Solvency II Delegated Regulation.

Sustainability and Solvency II

In March 2018, the European Commission adopted its Action Plan on Sustainable Finance. This action plan is part of broader efforts to connect finance with the European and global economy for the benefit of the planet and wider society. Specifically, the Action Plan aims to: (1) reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth, (2) manage financial risks stemming from climate change, resource depletion, environmental degradation, and social issues; and (3) foster transparency and long-termism in financial and economic activity. On August 1, 2022, amendments to Solvency II entered into effect, integrating sustainability risks in the governance of insurance and reinsurance undertakings. The amendments relate to the inclusion of sustainability risk in the risk management areas to be covered in the risk management system, in particular in relation to underwriting and reserving and investment risk management, as well as in the corresponding risk management policies. In addition, the identification of emerging risks and sustainability risks is included as part of the tasks of the risk management function, and as risks that form part of the calculation of the overall solvency needs and consequently of the ORSA process. Furthermore, sustainability risk is made explicitly part of the opinion of the actuarial function on the underwriting policy, and it is also made explicitly part of the remuneration policy (that is, information how the remuneration policy takes into account the integration of sustainability risks in the risk management system). Lastly, the amendments relate to the integration of sustainability risk in the prudent person principle, as well as the integration of the potential long-term impact of investment strategy and decisions on sustainability factors (for example, climate change). In addition, the proposal to amend the Solvency II Directive, following the Solvency II 2020 review, includes an additional provision that will require insurers to identify and assess climate change risk as part of the assessment of their overall solvency needs, as well as a mandate to EIOPA to explore by 2023 a dedicated prudential treatment of exposures to assets and activities associated with environmental and social objectives and to regularly review the standard formula parameters pertaining to catastrophe risk. We refer to the non-financial information section of this Integrated Annual Report for a description of the changes to the disclosure requirements, applicable to Aegon N.V., relating to non-financial information, including sustainability-related disclosures.

Financial conglomerate supervision

Since 2009, Aegon has been subject to supplemental group supervision by DNB in accordance with the requirements of the EU's Financial Conglomerate Directive. This includes supplementary capital adequacy requirements for financial conglomerates and supplementary supervision on risk concentrations and intra-group transactions in the financial conglomerate. Due to the introduction of the Solvency II group supervisory requirements – which include similar, and to a large extent overlapping – supplemental group supervision pursuant to the Financial Conglomerates Directive has become significantly less relevant.

Recovery and resolution and systemic risk

IAIS Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector, and ComFrame

In November 2019, the IAIS adopted the Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector and the Financial Stability Board (FSB) decided to suspend the identification of Global Systemically Important Insurers (G-SIIs), which included Aegon. Some of the provisions of the Holistic Framework are included in the IAIS Insurance Core Principles (that apply to all insurers), while others are included in ComFrame (the Common Framework for the Supervision of Internationally Active Insurance Groups, or IAIGs). Following a review after three years of implementation, the Financial Stability Board (FSB), in consultation with the IAIS, has decided in December 2022 that the Holistic Framework provides a more effective basis for assessing and mitigating systemic risk in the insurance sector than G-SII identification. The Holistic Framework consists of an enhanced set of supervisory policy measures and powers of intervention, an annual IAIS global monitoring exercise, and an assessment of consistent implementation of supervisory measures. ComFrame establishes supervisory standards and guidance focusing on the effective group-wide supervision of IAIGs. ComFrame is a comprehensive and outcome-focused framework that provides supervisory minimum requirements tailored to the international activities and sizes of IAIGs. ComFrame builds on the Insurance Core Principles that are applicable to the supervision of all insurers. The provisions of both ComFrame and the Insurance Core Principles must be implemented in local legislation in order to have a binding effect. The applicable requirements include the preparation and submission to DNB, Aegon's group supervisory and resolution authority, of a liquidity risk management plan and an ex-ante recovery plan. Aegon continues to update these plans on an annual basis.

In addition, DNB is responsible for the development of Aegon's resolution plan. The preparation of an ex-ante recovery plan and resolution is also required under the Dutch Act on Recovery & Resolution of Insurers and foreseen in the legislative proposal to introduce a European Insurance Recovery & Resolution Directive (IRRD), which is discussed briefly below. The scope of application of this directive is expected to include IAIGs based in the European Union. Lastly, other requirements included in the Holistic Framework may be implemented in Europe through the Solvency II Review. The European Commission's proposal to amend the Solvency II Directive includes a number of macro-prudential tools.

Recovery and resolution

Dutch Act on Recovery and Resolution for Insurers

On January 1, 2019, the Dutch Act on Recovery & Resolution for Insurers (R&R Act) came into force in the Netherlands, replacing the previously applicable intervention regime. The R&R Act has introduced a revised regulatory framework for recovery and resolution of Dutch insurance companies, and provides for a range of measures to be taken by these companies and the Dutch Central Bank, in order for these insurance companies to be prepared for recovery in circumstances where it no longer meets the required solvency requirements and for orderly resolution, in circumstances where it is failing or is likely to fail. The R&R Act allows DNB to require a Dutch insurance company or a group in certain circumstances, to remove, ex-ante, impediments to effective resolution of a Dutch insurance undertaking, such as the revision of financing arrangements, the reduction of exposures, the transfer of assets, the termination or limitation of business activities, the prohibition of starting certain new business activities, changes to the legal or operational structure of the group, or the securing certain critical business lines. The powers under the R&R Act may also extend to the level of the group and to entities, other than in insurance entities in the Netherlands, that are part of the group, such as Aegon N.V The powers include the transfer of the undertaking to a third party, the transfer to a bridge institution and the transfer of certain specific assets and/or liabilities. In addition, a bail-in tool was introduced that allows for the write-off or conversion of rights of creditors, including policyholders and beneficiaries, while respecting the principle that they should not be worse off through resolution, including the application of the bail-in tool, than they would be in ordinary insolvency proceedings. As part of the Solvency II review, the European Commission has proposed to introduce a recovery and resolution regime at European level, based on minimum harmonization, which means that local regimes should meet minimum standards, set at European level. It is expected that the R&R Act already meets these minimum standards to a significant extent.

Bank Recovery and Resolution Directive

Furthermore, to parts of Aegon, in particular Aegon Bank N.V., the framework of the EU Directive on the recovery and resolution of credit institutions and investment firms (the "Bank Recovery and Resolution Directive") is applicable. The Bank Recovery and Resolution Directive also contains provisions that, in certain specific circumstances, where both Aegon Bank N.V. and Aegon N.V. fail or are likely to fail, could be applied to mixed financial holding companies such as Aegon N.V., including the right of bail-in of creditors.

Intervention by the Dutch Minister of Finance

Lastly, under Part 6 of the Dutch Financial Supervision Act, the Dutch Minister of Finance may intervene immediately, when the stability of the financial system is threatened by the situation of a financial institution, in which case legal or statutory provisions, applicable to the financial institution, might be superseded. The intervention measures available to the Minister of Finance, include in particular the right to expropriate assets of the financial institution, as well as securities and/or other financial instruments issued by or with the cooperation of the financial institution. The exercise of this power may significantly impact the rights of the owners or holders of these assets, securities and/or financial instruments.

Code of Conduct

Aegon's Code of Conduct embodies the company's values and helps ensure that all employees act ethically and responsibly and is available at aegon.com.

It prescribes a mandatory set of standards for how Aegon employees should conduct business, comply with all applicable laws and regulations, and exercise sound judgment in reaching ethical business decisions in the long-term interests of Aegon's stakeholders.

Aegon's Code of Conduct applies to all directors, officers, and employees of all Aegon companies around the world (regardless of the contractual basis of their employment), including associate companies and joint ventures that are majority owned and/or controlled by Aegon N.V. Companies in which Aegon does not hold a majority stake will be expected to either adopt the Aegon Code of Conduct or to implement an equivalent code.

All Aegon employees must certify that they have read and understood the Code of Conduct, and agree to abide by it. Employees are also required to follow mandatory training on a regular basis to help embed the principles of the Code in the way they work.

Any waivers to the Aegon Code made to directors or executive officers must be approved by the Aegon N.V. Supervisory Board or its Audit Committee. Waivers may only be granted in very exceptional circumstances and will be promptly disclosed to our shareholders in accordance with applicable laws and stock exchange requirements. No waivers were requested or given at the moment of publishing this Integrated Annual Report 2022.

Aegon Speak Up: Reporting misconduct

Breaching laws and regulations, the Code of Conduct, or internal policies and procedures may have serious consequences for the company and its staff, its customers, shareholders, and business partners, and may also have a serious impact on the financial system or the public interest. Aegon's ambition is to be a trusted long-term partner to all its stakeholders, and therefore, the company would like to be made aware of any suspected unlawful, unethical, or otherwise improper conduct that could be harmful to the company and its stakeholders. Effective detection and resolution of such conduct will help sustain its business and ensure long-term value creation for all stakeholders.

Aegon has introduced Aegon Speak Up to demonstrate its commitment to staff and other stakeholders that it encourages people to report any concerns regarding potential misconduct and will not tolerate reprisals for making a good faith report.

Aegon Speak Up provides a safe environment for anyone who wishes to raise a concern about suspected or observed misconduct that involves Aegon.

For this purpose, Aegon has contracted with an independent third party to host a secure reporting channel for employees and others to report potential misconduct. Reports can be submitted online or via toll-free telephone lines in all of the countries in which Aegon conducts business (24 hours a day, seven days a week). Reporters can choose to remain anonymous. If an issue is found upon investigation, appropriate management action is taken to resolve the issue and prevent it from happening again to the extent feasible.

It is important that people feel supported and protected by the company for bringing issues to the attention of management that may be harmful to the reputation and integrity of the company, its employees, or other stakeholders. Aegon has established specific measures to provide support, and to address situations that present a risk of reprisal. Reporters who believe they have experienced retaliation are encouraged to immediately bring the issue to the attention of the Group Compliance Officer.

In control statement

Internal risk management and control systems

In accordance with best practice provision 1.4.3 of the 2016 Dutch Corporate Governance Code, the Executive Board of Aegon N.V. states that it is responsible for designing, implementing, and maintaining internal controls, including proper accounting records and other management information suitable for running the business on a going concern basis.

Aegon's internal audit function assists the Executive Board in maintaining effective controls by independently and objectively evaluating the adequacy and effectiveness of the organization's internal control and risk management systems. Criteria established under "Internal Control - Integrated Framework," the Treadway Commission's Committee of Sponsoring Organizations (COSO, 2013 framework), are used by Aegon's internal audit function to analyze and make recommendations to the Executive Board concerning the effectiveness of the company's internal control framework. Based on risk assessments performed, the Executive Board, under the supervision of the Supervisory Board and its Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of Aegon N.V.

In addition, the Executive Board is responsible for Aegon's enterprise risk management under the supervision of the Supervisory Board and its Risk Committee. Through oversight and framework setting, Aegon's risk management function ensures that the company-wide risk profile is managed in line with Aegon's risk tolerances, and stakeholder expectations are managed both under normal business conditions and adverse conditions caused by unforeseen events. The Executive Board is informed in a timely manner of risks to the company's economic/statutory solvency, reputation, sustainability performance, reliability of financial reporting or operations.

The risk management function develops and monitors compliance with risk policies and risk frameworks. The Risk Management function also advises on risk-related matters, including risk tolerance, risk governance, risk methodology, and risk policies; supports and facilitates the development, maintenance, and embedding of the ERM framework and sound practices; and monitors and challenges the implementation and effectiveness of ERM practices. Finally, both the Compliance function and the Operational & Model Risk Management function play key roles in monitoring the company's adherence to external rules and regulations and internal policies.

In preparing the consolidated financial statements, Aegon's directors and management have adopted a going concern basis on the reasonable assumption that the company is and will be able to continue its normal course of business in the foreseeable future.

Relevant facts, circumstances, and risks relating to the consolidated financial position on December 31, 2022 were assessed in order to reach the going concern assumption. The main areas assessed were financial performance, capital adequacy, financial flexibility, liquidity, and access to capital markets, together with the factors and risks likely to affect Aegon's future development, performance, and financial position. Commentary on these areas is set out in the "Capital and liquidity management", "Risk management", "Results of operations" and "Business Overview" sections in this Integrated Annual Report. Management concluded that the going concern assumption is appropriate on the basis of the financial performance of the company, its continued ability to access capital markets, adequate solvency ratios, and the level of leverage and Cash Capital at Holding.

Aegon's risk management and control systems provide reasonable assurance for the reliability of financial reporting and the preparation and fair presentation of Aegon's published financial statements. They cannot, however, provide absolute assurance that a misstatement of Aegon's financial statements can be prevented or detected.

On the basis of the above, Aegon's Executive Board states the following with respect to risks to the company:
- This report provides sufficient insights into any failings with regard to the effectiveness of the internal risk management and control systems.
- Aegon's risk management and control systems provide reasonable assurance that the company's financial reporting does not contain any material inaccuracies.
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.

- This report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of the report.

The statements in this section are not statements in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act.

Responsibilities for the financial statements and the Integrated Annual Report

The Executive Board is responsible for preparing the financial statements and the Integrated Annual Report in accordance with Dutch law and the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS).

As required by section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the Executive Board confirms that, to the best of its knowledge:

- The Aegon N.V. financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial condition, and profit or loss of the company and the undertakings included in the consolidation as a whole.
- The report of the Executive Board gives a true and fair view of the position at the reporting date of the company, the development and performance of the business during the financial year, and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that the company faces.

Statement of materiality, significant audiences, and responsibility

Materiality: Every year, Aegon identifies material topics that Aegon believes, will have the most impact on its business in the years ahead, not only on its financial performance, but also its ability to continue creating long-term value for the societies in which Aegon operates. In 2022, in preparation for the forthcoming Corporate Sustainability Reporting Directive (CSRD), Aegon conducted its first double materiality assessment. Aegon assesses the material topics identified, and determines how Aegon is meeting the challenges and opportunities they represent for its business, society and the environment. These material topics are also built into Aegon's annual strategy cycle.

Significant audiences: This report is intended first and foremost for investors. Aegon believes it is important that financial markets fully price in social, business, and environmental risks. For this to happen, management must disclose these risks, and understand the connection between value creation and longer-term financial performance. Legislators are already moving in this direction, with the adoption of the EU Directive on Non-Financial Reporting and the recommendations from the Financial Stability Board's Task Force on Climate-Related Financial Disclosures. Aegon is not only a financial services provider, it is also an investor. Consequently, this report also examines the efforts Aegon has made to embed social, environmental, governance, and economic factors into its own investment decision-making.

Responsibility: Aegon's Executive Board bears ultimate responsibility for this report and its contents. This is Aegon's tenth integrated report and the fifth time Aegon published a combined integrated and Annual Report. Aegon has prepared this Integrated Annual Report in accordance with the Integrated Reporting Framework for more complete and relevant corporate reporting. Disclosure is only part of the story. For Aegon, integrated reporting is also about understanding both the financial and non-financial factors affecting its business, and using that understanding to drive better, more integrated decision-making.

The Hague, the Netherlands, March 15, 2023

The Executive Board of Aegon N.V.

Lard Friese, CEO
Matthew J. Rider, CFO

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Financial information 2022

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Selected financial data

The financial results in this Annual Report are based on Aegon's consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

Application of the accounting policies in the preparation of the financial statements requires management to apply judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the presentation of the financial statements and that require complex estimates or significant judgment are described in the notes to the financial statements.

A summary of historical financial data is provided in the table below. It is important to read this summary in conjunction with the consolidated financial statements and related notes (see pages 134-312) of this Annual Report.

Selected consolidated income statement information

In EUR millions (except per share amount)	2022	2021	2020	2019	2018
Amounts based upon EU-IFRS					
Premium income [1]	13,192	13,731	14,105	16,015	17,329
Investment income [1]	5,613	4,893	5,087	5,319	4,772
Total revenues [1]	21,331	21,091	21,318	23,597	24,439
Result before tax from continuing operations [1]	(1,543)	1,164	(958)	1,197	(154)
Net result from continuing and discontinued operations	(2,504)	1,701	55	1,525	741
Earnings per common share					
Basic	(1.27)	0.78	-	0.70	0.31
Diluted	(1.27)	0.78	-	0.70	0.31
Earnings per common share B					
Basic	(0.03)	0.02	-	0.02	0.01
Diluted	(0.03)	0.02	-	0.02	0.01
Earnings per common share from continuing operations					
Basic	(0.54)	0.48	(0.33)	0.45	(0.08)
Diluted	(0.54)	0.48	(0.33)	0.45	(0.08)
Earnings per common share B from continuing operations					
Basic	(0.01)	0.01	(0.01)	0.01	-
Diluted	(0.01)	0.01	(0.01)	0.01	-

1 Amounts for 2021-2018 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Selected consolidated balance sheet information

In EUR millions	2022	2021	2020	2019	2018
Amounts based upon EU-IFRS					
Total assets	400,936	468,884	444,868	440,543	392,406
Insurance and investment contracts [1]	278,932	400,104	370,286	371,014	329,974
Borrowings including subordinated and trust pass-through securities [1]	6,464	11,980	10,735	11,650	13,583
Shareholders' equity	11,440	24,282	22,815	22,449	19,507

1 2022 excludes the liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Number of common shares

In thousands	2022	2021	2020	2019	2018
Balance at January 1	2,106,313	2,098,114	2,105,139	2,095,648	2,095,648
Share issuance	-	-	-	-	-
Stock dividends	13,782	10,665	2,466	9,491	-
Shares withdrawn	(10,665)	(2,466)	(9,491)	-	-
Balance at end of period	**2,109,430**	**2,106,313**	**2,098,114**	**2,105,139**	**2,095,648**

Number of common shares B

In thousands	2022	2021	2020	2019	2018
Balance at January 1	568,839	571,795	585,022	585,022	585,022
Shares withdrawn	(22,643)	(2,956)	(13,227)	-	-
Balance at end of period	**546,196**	**568,839**	**571,795**	**585,022**	**585,022**

Dividends

Aegon declared interim and final dividends on common shares for the years 2018 through 2022, with the exception for the 2019 final dividend, in the amounts set forth in the following table. The 2022 interim dividend amounted to EUR 0.11 per common share and EUR 0.00275 per common share B. The interim dividend was paid in cash or stock at the election of the shareholder. The interim dividend was payable as of September 21, 2022. At the General Meeting of Shareholders currently scheduled for May 25, 2023, the Executive Board will, in line with its earlier announcement and barring unforeseen circumstances, propose a final dividend of EUR 0.12 per common share, and EUR 0.003 per common share B, which has financial rights attached to it of 1/40th of a common share. Aegon intends to move to a cash-only dividend as of the final dividend of 2022. To this end, Aegon will present an update to its dividend policy for discussion at the next Annual General Meeting of Shareholders. This final dividend of 2022 will bring the total dividend for 2022 to EUR 0.23 per common share and EUR 0.00575 per common share B. Dividends in US dollars are calculated based on the foreign exchange reference rate (WM/Reuters closing spot exchange rate fixed at 5.00 pm Central European Summer Time ('CEST')) on the US-ex dividend day.

	EUR per common share			USD per common share		
Year	Interim	Final	Total	Interim	Final	Total
2018	0.14	0.15	0.29	0.16	0.17	0.33
2019	0.15	0.00 [1)]	0.15	0.17	-	0.17
2020	0.06	0.06	0.12	0.07	0.07	0.14
2021	0.08	0.09	0.17	0.09	0.10	0.19
2022	0.11	0.12 [2)]	0.23	0.11		

[1] Aegon forewent the 2019 final dividend of EUR 0.16 to strengthen its balance sheet and improve its risk profile.
[2] Proposed.

Results of operations

This Integrated Annual Report includes the following non-EU-IFRS financial measure: operating result and addressable expenses. The reconciliation of operating result to the most comparable EU-IFRS measure is presented in note 5 'Segment information' of the consolidated financial statements. Operating result is calculated by consolidating on a proportionate basis the revenues and expenses of Aegon's joint ventures in Brazil, China, India, the Netherlands, Portugal and Spain and Aegon's associates in France, the Netherlands and United Kingdom. The information on the following tables also includes the non-EU-IFRS financial measure operating result after tax. This is the after-tax equivalent of operating result.

The reconciliation of addressable expenses to operating expenses, the most comparable EU-IFRS measure, is presented in this section. Operating expenses are all expenses associated with selling and administrative activities (excluding commissions). This includes certain expenses recorded in other charges for segment reporting, including restructuring charges. Addressable expenses are calculated by excluding the following items from operating expenses: direct variable acquisition expenses, restructuring expenses (including expenses related to the operational improvement plan), and expenses related to acquisitions and disposals. Addressable expenses are reported on a constant currency basis.

Aegon's senior management is compensated based in part on Aegon's results against targets using the non-EU-IFRS measures presented in this report. While many other insurers in Aegon's peer group present substantially similar non-EU-IFRS measures, the non-EU-IFRS measures presented in this document may nevertheless differ from the non-EU-IFRS measures presented by other insurers. There is no standardized meaning to these measures under EU-IFRS or any other recognized set of accounting standards and readers are cautioned to consider carefully the different ways in which Aegon and its peers present similar information before making a comparison. Aegon believes the non-EU-IFRS measures present within this report, when read together with Aegon's reported EU-IFRS financial statements, provide meaningful supplemental information for the investing public. This enables them to evaluate Aegon's businesses after eliminating the impact of current EU-IFRS accounting policies for financial instruments and insurance contracts, which embed a number of accounting policy alternatives that companies may select in presenting their results (as companies may use different local generally accepted accounting principles (GAAPs)), and this may make the comparability difficult between time periods.

For the discussion on our operating results and addressable expenses for the year ended December 31, 2021 compared to the year ended December 31, 2020, please refer to the section Results of operations on pages 96 to 117 in Aegon's Integrated Annual Report 2021.

Aegon has changed the grouping of the operating segments included in the performance measure. As per January 1, 2022, Mongeral Aegon Group (MAG Seguros) is no longer reported within the Americas segment, but reported in the International segment. For the impact on comparative numbers please refer to note 5 Segment information. There is no impact on the consolidated numbers of Aegon.

Results 2022 worldwide

Operating result geographically

Amounts in EUR millions	2022	2021	%
Operating result after tax	**1,525**	1,582	*(4)*
Tax on operating result	394	324	*22*
Operating result			
Americas	790	790	-
The Netherlands	783	755	*4*
United Kingdom	206	184	*12*
International	167	143	*17*
Asset Management	193	253	*(24)*
Holding and other activities	(220)	(219)	*(1)*
Operating result	**1,918**	**1,906**	***1***
Fair value items	(1,231)	432	*n.m.*
Realized gains / (losses) on investments	(650)	446	*n.m.*
Net impairments	(36)	53	*n.m.*
Non-operating items	**(1,917)**	**930**	***n.m.***
Other income / (charges)	(2,321)	(780)	*(198)*
Result before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**(2,319)**	**2,056**	***n.m.***
Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	85	78	*10*
Income tax	(185)	(355)	*48*
Of which Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	(85)	(78)	*(10)*
Net result	**(2,504)**	**1,701**	***n.m.***
Operating expenses	3,902	3,775	*3*
Addressable expenses [1]	3,028	3,094	*(2)*

1 Addressable expenses are reported at constant currency at the FY 2022 weighted average foreign exchange rate.

New life sales

Amounts in EUR millions	2022	2021	%
Americas	473	352	*34*
The Netherlands	73	74	*(2)*
United Kingdom	26	31	*(15)*
International	253	228	*12*
Total recurring plus 1/10 single	**825**	**686**	***21***

Amounts in EUR millions	2022	2021	%
New premium production accident & health insurance	170	170	*(1)*
New premium production property & casualty insurance	106	96	*9*

Gross deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
Americas	34,229	32,500	*5*
The Netherlands	22,410	19,902	*13*
United Kingdom	9,949	24,764	*(60)*
International	660	387	*71*
Asset Management [1]	127,088	157,290	*(19)*
Total gross deposits	**194,336**	**234,843**	***(17)***

1 Includes deposits from Third-Party and Strategic Partnerships only.

Net deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
Americas	(16,083)	(17,656)	*9*
The Netherlands	1,201	(273)	*n.m.*
United Kingdom	(2,765)	10,228	*n.m.*
International	28	191	*(85)*
Asset Management [1]	(229)	12,885	*n.m.*
Total net deposits / (outflows)	**(17,848)**	**5,374**	***n.m.***

1 Includes deposits from Third-Party and Strategic Partnerships only.

Worldwide revenues geographically 2022

Amounts in EUR millions	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Segment total	Associates and Joint Ventures eliminations	Consolidated
Total life insurance premiums	7,329	1,168	4,081	1,280	-	6	13,864	(1,016)	12,848
Accident & health insurance premiums	1,407	257	-	184	-	-	1,848	(79)	1,769
Property & casualty insurance premiums	-	144	-	182	-	-	326	(182)	144
Total gross premiums	**8,735**	**1,569**	**4,081**	**1,646**	-	**6**	**16,037**	**(1,276)**	**14,761**
Investment income	3,467	1,728	1,951	297	12	(3)	7,453	(114)	7,338
Fee and commission income	2,021	325	217	42	693	(187)	3,111	(240)	2,871
Other revenue	-	-	-	26	5	-	31	(30)	1
Total revenues	**14,223**	**3,622**	**6,250**	**2,011**	**710**	**(184)**	**26,633**	**(1,661)**	**24,972**
Number of employees, including agent employees	6,153	3,609	2,621	4,281	1,464	958	19,087		

Worldwide revenues geographically 2021

Amounts in EUR millions	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Segment total	Associates and Joint Ventures eliminations	Consolidated
Total life insurance premiums	6,917	1,323	4,613	1,372	-	-	14,225	(825)	13,400
Accident & health insurance premiums	1,273	254	3	179	-	-	1,709	(67)	1,643
General insurance premiums	-	136	-	432	-	-	569	(168)	401
Total gross premiums	**8,190**	**1,713**	**4,616**	**1,984**	-	-	**16,504**	**(1,060)**	**15,444**
Investment income	2,909	2,088	1,691	361	12	(19)	7,042	(75)	6,967
Fee and commission income	1,920	300	223	59	800	(183)	3,120	(335)	2,785
Other revenue	-	-	-	14	2	12	27	(15)	13
Total revenues	**13,019**	**4,101**	**6,531**	**2,418**	**814**	**(190)**	**26,693**	**(1,484)**	**25,209**
Number of employees, including agent employees	6,942	3,534	2,476	7,323	1,675	321	22,271		

Results 2022 worldwide

Aegon's net result amounted to a loss of EUR 2.5 billion in 2022, compared with a EUR 1.7 billion profit in 2022. This was mainly driven by losses on non-operating items in 2022 compared with gains in 2021. Furthermore, Other charges increased compared with 2021. Non-operating items in 2022 mainly reflected fair value losses from interest rate hedges in the United States and from realized losses on investments in the United States and in the Netherlands. Other charges were higher in 2022, mainly driven by an impairment loss related to the transaction with a.s.r. that was announced in 2022. The operating result for 2022 was stable compared with 2021 at EUR 1.9 billion. The result was supported by expense savings, benefits from growth initiatives, improved claims experience, and strengthening of the US dollar. This was offset by lower fees due to adverse market movements and outflows in US Variable Annuities and Asset Management.

Net result

The 2022 net result amounted to a loss of EUR 2.5 billion and was driven by non-operating items and Other charges, which more than offset the operating result of EUR 1.9 billion. Non-operating items amounted to a loss of EUR 1.9 billion in 2022, whereas a gain of EUR 930 million was recorded in 2021. The reduced result from Non-operating items in 2022 resulted mostly from fair value items turning negative and realized losses on investments, while 2021 showed realized gains on investments. Fair value losses amounted to EUR 1.2 billion in 2022 and were mainly from the Americas, largely due to the dynamic hedge program for US variable annuities with GMDB and GMIB riders. This program targets to hedge the economic liability. However, under IFRS reporting, discount rates for liabilities are locked-in, which led to an accounting mismatch and resulted in a fair value loss from the increase in interest rates during the year. Realized losses on investments were EUR 650 million in 2022 and were primarily from the sales of bonds in the Americas and the Netherlands to maintain a robust liquidity position, consistent with Aegon's strict liquidity framework. Other charges in 2022 amounted to EUR 2.3 billion, compared with EUR 780 million in 2021. Other charges were mainly driven by an impairment loss triggered by classifying Aegon the Netherlands as held for sale, as a result of the announced transaction with a.s.r. This impairment was not tax deductible. Other charges furthermore included the impact from investments in the operational improvement plan across the businesses and various actuarial assumption updates and charges from reinsurance rate increases in the Americas. There was a partial offset from the net book gain from the divestment of Aegon's businesses in Hungary and Turkey, and the sale of Aegon's 50% stake in the joint venture with Liberbank. This led to a loss before tax of EUR 2.3 billion in 2022. After the tax charge of EUR 185 million, the net result for 2022 amounted to EUR 2.5 billion.

Operating result

The operating result for 2022 was stable compared with 2021 at EUR 1.9 billion. The result was supported by expense savings, benefits from growth initiatives, improved claims experience, and strengthening of the US dollar. This was offset by lower fees due to adverse market movements and outflows in US Variable Annuities and Asset Management.

- The Americas' operating result in 2022 remained stable compared with 2021 at EUR 790 million. Strengthening of the US dollar, an improvement in the mortality claims experience in Life, and lower expenses as a result of the operational improvement plan benefited the result. This was offset by a lower result from Variable Annuities where fee income was negatively impacted by adverse markets and expected outflows. In addition, lower fee revenues in Mutual Funds and Retirement Plans and less favorable morbidity experience in Accident & Health contributed to the offset.
- Operating result from the Netherlands increased by 4% compared with 2021 to EUR 783 million in 2022. The results of Bank and Workplace Solutions showed an increase, supported by higher interest rates, business growth, and non-life reserve releases, while the results of Life and Mortgages decreased, reflecting lower investment income from mortgages.
- In the United Kingdom, the operating result rose by 12% compared with 2021 to EUR 206 million in 2022. The increase was mainly the result of lower operating expenses, driven by lower addressable expenses. Revenues increased compared with 2021 as higher net investment income on the general account more than offset the impacts from the loss of earnings due to the gradual run-off of the traditional product portfolio.
- The operating result from International increased by 17% compared with 2021 to EUR 167 million in 2022. The increase reflects an improvement in claims experience, business growth, and an increase in Aegon's economic ownership in its Brazilian business. These items more than offset a reduction in TLB's operating result compared with 2021 as a result of a reinsurance treaty with Transamerica.
- The operating result from Asset Management decreased by 24% compared with 2021 to EUR 193 million in 2022. This decrease was mainly driven by lower performance fees net of performance-based compensation in Strategic Partnerships. Management fees in Global Platforms were negatively impacted by a reduction in asset balances due to adverse market conditions and outflows, and were only partly offset by lower expenses.
- The operating result for Holdings and other activities amounted to a loss of EUR 220 million in 2022 compared with a loss of EUR 219 million in 2021, and mainly reflects funding expenses.

Operating expenses

Operating expenses increased by 3% compared with 2021 to EUR 3.9 billion in 2022. This was driven by non-recurrence of a one-time benefit in 2021, increased project costs for IFRS 9 and 17 implementation and unfavorable currency movements. These more than offset the impact from lower addressable expenses and the impact of the completion of the sale of Aegon's businesses in Hungary and Turkey.

Addressable expenses decreased by 2% compared with 2021 on a constant currency basis to EUR 3.0 billion in 2022. The benefit from expense savings initiatives and lower performance related compensation expenses was only partly offset by additional investments in growth initiatives across the group, and other elements including higher own employee pension costs in the Netherlands.

The reconciliation from operating expenses from continuing operations to addressable expenses is presented in the table below.

	Note	2022	2021
Employee expenses from continuing operations	14	1,707	1,511
Administrative expenses from continuing operations	14	1,218	1,294
Operating expenses from continuing operations		**2,926**	**2,803**
Operating expenses from discontinued operations		687	675
Operating expenses from continuing operations and discontinued operations		**3,613**	**3,478**
Operating expenses related to joint ventures and associates		289	297
Operating expenses in result of operations		**3,902**	**3,775**
Operating expenses related to joint ventures and associates		(289)	(297)
Deferred acquisition expenses		(53)	(51)
Restructuring expenses		(98)	28
Operational improvement plan expenses		(401)	(389)
Acquisition and disposals		(33)	(163)
FX effect constant currency and other		-	190
Addressable expenses		**3,028**	**3,094**

Capital management

During 2022, shareholders' equity decreased by EUR 12.9 billion to EUR 11.4 billion, mostly due to higher interest rates, which had a negative impact on the revaluation reserve. The net loss of EUR 2.5 billion in 2022 also contributed unfavorably. Aegon's shareholders' equity, excluding revaluation reserves, non-controlling interests and share options not yet exercised decreased from EUR 18.1 billion at year-end 2021 to EUR 15.9 billion at year-end 2022, or EUR 8.06 per common share. This decrease is mainly driven by the net loss, which more than offset a strengthening of the US dollar against the euro.

Gross financial leverage improved to EUR 5.6 billion on December 31, 2022, compared with EUR 5.9 billion on December 31, 2021. This reduction was driven by a debt tender offer, which reduced Aegon's gross financial leverage by EUR 429 million. This decrease was partly offset by the strengthening of the US dollar against the euro.

Cash Capital at Holding increased from EUR 1.3 billion at the end of 2021 to EUR 1.6 billion at the end of 2022. Free cash flows amounted to EUR 780 million for 2022, while divestitures net of acquisitions amounted to EUR 798 million and were driven by the proceeds closing the sale of Aegon's businesses in Hungary and Turkey as well as the sale of Aegon's 50% stake in the joint venture with Liberbank. The proceeds from these divestitures provided Aegon with the financial flexibility to reduce its debt through a debt tender offer and to return surplus cash capital to its shareholders via a EUR 306 million share buyback. Furthermore, cash used for dividend payments totaled EUR 407 million in 2022. Cash used to reduce leverage amounted to EUR 417 million. Other cash outflows amounted to EUR 110 million and were driven by capital injections into smaller units and losses from rolling currency hedges related to Aegon's gross financial leverage.

As at December 31, 2022, Aegon's estimated Group Solvency II ratio amounted to 208%, a decrease of 3%-points since December 31, 2021. While operating capital generation more than offset dividends to shareholders, market movement had a negative impact, driven by lower equity markets in the US. Other elements reducing the ratio included a reduction of eligible own funds due to tiering restrictions and a reduction of group diversification benefits. For more details, please refer to note 43.

Results 2022 Americas

	Amounts in USD millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
Operating result after tax	**703**	847	*(17)*	**668**	716	*(7)*
Tax on operating result	129	88	*48*	123	74	*66*
Operating result						
Individual Solutions	549	668	*(18)*	521	565	*(8)*
Workplace Solutions	284	268	*6*	269	226	*19*
Operating result	**833**	**935**	***(12)***	**790**	**790**	***11***
Fair value items	(1,732)	826	*n.m.*	(1,644)	698	*n.m.*
Realized gains / (losses) on investments	(505)	370	*n.m.*	(479)	313	*n.m.*
Net impairments	(13)	17	*n.m.*	(13)	15	*n.m.*
Non-operating items	**(2,250)**	**1,213**	***n.m.***	**(2,136)**	**1,025**	***n.m.***
Other income / (charges)	(555)	(789)	*30*	(526)	(667)	*21*
Result before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**(1,972)**	**1,359**	***n.m.***	**(1,872)**	**1,149**	***n.m.***
Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	-	-	*n.m.*	-	-	*n.m.*
Income tax	486	(162)	*n.m.*	462	(137)	*n.m.*
Of which Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	-	-	*n.m.*	-	-	*n.m.*
Net result	**(1,486)**	**1,197**	***n.m.***	**(1,411)**	**1,012**	***n.m.***
Life insurance gross premiums	7,720	8,184	*(6)*	7,329	6,917	*6*
Accident and health insurance premiums	1,482	1,506	*(2)*	1,407	1,273	*11*
Total gross premiums	**9,202**	**9,689**	***(5)***	**8,735**	**8,190**	***7***
Investment income	3,652	3,441	*6*	3,467	2,909	*19*
Fee and commission income	2,129	2,272	*(6)*	2,021	1,920	*5*
Other revenues	-	-	*n.m.*	-	-	*n.m.*
Total revenues	**14,983**	**15,403**	***(3)***	**14,223**	**13,019**	***9***
Operating expenses	1,757	1,705	*3*	1,668	1,441	*16*
Addressable expenses [1)]	1,511	1,541	*(2)*	1,434	1,464	*(2)*

[1] Addressable expenses are reported at constant currency at the FY 2022 weighted average foreign exchange rate.

New life sales

	Amounts in USD millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
Individual Solutions	431	360	*20*	409	304	*35*
Workplace Solutions	67	57	*17*	63	48	*31*
Total recurring plus 1/10 single	**498**	**417**	***19***	**473**	**352**	***34***

	Amounts in USD millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
New premium production accident & health insurance	133	152	*(12)*	126	129	*(2)*

Gross deposits (on and off balance)

	Amounts in USD millions			Amounts in EUR millions		
	2022	2021	%	2022	2021	%
Individual Solutions	8,757	10,298	(15)	8,313	8,704	(4)
Workplace Solutions	27,300	28,154	(3)	25,916	23,797	9
Total gross deposits	**36,057**	**38,451**	**(6)**	**34,229**	**32,500**	**5**

Net deposits (on and off balance)

	Amounts in USD millions			Amounts in EUR millions		
	2022	2021	%	2022	2021	%
Individual Solutions	(9,040)	(7,709)	(17)	(8,582)	(6,516)	(32)
Workplace Solutions	(7,902)	(13,179)	40	(7,502)	(11,140)	33
Total net deposits / (outflows)	**(16,942)**	**(20,889)**	**19**	**(16,083)**	**(17,656)**	**9**

Exchange rates

	Weighted average rate		Closing rate as of	
Per 1 EUR	2022	2021	December 31, 2022	December 31, 2021
USD	1.0534	1.1831	1.0673	1.1372

Results 2022 Americas

Aegon's businesses in the Americas reported a net loss of USD 1,486 million in 2022 compared with a net profit of USD 1,197 million in 2021. The operating result decreased by 12% compared with 2021 to USD 833 million in 2022, as lower fees due to adverse market movements and outflows in Variable Annuities and less favorable morbidity experience more than offset lower expenses and an improvement in mortality experience. A loss of USD 2,250 million in non-operating items in 2022 was driven by fair value losses and realized losses on investments. Other charges amounted to USD 555 million and were mainly driven by reinsurance rate increases and actuarial assumption updates.

Net result

Aegon's businesses in the Americas reported a net loss of USD 1,486 million in 2022 compared with a net profit of USD 1,197 million in 2021. The decrease in net result was driven by a lower operating result and a loss from non-operating items, this was partly offset by lower Other charges. The operating result decreased by 12% compared with 2021 to USD 833 million in 2022. Non-operating items resulted in a loss of USD 2,250 million and were driven by fair value losses and realized losses on investments. Other charges amounted to USD 555 million and were partly driven by reinsurance rate increases and actuarial assumption updates.

Results on fair value items amounted to a loss of USD 1,732 million in 2022, which was primarily related to the following items:

- Fair value hedges without an accounting match under IFRS resulted in a loss of USD 1,824 million and are mainly related to the dynamic hedge program for GMDB and GMIB riders in the legacy Variable Annuities portfolio. This program targets to hedge the economic liability and showed 97% economic hedge effectiveness. However, under IFRS reporting, discount rates for liabilities are locked-in, which led to an accounting mismatch and resulted in a fair value loss from the increase in interest rates during the year.
- The result on fair value hedges with an accounting match – which includes the hedges program for GMWB riders – amounted to a loss of USD 52 million caused by losses on unhedged basis and volatility risks.
- Gains on fair value investments of USD 143 million, mainly driven by the outperformance of multi-family property investments and real estate with commodity exposure at the beginning of the year.

Realized losses on investments were USD 505 million and were driven by asset sales to protect the liquidity position in the context of rising interest rates and consistent with Aegon's strict liquidity framework. In addition, losses resulted from adjustments to the Transamerica's interest rate risk profile following the increase in interest rates. Net impairments of USD 13 million were driven by gross impairments of fixed income assets, which was partly offset by recoveries from residential mortgage-backed securities.

Other charges of USD 555 million in 2022 were mainly driven by USD 210 million charges from reinsurance rate increases, USD 170 million one-time investments related to the operational improvement plan, and the impact from various actuarial assumption updates.

Operating result

The operating result in 2022 decreased by 12% compared with 2021 to USD 833 million. This was primarily due to a lower result from Variable Annuities where fee income was negatively impacted by adverse markets and expected outflows. In addition, lower fee revenues in Mutual Funds and Retirement Plans and less favorable morbidity experience in Accident & Health contributed to the decrease. This was partly offset by an improvement in the mortality claims experience in Life and lower expenses as a result of the operational improvement plan.

The Individual Solutions operating result decreased by 18% compared with 2021 to USD 549 million.

- The Individual Life operating result of USD 161 million in 2022 compared with a loss of USD 111 million in 2021. The Individual Life operating result was impacted by adverse mortality experience of USD 148 million. USD 90 million of the adverse claims experience was directly attributable to COVID-19 as cause of death. The remaining mortality experience is mainly attributed to higher claims frequency in Universal Life and Traditional Life, which Aegon believes to be in part indirectly related to COVID-19. The Life operating result was also supported by lower operating expenses, and the one-time recognition of the TLB operating result from the third quarter of 2022 of USD 28 million, following the reinsurance treaty between TLB and Transamerica that commenced retrospectively on July 1, 2022. This reinsurance treaty contributed additional USD 30 million to the operating result in the fourth quarter of 2022.

- Individual Accident & Health operating result of USD 284 million in 2022 compared with USD 356 million in 2021, mainly due to less favorable morbidity experience of USD 118 million in 2022 compared with USD 211 million in 2021. Most of the favorable morbidity experience was related to the closed block of Long-Term Care insurance, where the actual to expected claim ratio amounted to 81% in 2022 compared to 64% in 2021. This was partly driven by the release of the incurred but not reported (IBNR) reserve in the first half of 2022 that had been set up in 2020, as new claims are now back at pre-pandemic levels.
- The Mutual Funds operating result of USD 39 million in 2022 compared with USD 58 million in 2021 due to a decrease in fees from unfavorable market performance and net outflows.
- The Variable Annuities operating result of USD 33 million in 2022 compared with USD 345 million in 2021, driven by higher benefit costs and lower fee revenues, a consequence of expected outflows and the impact of lower equity markets as well as higher interest rates on account balances.
- The Fixed Annuities operating result of USD 32 million in 2022 compared with USD 20 million in 2021, mainly due to the impact of higher interest rates leading to benefits from new annuitizations.

Workplace Solutions operating result increased by 6% compared with 2021 to USD 284 million.

- Life operating result of USD 35 million in 2022 compared with USD 13 million in 2021, reflecting better mortality experience and improved margins.
- Accident & Health operating result of USD 11 million in 2022 compared with USD 21 million in 2021, reflecting higher expenses and worse than expected persistency.
- Retirement Plans operating result of USD 162 million in 2022 compared with USD 156 million in 2021, as higher revenues from the Advice Center, participant fees, and transaction fees, as well as higher investment income more than offset a decrease in fee income from lower account values as a result of market movements.
- Stable Value Solutions operating result of USD 76 million in 2022 compared with USD 77 million in 2021.

Operating expenses

Operating expenses increased by 3% compared with 2021 to USD 1.8 billion in 2022, mainly reflecting a favorable one-time benefit from changes to the employee pension plan in 2021, partly offset by lower addressable expenses.

Addressable expenses decreased by 2% compared with 2021 to USD 1.5 billion in 2022, driven by expense savings initiatives as part of the operational improvement plan to reduce employee, real estate, and third-party expenses.

Sales

Net outflows amounted to USD 16.9 billion in 2022 compared with net outflows of USD 20.9 billion in 2021. USD 5.2 billion of the USD 7.9 billion of net outflows in Retirement Plans were due to the discontinuance of one large Multiple-Employer-Plan in the Middle-Market segment of Retirement Plans. Net outflows in Variable Annuities amounted to USD 4.8 billion in 2022 and reflect the fact that Transamerica has discontinued the sale of variable annuities with significant interest rate sensitive riders. Mutual Funds saw outflows as the result of challenging market conditions. The run-off of the Fixed Annuities book contributed to the net outflows as well.

New life sales increased by 19% to USD 498 million in 2022 compared with USD 417 million in 2021. Individual Solutions new life sales grew by 20% compared with 2021 to USD 431 million. This was mainly driven by increased sales of indexed universal life across all distribution channels. The improved service experience and continued competitiveness of Transamerica's products supported an increase in market share in the World Financial Group (WFG) distribution channel to 67% in the last quarter of 2022. WFG further expanded its distribution reach by growing its number of licensed life agents to a record level of more than 62,600 agents at year-end of 2022, a 20% increase compared with the year-end of 2021. Workplace Solutions new life sales increased by 17% compared with 2021 to USD 67 million, mainly driven by an increase in renewal rates for universal life products.

New Accident & Health premium production declined by 12% compared to 2021 to USD 133 million. In Workplace Solutions, new Accident & Health premium production increased to USD 129 million in 2022 from USD 116 million in 2021. New Individual Solutions Accident & Health premium production decreased to USD 4 million in 2022 from USD 36 million in 2021. Sales for this otherwise closed product where the result of a change in legislation in the state of Washington leading to one-time sales volumes in both years.

Results 2022 The Netherlands[1]

Amounts in EUR millions	2022	2021	%
Operating result after tax	**609**	573	*6*
Tax on operating result	173	181	*(4)*
Operating result			
Life	463	519	*(11)*
Mortgages	68	71	*(4)*
Bank	128	115	*12*
Workplace solutions	123	50	*146*
Operating result	**783**	**755**	***4***
Fair value items	415	(201)	*n.m.*
Realized gains / (losses) on investments	(181)	118	*n.m.*
Net impairments	15	40	*(63)*
Non-operating items	**249**	**(44)**	***n.m.***
Other income / (charges)	(1,970)	(23)	*n.m.*
Result before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**(939)**	**688**	***n.m.***
Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	-	-	*n.m.*
Income tax	(618)	(183)	*n.m.*
Of which Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	-	-	*n.m.*
Net result	**(1,557)**	**505**	***n.m.***
Life insurance gross premiums	1,168	1,323	*(12)*
Accident and health insurance premiums	257	254	*1*
Property & casualty insurance	144	136	*5*
Total gross premiums	**1,569**	**1,713**	***(8)***
Investment income	1,728	2,088	*(17)*
Fee and commission income	325	300	*8*
Other revenues	-	-	*n.m.*
Total revenues	**3,622**	**4,101**	***(12)***
Operating expenses	738	729	*1*
Addressable expenses	610	607	*1*

New Life Sales

Amounts in EUR millions	2022	2021	%
Life	73	74	*(2)*
Total recurring plus 1/10 single	**73**	**74**	***(2)***

Amounts in EUR millions	2022	2021	%
Mortgage origination	8,743	10,856	*(19)*
New premium production accident & health insurance	8	10	*(23)*
New premium production property & casualty insurance	23	20	*15*

[1] Following the announcement of the transaction with a.s.r. on October 27, 2022 the results for Aegon the Netherlands are reported as discontinued operations and classified as held for sale for IFRS reporting purposes.

Gross deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
Bank	21,376	19,006	*12*
Workplace solutions	1,034	896	*15*
Total gross deposits	**22,410**	**19,902**	***13***

Net deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
Bank	367	(1,012)	*n.m.*
Workplace solutions	834	739	*13*
Total net deposits / (outflows)	**1,201**	**(273)**	***n.m.***

Results 2022 The Netherlands[1]

The net result for the Netherlands decreased by EUR 2.1 billion compared with 2021 to a loss of EUR 1.6 billion in 2022. This was primarily driven by Other charges and a one-time tax charge, related to the transaction with a.s.r. that was announced in 2022. These more than offset an increase in the operating result, as the benefits from reserve releases and business growth, more than offset lower investment income.

Net result

The net result from the Netherlands amounted to a loss EUR 1.6 billion in 2022, as improvements in the operating result and non-operating items were more than offset by Other charges and a one-time tax charge. The operating result amounted to EUR 783 million. Non-operating items amounted to a gain of EUR 249 million in 2022, compared with a loss of EUR 44 million in 2021. In 2022, a EUR 415 million gain from fair value items, and a gain of EUR 15 million from net recoveries were only partly offset by realized losses on investments of EUR 181 million. The fair value gain in 2022 was mostly driven by higher spreads, reducing the value of liabilities. Realized losses on investments resulted from sales of sovereign and corporate bonds to maintain a robust liquidity position, consistent with Aegon's strict liquidity framework. Other charges in 2022 amounted to EUR 2.0 billion, and were driven by an impairment loss that was not tax deductible. This impairment was triggered by classifying Aegon the Netherlands as held for sale, as a result of the announced transaction with a.s.r. The tax charge for 2022 was EUR 618 million, and reflected the anticipated settlement of a tax position in connection with the transaction with a.s.r.

Operating result

The operating result from Aegon's operations in the Netherlands increased by 4% compared with 2021 to EUR 783 million in 2022.

- The operating result from Life decreased by 11% compared with 2021 to EUR 463 million in 2022. The decrease was mainly driven by lower investment income, driven by the sale of corporate bonds due to the rising rate environment, and also by lower prepayment compensations and yields on mortgages.
- The operating result from Mortgages decreased by 4% compared with 2021 to EUR 68 million in 2022. The impact of higher fees resulting from business growth was more than offset by the combination of lower revenues from lower customer prepayment compensations and lower yields on mortgages.
- The operating result from Bank rose by 12% compared with 2021 to EUR 128 million in 2022. The main contributor was a higher interest margin due to higher interest rates. Furthermore, higher fee income from more fee-paying customers at Knab contributed favorably.
- The operating result from Workplace Solutions increased by EUR 73 million to EUR 123 million in 2022. This primarily reflected increased earnings of the non-life disability business, mostly due reserve releases and elevated recoveries. Furthermore, business growth contributed favorably.

Operating expenses

Operating expenses increased by 1% compared with 2021 to EUR 738 million in 2022, reflecting higher addressable expenses and higher expenses related to customer due diligence.

Addressable expenses increased by EUR 3 million compared with 2021 to EUR 610 million in 2022. The benefit from expense savings initiatives was offset by higher expenses related to growth initiatives and other elements, mostly due to higher own employee pension costs as a consequence of higher interest rates.

[1] Following the announcement of the transaction with a.s.r. on October 27, 2022 the results for Aegon the Netherlands are reported as discontinued operations and classified as held for sale for IFRS reporting purposes.

Sales

Workplace Solutions net deposits increased by 13% compared with 2021 to EUR 834 million in 2022, supported by higher recurring gross deposits from continued strong demand for defined contribution pension products (PPIs).

Net deposits for the Bank amounted to EUR 367 billion in 2021, while 2021 had net outflows of EUR 1.0 billion. The increase was mainly due to the growth in the number of Knab customers this quarter, and the impact from of Aegon's decision to stop offering savings products to non-fee-paying customers in 2021.

Mortgage origination volumes decreased by 19% compared with 2021 to EUR 8.7 billion in 2022, of which EUR 4.7 billion was for third-party investors. Third-party investors pay Aegon a fee for originating and servicing these mortgages. The decrease in 2022 when compared to 2021 is due to reduced refinancing activity as a result of increased mortgage rates and a decline in home sales.

New premium production for accident & health insurance amounted to EUR 8 million in 2022, a decrease of EUR 2 million compared with 2021, mostly due to disability insurance. New premium production for property & casualty insurance increased by 15% compared with 2021 to EUR 23 million in 2022, in part driven by pricing changes.

New life sales decreased by 2% in 2022 to EUR 73 million, as the impact from a lower production of immediate annuities was partly offset by higher additional yearly pension increases.

Results 2022 United Kingdom

	Amounts in GBP millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
Operating result after tax	**150**	143	*5*	**176**	166	*6*
Tax on operating result	25	15	*70*	29	17	*71*
Operating result	**175**	**158**	***11***	**206**	**184**	***12***
Fair value items	8	(53)	*n.m.*	10	(62)	*n.m.*
Realized gains / (losses) on investments	3	9	*(70)*	3	10	*(70)*
Net impairments	(10)	-	*n.m.*	(11)	-	*n.m.*
Non-operating items	**1**	**(44)**	***n.m.***	**1**	**(51)**	***n.m.***
Other income / (charges)	(32)	1	*n.m.*	(37)	1	*n.m.*
Result before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**145**	**115**	***26***	**170**	**134**	***27***
Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	-	-	*n.m.*	-	-	*n.m.*
Income tax	1	(10)	*n.m.*	1	(12)	*n.m.*
Of which Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	-	-	*n.m.*	-	-	*n.m.*
Net result	**146**	**104**	***39***	**171**	**122**	***41***
Life insurance gross premiums	3,480	3,966	*(12)*	4,081	4,613	*(12)*
Accident and health insurance premiums	-	3	*n.m.*	-	3	*n.m.*
Total gross premiums	**3,480**	**3,969**	***(12)***	**4,081**	**4,616**	***(12)***
Investment income	1,664	1,454	*14*	1,951	1,691	*15*
Fee and commission income	185	192	*(3)*	217	223	*(2)*
Total revenues	**5,330**	**5,615**	***(5)***	**6,250**	**6,531**	***(4)***
Operating expenses	375	386	*(3)*	439	448	*(2)*
Addressable expenses [1)]	319	335	*(5)*	374	393	*(5)*

1 Addressable expenses are reported at constant currency at the FY 2022 weighted average foreign exchange rate.

New life sales

	Amounts in GBP millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
Total recurring plus 1/10 single	**22**	**27**	***(16)***	**26**	**31**	***(15)***

Gross deposits (on and off balance)

	Amounts in GBP millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
Total gross deposits	**8,485**	**21,292**	***(60)***	**9,949**	**24,764**	***(60)***

Net deposits (on and off balance)

	Amounts in GBP millions			Amounts in EUR millions		
	2022	2021	%	**2022**	2021	%
Retail	(877)	(210)	*n.m.*	(1,028)	(244)	*n.m.*
Workplace solutions	2,223	1,493	*43*	2,607	1,736	*43*
Institutional	(2,743)	8,754	*n.m.*	(3,217)	10,181	*n.m.*
Traditional products	(961)	(1,246)	*23*	(1,127)	(1,449)	*22*
Total net deposits / (outflows)	**(2,358)**	**8,792**	***n.m.***	**(2,765)**	**10,225**	***n.m.***

Exchange rates

	Weighted average rate		Closing rate as of	
Per 1 EUR	**2022**	2021	December 31, 2022	December 31, 2021
Pound Sterling	0.8528	0.8598	0.8872	0.8396

Results 2022 United Kingdom

The net result for the United Kingdom increased by 39% compared with 2021 to GBP 146 million in 2022. The improvement was driven by a higher operating result and higher non-operating items.

Net result

The net result for the United Kingdom increased by 39% compared with 2021 to GBP 146 million in 2022. The operating result increased by GBP 17 million compared with 2021 to GBP 175 million in 2022. Fair value items amounted to a gain of GBP 8 million and reflects the impact from hedges which protect the solvency position. Gains on investments amounted to GBP 3 million. Net impairments of GBP 10 million were recorded on an associate. Other charges amounted to GBP 32 million driven by investments related to the operational improvement plan and income related to policyholder taxes. Charges from policyholder taxes are fully offset in the income tax line. The result before tax in 2022 amounted to GBP 145 million and the income tax amounted to a benefit of GBP 1 million, impacted by the release of a tax provision.

Operating result

The operating result rose by 11% compared with 2021 to GBP 175 million in 2022. The increase in operating result was mainly the result of lower operating expenses, which decreased by GBP 11 million compared with 2021. Revenues increased compared with 2021 as higher net investment income on the general account more than offset the impacts from the loss of earnings due to the gradual run-off of the traditional product portfolio.

Operating expenses

Operating expenses amounted to GBP 375 million in 2022, which was a decrease of 3% compared with 2021. This decrease was driven by lower addressable expenses, partially offset by additions to a provision for operational incidents. Addressable expenses amounted to GBP 319 million in 2022, which was a decrease of GBP 17 million compared with 2021. This decrease was driven by the benefits of expense savings initiatives, which led to lower administration expenses, partially offset by higher employee expenses due to a higher headcount.

Sales

Gross deposits decreased from GBP 21.3 billion in 2021 to GBP 8.5 billion in 2022. Net outflows amounted to GBP 2.4 billion in 2022 compared with net deposits of GBP 8.8 billion in 2021. The main driver of net outflows in 2022 as well as net deposits in 2021 was the Institutional business, which is low-margin and for which net deposits can be lumpy. Net outflows on the Institutional business amounted to GBP 2.7 billion in 2022 compared with net inflows of GBP 8.8 billion in 2021. Net deposits on the Workplace channel amounted to GBP 2.2 billion in 2022 and were the highest level since 2018. For the Retail platform GBP 0.9 billion net outflows were recorded in 2022 compared with GBP 0.2 billion net outflows in 2021, reflecting weak investor sentiment. The traditional product portfolio continues to gradually run-off with net outflows of GBP 1.0 billion in 2022 compared with net outflows of GBP 1.2 billion in 2021. New life sales decreased by 16% compared with 2021 to GBP 22 million in 2022, reflecting lower market demand as a consequence of economic uncertainty.

Results 2022 International

Amounts in EUR millions	2022	2021	%
Operating result after tax	**120**	**110**	*9*
Tax on operating result	47	33	*43*
Operating result			
Spain & Portugal	78	75	*4*
China	26	24	*8*
Brazil	27	(2)	*n.m.*
TLB	60	77	*(23)*
Other	(24)	(31)	*25*
Operating result	**167**	**143**	***17***
Fair value items	21	(18)	*n.m.*
Realized gains / (losses) on investments	-	2	*(81)*
Net impairments	(8)	1	*n.m.*
Non-operating items	**13**	**(15)**	***n.m.***
Other income / (charges)	373	65	*n.m.*
Result before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**553**	**193**	***186***
Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	37	20	*84*
Income tax	(36)	(36)	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	(37)	(20)	*(84)*
Net result	**516**	**157**	***n.m.***
Life insurance gross premiums	1,280	1,372	*(7)*
Accident and health insurance premiums	184	179	*3*
Property & casualty insurance premiums	182	432	*(58)*
Total gross premiums	**1,646**	**1,984**	***(17)***
Investment income	297	361	*(18)*
Fee and commission income	42	59	*(29)*
Other revenues	26	14	*91*
Total revenues	**2,011**	**2,418**	***(17)***
Operating expenses	334	424	*(21)*
Addressable expenses [1)]	122	118	*4*

[1] Addressable expenses are reported at constant currency at the FY 2022 weighted average foreign exchange rate.

New life sales

Amounts in EUR millions	2022	2021	%
Spain & Portugal	56	48	*17*
China	87	90	*(4)*
Brazil	105	77	*36*
TLB	5	11	*(52)*
Other	-	2	*(88)*
Total recurring plus 1/10 single	**253**	**228**	***11***

Amounts in EUR millions	2022	2021	%
New premium production accident & health insurance	35	31	*15*
New premium production property & casualty insurance	82	76	*8*

Gross deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
Spain & Portugal	7	15	*(56)*
China	18	10	*77*
Brazil	635	361	*76*
Other	-	-	*n.m.*
Total gross deposits	**660**	**387**	***71***

Net deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
Spain & Portugal	(4)	-	*n.m.*
China	9	3	*n.m.*
Brazil	23	187	*(88)*
Other	-	-	*n.m.*
Total net deposits / (outflows)	**28**	**191**	***(85)***

Exchange rates

	Weighted average rate		Closing rate as of	
Per 1 EUR	2022	2021	December 31, 2022	December 31, 2021
USD	1.0534	1.1831	1.0673	1.1372
Chinese Yuan Renminbi	7.0810	7.6313	7.4192	7.2478
Hungarian Florint	391.1604	358.4993	400.4500	368.5650
Polish Zloty	4.6845	4.5641	4.6812	4.5834
Romanian Leu	4.9305	4.9211	4.9478	4.9488
Indian Rupee	82.7290	87.4386	88.2936	84.5345
Turkish Lira	17.4047	10.4938	19.9784	15.1017

Results 2022 International

The net result from International increased by EUR 359 million compared with 2021 to EUR 516 million in 2022, mainly as a result of a net book gain from divestments. The operating result increased compared with 2021, as business growth and favorable claims experience more than offset the impact from a reinsurance transaction between Transamerica and TLB, Aegon's high-net-worth business.

Net result

The net result from International increased by EUR 359 million compared with 2021 to EUR 516 million in 2022, mainly as a result of a net book gain from divestments. An improvement in the operating result and non-operating items also contributed positively. The operating result increased by EUR 24 million compared with 2021 to EUR 167 million in 2022. The increase in the operating result reflects an improvement in claims experience, business growth, and an increase in Aegon's economic ownership in its Brazilian business. These items more than offset a reduction in TLB's operating result compared with 2021 as a result of a reinsurance treaty with Transamerica. The gain from non-operating items of EUR 13 million in 2022 was driven by fair value gains as a result of the one-time impact from higher interest rates on intangibles. Other income amounted to EUR 373 million in 2022, and consisted of the result from the divestment of Aegon's businesses in Hungary and Turkey, and the sale of Aegon's 50% stake in the joint venture with Liberbank. The income tax charge in 2022 was EUR 36 million, and reflects the fact that the aforementioned result from divestments is tax-exempt.

Operating result

Operating result from International increased by 17% compared with 2021 to EUR 167 million in 2022. The increase reflects an improvement in claims experience, business growth, and an increase in Aegon's economic ownership in its Brazilian business. These items more than offset a reduction in TLB's operating result compared with 2021 as a result of a reinsurance treaty with Transamerica.

- The operating result from Spain & Portugal was EUR 78 million in 2022, compared with EUR 75 million in 2021. This was mainly driven by business growth and favorable claims experience, which more than offset the impact from the sale of Aegon's 50% stake in the joint venture with Liberbank.
- The operating result from China increased by 8% compared with 2021 to EUR 26 million in 2022, reflecting a growing portfolio.
- The operating result from Brazil improved by EUR 29 million to EUR 27 million, reflecting business growth, a normalization of COVID-19 mortality claims experience, and the benefit from an increase in Aegon's economic ownership in the business.
- TLB, Aegon's high-net-worth business, recorded an operating result of EUR 60 million in 2022, a decrease of EUR 17 million compared with 2021. This was mostly the result of a reinsurance treaty with Transamerica that commenced retrospectively on July 1, 2022. Adjusting for this reinsurance treaty, the operating result from TLB increased supported by higher surrender gains and an improved investment margin.
- For the Others segment, the result increased from a loss of EUR 31 million in 2021 to a loss of EUR 24 million in 2022. This was largely driven by an improvement in the operating result of India as a result of a normalization of COVID-19 mortality claims experience.

Operating expenses

Operating expenses decreased by EUR 90 million compared with 2021 to EUR 334 million in 2022. This largely reflects the sale of Aegon's businesses in Hungary and Turkey and the benefit from expense savings initiatives across the businesses, which more than offset higher expenses in Brazil and Spain & Portugal due to business growth.

Addressable expenses increased by 4% compared with 2021 on a constant currency basis to EUR 122 million in 2022. This was driven by expenses related to business growth and inflation, partially offset by expense savings initiatives.

Sales

Total new life sales increased by 11% compared with 2021 to EUR 253 million in 2022, mainly driven by Spain & Portugal and Brazil.

- New life sales from Spain & Portugal increased by EUR 8 million compared with 2021 to EUR 56 million in 2022, mainly due to sales growth in the bancassurance channel.
- New life sales from Aegon's joint venture in China decreased by EUR 3 million compared with 2021 to EUR 87 million in 2022 reflecting COVID-19 related sales challenges.
- For TLB, new life sales decreased by EUR 6 million compared with 2021 to EUR 5 million in 2022 driven by COVID-19 related sales challenges.
- In Brazil, new life sales increased by EUR 28 million to EUR 105 million, driven by business growth and increased business ownership.

New premium production for accident and health insurance increased by 15% compared with 2021 to EUR 35 million in 2022, driven by growth in the bancassurance channel in Spain & Portugal. New premium production for property & casualty insurance increased by 8% compared with 2021 to EUR 82 million in 2022 as a result of increased demand for household insurance products in Spain.

Net deposits decreased from EUR 191 million in 2021 to EUR 28 million in 2022.

Results 2022 Asset Management

Amounts in EUR millions	2022	2021	%
Operating result after tax	**130**	**181**	*(28)*
Tax on operating result	62	72	*(13)*
Operating result			
Global Platforms	51	54	*(6)*
Strategic Partnerships	142	199	*(29)*
Operating result	**193**	**253**	***(24)***
Fair value items	(3)	(1)	*n.m.*
Realized gains / (losses) on investments	-	2	*n.m.*
Net impairments	-	(1)	*n.m.*
Non-operating items	**(3)**	**-**	***n.m.***
Other income / (charges)	(19)	(18)	*(4)*
Result before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**171**	**235**	*(27)*
Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	48	57	*(16)*
Income tax	(67)	(65)	*(4)*
Of which Income tax from certain proportionately consolidated joint ventures and associates included in result before tax	(48)	(57)	*16*
Net result	**104**	**170**	***(39)***
Management fees	591	602	*(2)*
Performance fees	17	112	*(85)*
Other	89	75	*19*
Total revenue [1]	**697**	**788**	***(12)***
Global Platforms	429	430	-
Strategic Partnerships	268	359	*(25)*
Total revenue [1]	**697**	**788**	***(12)***
Operating expenses	547	552	*(1)*
Addressable expenses [2]	372	391	*(5)*
Operating Margin - Global Platforms only	11.9%	12.6%	

1 Net fees and commissions
2 Addressable expenses are reported at constant currency at the FY 2022 weighted average foreign exchange rate.

Gross deposits (on and off balance)

Amounts in EUR millions	2022	2021	%
General Account	16,544	16,190	*2*
Affiliate	10,509	10,569	*(1)*
Third Party	12,708	26,086	*(51)*
Global Platforms	39,761	52,845	*(25)*
Strategic Partnerships	114,379	131,204	*(13)*
Total gross deposits	**154,141**	**184,049**	***(16)***

Net deposits

Amounts in EUR millions	2022	2021	%
General Account	(9,742)	(5,489)	*(77)*
Affiliate	(2,061)	(2,431)	*15*
Third Party	(3,798)	5,049	*n.m.*
Global Platforms	(15,601)	(2,870)	*n.m.*
Strategic Partnerships	3,569	7,835	*(54)*
Total net deposits / (outflows)	**(12,032)**	**4,965**	***n.m.***

Exchange rates

	Weighted average rate		Closing rate as of	
Per 1 EUR	2022	2021	December 31, 2022	December 31, 2021
USD	1.0534	1.1831	1.0673	1.1372
Pound Sterling	0.8528	0.8598	0.8872	0.8396
Hungarian Florint	391.1604	358.4993	400.4500	368.5650
Chinese Yuan Renminbi	7.0810	7.6313	7.4192	7.2478

Results 2022 Asset Management

The net result from Asset Management decreased by 39% compared with 2021 to EUR 104 million in 2022. This was driven by a decrease of the operating result mainly as a result of lower performance fees net of performance-based compensation which more than offset lower addressable expenses. Third-party net deposits declined in 2022 compared with 2021 largely due to net outflows in Global Platforms as clients freed up liquidity in a rising interest rate environment.

Net result

The net result from Asset Management decreased by 39% compared with 2021 to EUR 104 million in 2022. This was driven by a lower operating result in 2022.

Operating result

The operating result from Asset Management decreased by 24% compared with 2021 to EUR 193 million in 2022. This decrease was mainly driven by lower performance fees net of performance-based compensation which decreased by 85% compared with 2021 to EUR 17 million in 2022.

- The operating result from Strategic Partnerships decreased 29% compared with 2021 to EUR 142 million in 2022. This was mainly driven by lower performance fees net of performance-based compensation which decreased by EUR 95 million to EUR 11 million in 2022 compared to 2021
- The operating result from Global Platforms decreased from EUR 54 million in 2021 to EUR 51 million in 2022. Management fees were negatively impacted by a reduction in asset balances due to adverse market conditions and outflows, and were only partly offset by lower expenses. Both revenues and expenses were impacted by the strengthening of the US dollar during 2022, with a limited positive net impact on the operating result.

Operating expenses

Operating expenses decreased by 1% compared with 2021 to EUR 547 million in 2022. The decrease is mainly caused by lower accruals for performance-based compensation in AIFMC. For Global Platforms, expenses increased driven by investments related to the operational improvement plan and a strengthening of the US dollar, which more than offset lower addressable expenses. The operating margin of Global Platforms amounted to 11.9% in 2022 compared with 12.6% in 2021, as management fees were negatively impacted by a reduction in asset balances due to adverse market conditions and outflows, and only partly offset by lower expenses

Addressable expenses in Global Platforms decreased by 5% at constant currencies compared with 2021 to EUR 372 million in 2022. This decrease was mainly driven by lower accruals of performance-based compensation and lower administration expenses as a result of expense savings initiatives, partly offset by inflationary pressure.

Sales

Third-party gross deposits decreased by EUR 30 billion or 19% compared with 2021 to EUR 127 billion in 2022. This decrease resulted from lower gross deposits in Strategic Partnerships, which decreased by EUR 17 billion compared with 2021 to EUR 114 billion in 2022. This was driven by adverse market and economic conditions in China impacting AIFMC. Gross deposits in Global Platforms decreased by EUR 13 billion compared with 2021, as clients freed up liquidity in a rising interest rate environment.

Full year third-party net outflows on the Global Platforms amounted to EUR 3.8 billion in 2022 compared with net deposits of EUR 5.0 billion in 2021. Third-party net deposits from Strategic Partnerships amounted to EUR 3.6 billion in 2022 compared to EUR 7.8 billion in 2021.

Assets under management

Assets under management decreased by EUR 117 billion compared to year-end 2021 to EUR 293 billion at year-end 2022. This was mainly driven by unfavorable market movements and a transfer of EUR 49 billion assets under management following the completion of the divestment of LBPAM's 45% stake in Ostrum AM.

Exchange rates

Exchange rates at December 31,

		2022			2021			2020		
		EUR	USD	GBP	EUR	USD	GBP	EUR	USD	GBP
1	EUR	-	1.0673	0.8872	-	1.1372	0.8396	-	1.2236	0.8951
1	USD	0.9369	-	0.8313	0.8794	-	0.7383	0.8173	-	0.7315
1	GBP	1.1271	1.2030	-	1.1910	1.3545	-	1.1172	1.3670	-

Weighted average exchange rates

		2022			2021			2020		
		EUR	USD	GBP	EUR	USD	GBP	EUR	USD	GBP
1	EUR	-	1.0534	0.8528	-	1.1831	0.8598	-	1.1416	0.8892
1	USD	0.9493	-	0.8096	0.8452	-	0.7267	0.8760	-	0.7789
1	GBP	1.1726	1.2352	-	1.1631	1.3760	-	1.1246	1.2839	-

Consolidated income statement of Aegon N.V.

For the year ended December 31

Amounts in EUR millions (except per share data)	Note	2022	2021 [1]	2020 [1]
Continuing operations				
Premium income	6	13,192	13,731	14,105
Investment income	7	5,613	4,893	5,087
Fee and commission income	8	2,525	2,454	2,122
Other revenues		1	13	4
Total revenues		**21,331**	**21,091**	**21,318**
Income from reinsurance ceded	9	3,009	4,263	4,066
Results from financial transactions	10	(35,132)	24,715	17,961
Other income	11	378	49	62
Total income		**(10,415)**	**50,119**	**43,407**
Premiums paid to reinsurers	6	2,189	3,418	2,640
Policyholder claims and benefits	12	(16,680)	40,097	35,865
Profit sharing and rebates	13	7	8	8
Commissions and expenses	14	5,458	5,286	5,253
Impairment charges / (reversals)	15	68	16	284
Interest charges and related fees	16	329	246	405
Other charges	17	(5)	101	104
Total charges		**(8,634)**	**49,172**	**44,561**
Result before share in profit / (loss) of joint ventures, associates and tax		**(1,781)**	**947**	**(1,154)**
Share in profit / (loss) of joint ventures	25	249	232	166
Share in profit / (loss) of associates	25	(11)	(15)	31
Result before tax from continuing operations		**(1,543)**	**1,164**	**(958)**
Income tax (expense) / benefit	18	518	(95)	336
Net result from continuing operations		**(1,025)**	**1,069**	**(622)**
Discontinued operations				
Net result from discontinued operations	51	**(1,479)**	**632**	**677**
Net result from continuing and discontinued operations		**(2,504)**	**1,701**	**55**
Net result attributable to:				
Owners of Aegon N.V.		(2,533)	1,651	45
Non-controlling interests		29	50	11
Earnings per share (EUR per share)	19			
Basic earnings per common share		(1.27)	0.78	-
Basic earnings per common share B		(0.03)	0.02	-
Diluted earnings per common share		(1.27)	0.78	-
Diluted earnings per common share B		(0.03)	0.02	-
Basic earnings per common share from continuing operations		(0.54)	0.48	(0.33)
Basic earnings per common share B from continuing operations		(0.01)	0.01	(0.01)
Diluted earnings per common share from continuing operations		(0.54)	0.48	(0.33)
Diluted earnings per common share B from continuing operations		(0.01)	0.01	(0.01)

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Consolidated statement of comprehensive income of Aegon N.V.

For the year ended December 31

Amounts in EUR millions	2022	2021 [1]	2020 [1]
Net result from continuing and discontinued operations	**(2,504)**	**1,701**	**55**
Items that will not be reclassified to profit or loss:			
Changes in revaluation reserve real estate held for own use	(1)	(5)	20
Remeasurements of defined benefit plans	(43)	345	(75)
Income tax relating to items that will not be reclassified	(4)	(77)	12
Discontinued operations that will not be reclassified	703	133	(159)
Items that may be reclassified subsequently to profit or loss:			
Gains / (losses) on revaluation of available-for-sale investments	(13,061)	(1,328)	2,969
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments	557	(336)	26
Changes in cash flow hedging reserve	(192)	(228)	(247)
Movement in foreign currency translation and net foreign investment hedging reserves	1,072	1,240	(1,493)
Equity movements of joint ventures	(63)	25	12
Equity movements of associates	1	(5)	5
Disposal of group assets	164	8	(8)
Income tax relating to items that may be reclassified	2,710	390	(589)
Discontinued operations that may be reclassified	(1,426)	23	(17)
Other	38	15	3
Total other comprehensive income / (loss)	**(9,545)**	**200**	**458**
Total comprehensive income / (loss)	**(12,048)**	**1,901**	**513**
Total comprehensive income/ (loss) attributable to:			
Owners of Aegon N.V.	(12,089)	1,840	507
Non-controlling interests	41	61	7

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Consolidated statement of financial position of Aegon N.V.

As at December 31

Amounts in EUR millions	Note	2022	2021
Assets			
Cash and cash equivalents	21	3,407	6,889
Assets held for sale	51	88,902	-
Investments	22	76,825	158,463
Investments for account of policyholders	23	180,006	250,953
Derivatives	24	2,760	8,827
Investments in joint ventures	25	1,443	1,743
Investments in associates	25	165	1,289
Reinsurance assets	26	21,184	20,992
Defined benefit assets	39	87	119
Deferred tax assets	40	1,827	131
Deferred expenses	27	12,886	10,503
Other assets and receivables	28	10,204	7,642
Intangible assets	29	1,240	1,333
Total assets		**400,936**	**468,884**
Equity and liabilities			
Shareholders' equity	30	11,440	24,282
Other equity instruments	31	1,943	2,363
Issued capital and reserves attributable to owners of Aegon N.V.		**13,383**	**26,645**
Non-controlling interests		176	196
Group equity		**13,559**	**26,841**
Subordinated borrowings	32	2,295	2,194
Trust pass-through securities	33	118	126
Insurance contracts	34	87,309	124,422
Insurance contracts for account of policyholders	34	100,409	149,323
Investment contracts	35	10,658	21,767
Investment contracts for account of policyholders	35	80,555	104,592
Derivatives	24	6,094	10,639
Borrowings	37	4,051	9,661
Provisions	38	99	193
Defined benefit liabilities	39	496	3,944
Deferred gains		9	9
Deferred tax liabilities	40	4	1,722
Liabilities held for sale	51	84,119	-
Other liabilities	41	10,785	12,916
Accruals	42	373	537
Total liabilities		**387,376**	**442,044**
Total equity and liabilities		**400,936**	**468,884**

Consolidated statement of changes in equity of Aegon N.V.

For the year ended December 31, 2022

Amounts in EUR millions	Note	Share capital	Retained earnings	Revaluation reserves	Remeasurement of defined benefit plans	Other reserves	Other equity instruments	Reserve of discontinued operations held for sale	Issued capital and reserves [1]	Non-controlling interests	Total
At January 1, 2022		7,354	12,362	6,442	(2,199)	325	2,363	-	26,645	196	**26,841**
Net result recognized in the income statement		-	(2,533)	-	-	-	-	-	(2,533)	29	(2,504)
Other comprehensive income:											
Items that will not be reclassified to profit or loss:											
Changes in revaluation reserve real estate held for own use		-	16	(17)	-	-	-	-	(1)	-	(1)
Remeasurements of defined benefit plans		-	-	-	(43)	-	-	-	(43)	-	(43)
Income tax relating to items that will not be reclassified		-	-	-	(4)	-	-	-	(4)	-	(4)
Discontinued operations that will not be reclassified [2]		-	-	-	1,379	-	-	(676)	703	-	703
Items that may be reclassified subsequently to profit or loss:											
Gains / (losses) on revaluation of available-for-sale investments		-	-	(13,061)	-	-	-	-	(13,061)	-	(13,061)
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments		-	-	557	-	-	-	-	557	-	557
Changes in cash flow hedging reserve		-	-	(192)	-	-	-	-	(192)	-	(192)
Movements in foreign currency translation and net foreign investment hedging reserves		-	-	487	(20)	594	-	-	1,061	12	1,073
Equity movements of joint ventures		-	-	-	-	(63)	-	-	(63)	-	(63)
Equity movements of associates		-	-	-	-	1	-	-	1	-	1
Disposal of group assets		-	-	14	-	150	-	-	164	-	164
Income tax relating to items that may be reclassified		-	-	2,722	-	(12)	-	-	2,710	-	2,710
Discontinued operations that may be reclassified [2]		-	-	(802)	-	(14)	-	(610)	(1,426)	-	(1,426)
Other		-	38	-	-	-	-	-	38	-	38
Total other comprehensive income / (loss)		**-**	**54**	**(10,293)**	**1,312**	**656**		**(1,286)**	**(9,557)**	**12**	**(9,545)**
Total comprehensive income / (loss) for 2022		**-**	**(2,479)**	**(10,293)**	**1,312**	**656**		**(1,286)**	**(12,089)**	**41**	**(12,048)**
Shares issued		2	-	-	-	-	-	-	2	-	2
Shares withdrawn		(4)	-	-	-	-	-	-	(4)	-	(4)
Issuance and purchase of treasury shares		-	(393)	-	-	-	-	-	(393)	-	(393)
Issuance and redemption of other equity instruments		-	(1)	-	-	-	-	-	(1)	-	(1)
Redemption other equity instruments		-	32	-	-	-	(429)	-	(397)	-	(397)
Dividends paid on common shares		(180)	(167)	-	-	-	-	-	(347)	-	(347)
Dividend withholding tax reduction		-		-	-	-	-	-	-	-	-
Coupons on perpetual securities		-	(36)	-	-	-	-	-	(36)	-	(36)
Incentive plans		-	(5)	-	-	-	9	-	4	-	4
Change in ownership non-controlling interest		-		-	-	-	-	-	-	(61)	(61)
At December 31, 2022	**30, 31**	**7,172**	**9,313**	**(3,851)**	**(887)**	**981**	**1,943**	**(1,286)**	**13,383**	**176**	**13,559**

1 Issued capital and reserves attributable to owners of Aegon N.V.

2 The lines "Discontinued operations that will not be reclassified" and "Discontinued operations that may be reclassified" include EUR 1,379 million and EUR (816) million respectively of reclassifications from opening reserves to the column "Reserve of discontinued operations held for sale"."

Consolidated statement of changes in equity of Aegon N.V.

For the year ended December 31, 2021

Amounts in EUR millions	Note	Share capital	Retained earnings	Revaluation reserves	Remeasurement of defined benefit plans	Other reserves	Other equity instruments	Issued capital and reserves [1]	Non-controlling interests [2]	Total
At January 1, 2021		7,480	10,943	7,480	(2,534)	(553)	2,569	25,384	75	**25,459**
Net result recognized in the income statement		-	1,651	-	-	-	-	1,651	50	1,701
Other comprehensive income:										
Items that will not be reclassified to profit or loss:										
Changes in revaluation reserve real estate held for own use		-	-	(4)	-	-	-	(4)	-	(4)
Remeasurements of defined benefit plans		-	-	-	501	-	-	501	-	501
Income tax relating to items that will not be reclassified		-	-	1	(102)	-	-	(101)	-	(101)
Items that may be reclassified subsequently to profit or loss:										
Gains / (losses) on revaluation of available-for-sale investments		-	-	(1,173)	-	-	-	(1,173)	-	(1,173)
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments		-	-	(450)	-	-	-	(450)	-	(450)
Changes in cash flow hedging reserve		-	-	(228)	-	-	-	(228)	-	(228)
Movements in foreign currency translation and net foreign investment hedging reserves		-	-	447	(65)	848	-	1,231	9	1,240
Equity movements of joint ventures		-	-	-	-	25	-	25	-	25
Equity movements of associates		-	-	-	-	(6)	-	(6)	-	(6)
Disposal of group assets		-	-	-	-	8	-	8	-	8
Income tax relating to items that may be reclassified		-	-	369	-	3	-	372	-	372
Other		-	14	-	-	-	-	14	3	16
Total other comprehensive income / (loss)		**-**	**14**	**(1,038)**	**335**	**878**	**-**	**188**	**11**	**200**
Total comprehensive income / (loss) for 2021		**-**	**1,665**	**(1,038)**	**335**	**878**	**-**	**1,840**	**61**	**1,901**
Shares issued		1	-	-	-	-	-	1	-	1
Issuance and purchase of treasury shares		-	(88)	-	-	-	-	(88)	-	(88)
Issuance and redemption of other equity instruments		-	-	-	-	-	(212)	(212)	-	(212)
Dividends paid on common shares		(127)	(120)	-	-	-	-	(247)	(1)	(248)
Dividend withholding tax reduction		-	-	-	-	-	-	-	-	-
Coupons on perpetual securities		-	(39)	-	-	-	-	(39)	-	(39)
Incentive plans		-	-	-	-	-	6	7	-	7
Change in ownership non-controlling interest		-	-	-	-	-	-	-	61	61
At December 31, 2021	**30, 31**	**7,354**	**12,362**	**6,442**	**(2,199)**	**325**	**2,363**	**26,645**	**196**	**26,841**

1 Issued capital and reserves attributable to owners of Aegon N.V.
2 Comparative amounts have been updated to reflect revised disclosure on the change in ownership non-controlling interest.

Consolidated statement of changes in equity of Aegon N.V.

For the year ended December 31, 2020

Amounts in EUR millions	Note	Share capital	Retained earnings	Revaluation reserves	Remeasurement of defined benefit plans	Other reserves	Other equity instruments	Issued capital and reserves [1]	Non-controlling interests	Total
At January 1, 2020		7,536	10,981	5,873	(2,397)	456	2,571	25,020	20	25,040
Net result recognized in the income statement		-	45	-	-	-	-	45	11	55
Other comprehensive income:										
Items that will not be reclassified to profit or loss:										
Changes in revaluation reserve real estate held for own use		-	-	20	-	-	-	20	-	20
Remeasurements of defined benefit plans		-	-	-	(360)	-	-	(360)	-	(360)
Income tax relating to items that will not be reclassified		-	-	(2)	140	-	-	138	-	138
Items that may be reclassified subsequently to profit or loss:										
Gains / (losses) on revaluation of available-for-sale investments		-	-	2,990	-	-	-	2,990	-	2,990
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments		-	-	13	-	-	-	13	-	13
Changes in cash flow hedging reserve		-	-	(247)	-	-	-	(247)	-	(247)
Movements in foreign currency translation and net foreign investment hedging reserves		-	-	(556)	83	(1,015)	-	(1,489)	(4)	(1,493)
Equity movements of joint ventures		-	-	-	-	12	-	12	-	12
Equity movements of associates		-	-	-	-	7	-	7	-	7
Disposal of group assets		-	-	(0)	-	(7)	-	(8)	-	(8)
Income tax relating to items that may be reclassified		-	-	(610)	-	(7)	-	(616)	-	(616)
Other		-	2	-	-	1	-	3	-	3
Total other comprehensive income / (loss)		**-**	**2**	**1,607**	**(137)**	**(1,009)**	**-**	**462**	**(4)**	**458**
Total comprehensive income / (loss) for 2020		**-**	**46**	**1,607**	**(137)**	**(1,009)**	**-**	**507**	**7**	**513**
Shares issued		(3)	3	-	-	-	-	-	-	-
Issuance and purchase of treasury shares		-	3	-	-	-	-	3	-	3
Issuance and redemption of other equity instruments		-	-	-	-	-	-	-	-	-
Dividends paid on common shares		(54)	(64)	-	-	-	-	(118)	-	(118)
Dividend withholding tax reduction		-	1	-	-	-	-	1	-	1
Coupons on perpetual securities		-	(38)	-	-	-	-	(38)	-	(38)
Incentive plans		-	10	-	-	-	(3)	8	-	8
Change in ownership non-controlling interest		-	-	-	-	-	-	-	49	49
At December 31, 2020	**30, 31**	**7,480**	**10,943**	**7,480**	**(2,534)**	**(553)**	**2,569**	**25,384**	**75**	**25,459**

1 Issued capital and reserves attributable to owners of Aegon N.V.

Consolidated cash flow statement of Aegon N.V.

For the year ended December 31

Amounts in EUR millions	Note	2022	2021	2020
Result before tax from continuing operations		**(1,543)**	**1,164**	**(958)**
Result before tax from discontinued operations	51	914	815	874
Impairment loss on measurement of disposal group	51	(1,775)	-	-
Result before tax from continuing operations and discontinued operations		**(2,404)**	**1,979**	**(84)**
Results from financial transactions		46,672	(25,294)	(22,372)
Amortization and depreciation		1,160	1,167	722
Impairment losses		49	5	382
Income from joint ventures		(286)	(265)	(184)
Income from associates		(4)	(112)	(111)
Release of cash flow hedging reserve		(126)	(106)	(109)
Other		796	248	9
Adjustments of non-cash items		**48,262**	**(24,356)**	**(21,663)**
Insurance and investment liabilities		(4,742)	(1,885)	6,975
Insurance and investment liabilities for account of policyholders		(50,452)	13,605	11,005
Accrued expenses and other liabilities		(929)	(1,008)	655
Accrued income and prepayments		(1,505)	(543)	(1,315)
Changes in accruals		**(57,627)**	**10,169**	**17,319**
Purchase of investments (other than money market investments)		(22,635)	(35,520)	(44,637)
Purchase of derivatives		(4,140)	(1,611)	924
Disposal of investments (other than money market investments)		32,626	38,040	31,875
Disposal of derivatives		(2,502)	310	1,771
Net purchase of investments for account of policyholders		13,631	12,063	8,865
Net change in cash collateral		(3,207)	(2,805)	2,425
Net purchase of money market investments		(362)	(85)	363
Cash flow movements on operating items not reflected in income		**13,411**	**10,391**	**1,585**
Tax (paid)/ received		(37)	21	(7)
Other		1,248	-	(5)
Net cash flows from operating activities	21	**2,851**	**(1,796)**	**(2,854)**
Purchase of individual intangible assets (other than VOBA and future servicing rights)		(26)	(36)	(40)
Purchase of equipment and real estate for own use		(72)	(76)	(80)
Acquisition of subsidiaries, net of cash		(146)	-	(15)
Acquisition/capital contributions joint ventures and associates		(73)	(97)	(305)
Disposal of intangible asset		-	-	3
Disposal of equipment		9	2	7
Disposal of subsidiaries and businesses, net of cash		604	59	-
Disposal joint ventures and associates		185	-	154
Dividend received from joint ventures and associates		137	95	138
Other		(1)	-	-
Net cash flows from investing activities	21	**616**	**(54)**	**(139)**
Purchase of treasury shares		(597)	(231)	(59)
Proceeds from TRUPS [1], Subordinated borrowings and borrowings		3,569	3,914	3,444
Repayment of perpetuals		(429)	(212)	-
Repayment of share capital		-	-	-
Repayment of TRUPS [1], Subordinated borrowings and borrowings		(4,086)	(3,000)	(3,985)
Dividends paid		(167)	(121)	(63)
Coupons on perpetual securities		(48)	(52)	(55)
Payment of Right-of-use Assets		(49)	(59)	(60)
Change in ownership non-controlling interests		(57)	61	-
Other		(55)	-	-
Net cash flows from financing activities	21	**(1,920)**	**300**	**(778)**
Net increase / (decrease) in cash and cash equivalents [2]		**1,548**	**(1,550)**	**(3,770)**
Net cash and cash equivalents at the beginning of the year		6,889	8,372	12,263
Effects of changes in exchange rate		55	67	(121)
Net cash and cash equivalents at the end of the year	21	**8,491**	**6,889**	**8,372**

1 Trust pass-through securities.
2 Included in net increase / (decrease) in cash and cash equivalents are interest received EUR 5,405 million (2021: EUR 5,271 million and 2020: EUR 5,114 million) dividends received EUR 1,840 million (2021: EUR 1,624 million and 2020: EUR 1,751 million) and interest paid EUR 289 million (2021: EUR 296 million and 2020: EUR 491 million). All included in operating activities except for dividend received from joint ventures and associates EUR 137 million (2021: EUR 95 million and 2020: EUR 138 million).

The cash flow statement is prepared according to the indirect method.

Notes to the consolidated financial statements

1 General information

Aegon N.V., incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague registered under number 27076669 and with its registered address at Aegonplein 50, 2591 TV, The Hague, the Netherlands. Aegon N.V. serves as the holding company for the Aegon Group and has listings of its common shares in Amsterdam and New York.

Aegon N.V. (or 'the Company') and its subsidiaries ('Aegon' or 'the Group') have life insurance and pensions operations and are also active in savings and asset management operations, accident and health insurance, general insurance and to a limited extent banking operations. Aegon focuses on three core markets (the United States, the Netherlands, and the United Kingdom), three growth markets (Spain & Portugal, China, and Brazil) and one global asset manager. Furthermore, Aegon has activities in Asia and Southern and Eastern Europe. Headquarters are located in The Hague, the Netherlands. The Group employs around 19,000 people worldwide (2021: over 22,000).

2 Significant accounting policies

2.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of (investment) properties and those financial instruments (including derivatives) and financial liabilities that have been measured at fair value. Information on the standards and interpretations that were adopted in 2022 is provided below in note 2.1.1. The consolidated financial statements are presented in euros and all values are rounded to the nearest million unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amount rather than the rounded amount.

The preparation of financial statements in conformity with EU-IFRS requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates. Included among the material (or potentially material) reported amounts and disclosures that require extensive use of estimates are: fair value of certain invested assets and derivatives, deferred policy acquisition costs, value of business acquired and other purchased intangible assets, goodwill, policyholder claims and benefits, insurance guarantees, pension plans, income taxes and the potential effects of resolving litigation matters. Aegon applies fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the European Union (EU) 'carve out' of EU-IFRS. Details are provided in note 2.9 Derivatives and note 24 Derivatives.

The consolidated financial statements of Aegon N.V. were approved by the Executive Board and by the Supervisory Board on March 15, 2023. The financial statements will be put for adoption to the Annual General Meeting of Shareholders on May 25, 2023. The shareholders' meeting can decide not to adopt the financial statements but cannot amend them.

2.1.1 Adoption of new EU-IFRS accounting standards and amendments effective in 2022

New standards and amendments to standards become effective at the date specified by EU-IFRS, but may allow companies to opt for an earlier adoption date. In 2022, the following amendments to existing standards issued by the IASB became mandatory:

Accounting standard/ amendment/ interpretation	IASB effective date	Endorsed by EU	Impact for Aegon
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022	Yes	Not material
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022	Yes	Not material
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022	Yes	Not material
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022	Yes	Not material
COVID-19- Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)	April 1, 2021	Yes	Not material

2.1.2 Future adoption of new EU-IFRS accounting standards and amendments
The following standards and amendments to existing standards, published prior to January 1, 2023, were not early adopted by the Group, but will be applied in future years:

Accounting standard/ amendment/ interpretation	IASB effective date	Endorsed by EU	Early adopted by Aegon	Impact for Aegon
IFRS 17 Insurance contracts	January 1, 2023	Yes	No	See below for comments
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17)	January 1, 2023	Yes	No	See below for comments
IFRS 9 Financial instruments	January 1, 2018 [1)]	Yes	No	See below for comments
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019 [1)]	Yes	No	See below for comments
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024	Not yet	No	Not material
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024	Not yet	No	Not material
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023	Yes	No	Not material
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023	Yes	No	Not material
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023	Yes	No	Not material

1 The amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, issued in September 2016, allow entities that issue insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 (and linked amendments 'Amendments to IFRS 9 Financial instruments on prepayment features with negative compensation'). The amendments to IFRS 4 are further explained below.

IFRS 17 Insurance Contracts
The IASB issued IFRS 17 Insurance Contracts in May 2017. The Standard will replace IFRS 4, which was intended as an interim solution and allowed insurers to continue to use accounting principles that they had applied prior to the initial adoption of IFRS. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participating features issued. The objective of the Standard is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information should provide users of financial statements with a basis to assess the effects that the contracts have on the financial position, financial performance and cash flows of the insurer. The Standard also specifies presentation and disclosure requirements to enhance comparability between insurance companies.

On June 25, 2020, the IASB decided, next to a number of significant amendments to the Standard, to defer the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023. As a consequence of the IFRS 17 deferral, the IASB also agreed to revise the fixed expiry date of the temporary exemption from IFRS 9 in IFRS 4 to allow entities to continue applying the temporary exemption from IFRS 9 until January 1, 2023. The EU has endorsed IFRS 17 including the June 25, 2020 amendments as per November 2021.

The Standard represents a fundamental change to current financial reporting and the implementation effort is significant. An implementation project was started soon after the publication of the new Standard. Based on the final amendments of June 2020 quantitative assessments are performed which continued during 2021. In 2022, methodology and policy choices were finalized which formed the basis of preparing the opening balance sheet per January 1, 2022 and the 2022 quarterly results.

Whilst the preparation of the opening balance sheet has been completed, the preparation of the 2022 quarterly results are still ongoing and full year results are only expected to be completed in the first half-year of 2023. Aegon has an established governance framework to manage the implementation of IFRS 17, including the preparation of the 2022 quarterly results, which might impact significant accounting estimates and judgements. The impact on the 2022 opening balance sheet as presented in this note is therefore indicative.

a) Changes compared to previous accounting policies
Under IFRS 4, Aegon largely continued to report under the accounting policies that were applied prior to the adoption of EU-IFRS. This meant that, in general, the Group applied non-uniform accounting policies for insurance assets and liabilities as allowed under Dutch Accounting Policies for insurance contracts that were continued as measurement basis under IFRS 4. Specific measurement methodologies differ between Aegon's operations, reflecting local regulatory requirements and local practices for specific product features. Under IFRS 17, consistent accounting policies will be applied to all insurance contracts and investment contracts with discretionary features, regardless of the jurisdiction in which the contracts have been issued.

Under Aegon's current accounting policies, some minimum guarantees are separated from the host insurance contracts and classified as derivatives. The Group has also elected to apply the accounting option under IFRS 4 to measure certain closely related minimum guarantees at fair value. Under IFRS 17, Aegon has not identified any embedded derivatives that require separation. All minimum guarantees will be measured together with the host contract, in accordance with the requirements of IFRS 17.

Policy loans, value of business acquired, and insurance payables and receivables, which are currently accounted for as separate assets, will be included in the measurement of the insurance liabilities.

Measurement
IFRS 17 establishes principles for the accounting for insurance contracts, reinsurance contracts, and investment contracts with discretionary participation features. It will introduce a model that measures groups of contracts based on Aegon's estimate of the present value of the future cash flows that will arise as these contracts are fulfilled, and which includes an explicit risk adjustment for non-financial risk and a contractual service margin (CSM) reflecting unearned profits. Contrary to current accounting, IFRS 17 will require estimates to be current, unbiased and probability-weighted, incorporating all available information in a way that is consistent with observable market data.

Insurance contracts are grouped together for measurement purposes. Aegon will not use the optional exemption provided under EU-IFRS to group together specific insurance contracts that were issued more than 12 months apart, but instead, intends to apply the IFRS 17 cohort requirements to all groups of contracts that are in scope of the Standard.

IFRS 17 prescribes modifications to the general measurement model for contracts with direct participating features (the 'variable fee approach') and for reinsurance contracts held. The standard also provides an option to simplify the measurement of certain short-term contracts (the 'premium allocation approach'), which will primarily be applied by Aegon to non-life insurance contracts and related reinsurance contracts held. The measurement of these contracts will be similar to the current IFRS 4 treatment, albeit that, when measuring liabilities for incurred claims, Aegon will discount cash flows expected to occur more than one year after the claim's date and will include an explicit risk adjustment for non-financial risk.

Acquisition costs
Currently, under IFRS 4, all acquisition costs are recognized and presented as separate assets ('deferred policy acquisition costs or DPAC') until these costs are included in profit or loss. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts, will be presented as separate assets. These assets, which are subject to recoverability testing, are derecognized and included in the carrying amount of the related portfolio of contracts on initial recognition.

For some (but not all) groups of contracts for which the premium allocation approach will be applied, Aegon intends to expense acquisition costs when incurred.

Revenue and expenses
Under IFRS 4, the revenues reported in the income statement include gross insurance premiums when due or, for products where deposit accounting was required, surrender fees and other charges. Under IFRS 17, the insurance revenue in each reporting period will reflect the consideration to which Aegon expects to be entitled in exchange for the services provided in that period.

The actual claims and expenses incurred in providing the service, will be presented in the income statement as insurance service expenses.

Insurance finance income and expenses, disaggregated between profit or loss and OCI for certain groups of contracts, will be presented separately from insurance revenue and insurance service expenses.

Income and expenses from reinsurance contracts, other than insurance finance expenses, will be presented as a single net amount in the income statement. Currently, amounts recovered from reinsurers and reinsurance expenses were presented separately.

Other assets and liabilities
On transition to IFRS 9 and IFRS 17, some available-for-sale investments and loans will be designated as fair value through profit or loss to reduce the accounting mismatch between assets and liabilities. Aegon will also no longer apply shadow accounting which, ignoring the impact of any reclassifications of available-for-sale investments, will have a positive impact on the carrying amount of revaluation reserves presented in group equity.

Interests in insurance joint ventures and associates that are accounted for under the equity method, will be remeasured based on Aegon's new accounting policies.

b) Transition
Changes in accounting policies resulting from the adoption of IFRS 17 will be applied retrospectively, to the extent practicable. Under a full retrospective approach, Aegon:
- Identifies, recognizes and measures each group of contracts as if IFRS 17 had always been applied;
- Derecognizes previously reported balances that would not have existed if IFRS 17 had always been applied; and
- Recognizes any resulting net difference in equity.

Aegon considers the full retrospective approach to be impracticable if its application requires hindsight, for example in setting historical assumptions, or if the required historical input data cannot be made available within reasonable efforts. The latter might be concluded if information is not, or no longer, available electronically and incorporating it into the IFRS 17 reporting process would be expected to induce high costs and efforts.

If the retrospective application of IFRS 17 to a group of contracts is impracticable, either the modified retrospective approach or the fair value approach will be applied. The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible. Under the fair value approach, the carrying amount of a group of insurance contracts at transition is determined in accordance with IFRS 13 Fair Value Measurement but with the exclusion of the guidance on demand features. The modified retrospective approach may only be applied if there is sufficient reasonable and supportable information available to do so. For groups of contracts that are eligible for both the modified retrospective approach and the fair value approach, the transition method will be elected based on a mix of operational and financial considerations.

Notwithstanding the foregoing, Aegon will apply the fair value approach to groups of contracts with direct participation features to which it could have applied IFRS 17 fully retrospectively, where the following applies:
- Aegon intends to apply risk mitigation to the group of contracts prospectively from the transition date, and
- Prior to transition, Aegon used derivatives, other financial instruments classified as 'fair value through profit or loss' or reinsurance contracts to mitigate financial risk arising from that group of contracts.

IFRS 17 will be applied fully retrospectively to insurance contracts issued in 2021 and to a limited number of product groups issued in earlier years, except for life insurance contracts issued in the Netherlands which is transitioned using the fair value approach. The modified retrospective approach will be applied to Investment Only Variable Annuities written in the Americas from 2009 to 2020, Universal Life contracts issued in Asia in 2015 and in 2016, and certain products written by Aegon's joint ventures in Spain and Portugal. The remainder of the in-force portfolio will transition to IFRS 17 using the fair value approach.

In estimating the fair value of insurance contracts for the transition to IFRS 17, Aegon applied a methodology whereby the estimated future cash flows were adjusted for known differences between the IFRS 17 and market valuation methodologies (such as the inclusion of investment expenses for all product types) and the risk adjustment was recalculated at a higher confidence level to reflect the additional compensation that a market participant would require for financial risk and the remaining contractual services that need to be provided. Where possible the results were compared to market-observable transactions, such as recent reinsurance transactions entered into by Aegon and sales transactions of insurance portfolios and businesses (including the sale of Aegon the Netherlands to a.s.r.).

Under IFRS 17, Aegon will elect to disaggregate the insurance finance income and expenses between profit or loss and OCI for certain groups of contracts without direct participating features that are issued in the Americas and Asia. The balance recognized in OCI will be determined retrospectively where possible or, alternatively, has been set to nil at the transition date. The latter applies, for example, to the fixed deferred annuities, indexed universal life and other life insurance products with indirect participating features issued in the Americas.

When applying IFRS 17 retrospectively, the carrying amount of goodwill from previous business combinations will not be adjusted.

IFRS 9 Financial instruments

Aegon adopts IFRS 9 as issued by the IASB in July 2014, with a date of initial application of January 1, 2023 and a transition date of January 1, 2022, which results in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. Aegon did not early adopt IFRS 9 in previous periods.

For the transition to IFRS 9 and IFRS 17 in the financial statements of 2023, Aegon has decided, based on the amendment to IFRS 17, to apply the overlay approach for 2022 including impairment requirements. As the overlay approach can only be applied in periods where IFRS 17 comparatives are restated, 2021 as comparative period will not be restated for IFRS 9 (nor IFRS 17).

a) Changes compared to previous accounting policies

The adoption of IFRS 9 results in changes in Aegon's accounting policies for recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other Standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Classification and measurement

Under IFRS 9, classification and measurement differ for debt instruments and equity instruments.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as mortgage loans, private loans, and government and corporate bonds. Classification and subsequent measurement depend on:

- Aegon's business model for managing the asset;
- The cash flow characteristics of the asset; and
- The designation at FVPL to eliminate or significantly reduce an accounting mismatch or recognition inconsistency.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors, such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's senior management;
- The risks that affect the performance of the business model and the financial assets held within it. In particular, the way those risks are managed;
- How the Group management is compensated, i.e. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected;
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and cash flows from the sale of the asset, Aegon assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, Aegon considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Based on these factors, Aegon classifies its debt instruments into one of the following three measurement categories:

- Amortized cost ('AC'): Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized
- Fair value through other comprehensive income ('FVOCI'): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI.
- Fair value through profit or loss ('FVPL'): Assets that do not meet the criteria for amortized cost or FVOCI are measured mandatorily at fair value through profit or loss.

Aegon performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. This leads to a classification of most of the mortgage, consumer, and private loan portfolios within Aegon's non-insurance entities as measured at AC, given that the cash flows on these contracts represent solely payment of principal and interest, and they fit the business model hold-to-collect. For the most significant part of Aegon's insurance entities, debt instruments will be classified as FVOCI because they fit the business model of hold-to-collect and sell, and their cash flows represent solely payment of principal and interest. However, financial assets within Aegon's European insurance entities will be designated at FVPL to minimize accounting mismatches.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. Under IFRS 9, equity investments do not qualify for amortized cost or FVOCI treatment because they would fail the contractual cash flow characteristics assessment (cash flows are typically declared dividends at the discretion of the issuer, instead of interest). Thus, equity investments would generally only qualify for FVTPL treatment and not subject to impairment under expected credit loss model.

However, IFRS 9 allows the entity to make an irrevocable election at initial recognition to present changes in the fair value of equity investment in OCI rather than profit or loss. The equity investments designated as FVOCI are not subject to impairment under expected credit loss model. Aegon has not elected for this option for equity investments.

Financial liabilities are to be classified as subsequently measured at amortized cost, except financial liabilities measured at fair value through profit or loss, financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, and financial guarantee contracts and loan commitments.

Impairment
The IAS 39 impairment methodology was based on an 'incurred loss' model, which means that an allowance was determined when an instrument was deemed credit-impaired. Under IFRS 9, Aegon will assess on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. Aegon recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

When incorporating forward looking information, consideration should be given to the relevance of the information (and the availability of more relevant information) for each specific financial instrument or group of financial instruments. Forward looking information that is relevant for one financial instrument may not be relevant or as relevant for other financial instruments depending on the specific drivers of credit risk. To the extent relevant, forward-looking information used for the measurement of ECLs it needs to be consistent with that used for the assessment of a significant increase in credit risk.

The IFRS 9 ECL model of the Group will generally employ a Probability of Default (PD) / Loss Given Default (LGD) / Exposure at Default (EAD) methodology; each model consists of multiple sub-models that are used to generate the measurement of expected credit loss. The LGN (Loss Given No-cure) represents the expectation of the extent of the loss on an exposure that defaults without cure. The LGN varies by type and amount of exposure, and type and amount of collateral available, the presence of other credit support, the duration of default, and the macro-economic forecast. The LGN is expressed as a percentage loss per unit of exposure at the time of default. The LGN is calculated for each future quarter. Credit losses are calculated as the product of projected PD, LGD and EAD and are discounted using an appropriate discount rate. The ECL is determined as the probability weighted discounted credit losses that are determined for different scenarios (i.e., base, positive, adverse).

IFRS 9 outlines a 'three-stage' model for impairment based on relative changes in credit quality since initial recognition:
- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in Stage 1 have their Expected Credit Loss (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

Aegon considers a financial instrument to have experienced a significant increase in credit risk when specific criteria have been met which are determined for each class of financial instruments. These criteria involve quantitative, qualitative or backstop indicators. Examples of quantitative indicators include relative changes in forward-in-time probability of default, which represents a hybrid Point-in-Time (PiT) where the PD is appropriately adjusted for forward-looking information, or relative changes in rating. For specific assets Aegon uses qualitative indicators like a watchlist approach. Backstop indicators are also defined and are set specific per asset class. Aegon uses the low credit risk exemption for specific assets that are of low credit risk (i.e. investment grade or internal credit ratings that are consistent with the definition of low credit risk). Aegon's definition of default involves qualitative and quantitative criteria defined at asset class level. Backstop criteria of 90 days past due is generally applied for all asset classes, except for private loans and debt securities and deposits with financial institutions, where 5 days past due is determined. Qualitative criteria include distressed restructuring, foreclosure, breach of significant covenants without reasonably supportable waiver obtained, bankruptcy or an equivalent of an injunction for the obligor, and an internal or external credit rating falling to D.

The allowance for instruments that are credit impaired under IAS 39 will generally align with the Stage 3 category of IFRS 9. However, within the expected loss framework of IFRS 9 the entire portfolio of financial instruments will be assigned an impairment allowance through the additions of the 12-month ECL category (stage 1) and the Lifetime ECL Non-credit-impaired (Stage 2), generally leading to increases in the overall allowances.

Hedge accounting

The Group has elected to adopt the new hedge accounting model in IFRS 9. This requires the Group to ensure that hedging relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group has elected to continue to apply hedge accounting requirements for macro fair value hedges of IAS 39 on adoption of IFRS 9. As such, fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' of IFRS will continued to be applied.

b) Transition

Any adjustments to the carrying amounts of financial assets and liabilities will be recognized in the opening retained earnings and other reserves at the date of transition, January 1, 2022.

Effects of initial adoption of IFRS 9 and IFRS 17

The transition to IFRS 9 and IFRS 17 changes Aegon's balance sheet significantly. The main changes are:

- DPAC and VOBA will no longer be recognized as separate assets;
- Residential mortgages related to the insurance entities in the Netherlands will be measured at fair value through P&L instead of at amortized cost;
- Insurance liabilities are measured at fulfillment value which represents the present value of future cashflow to fulfill insurance contracts, including a risk adjustment for non-financial risk. Interest rate movements impacting the fulfillment value flow through P&L or OCI, depending on the accounting policy choice. Aegon Americas applies the OCI option for certain groups of contracts, whereas Aegon the Netherlands and Aegon UK apply the P&L option. These choices are aligned with the measurement of the related assets to ensure an accounting match for market movements on assets and liabilities;
- On top of the fulfillment value, a contractual service margin (CSM), reflecting unearned profits, is added to the insurance liabilities.

The effect of transition to IFRS 9 and IFRS 17 on the opening balance of shareholders' equity in the comparative period in the consolidated financial statements on January 1, 2022 are presented in the table below. Please note that as stated earlier, the impacts on the opening balance are indicative and the numbers can therefore change.

The impact on shareholders' equity of the implementation of IFRS 9 and IFRS 17 is estimated to be a decrease of approximately EUR 12.6 billion. This is mainly due to a release of the revaluation reserve of financial assets that are reclassified under IFRS 9 and the establishment of a revaluation reserve for interest rate movements on insurance liabilities under IFRS 17 where these are allocated to Other Comprehensive Income (net decrease of approximately EUR 9.0 billion). The remaining impact on shareholders' equity (estimated net decrease of approximately EUR 3.6 billion) is largely attributable to the establishment of the CSM, partly offset by the net effect of remeasuring the insurance liabilities. The latter reflecting lower fulfillment cashflows under IFRS 17 compared to the IFRS 4 insurance liabilities net of DPAC / VOBA. The estimated CSM before tax, at January 1, 2022, amounts to approximately EUR 11.8 billion. After tax the CSM is estimated to amount to approximately EUR 9.2 billion.

In EUR billion	Shareholders' equity	Revaluation reserves
Balances as at January 1, 2022, as previously reported	24.3	6.4
Impact of the change in accounting policies (IFRS 9 and 17)	(12.6)	(9.0)
Restated balances as at January 1, 2022	**11.7**	**(2.6)**

Temporary exemption from applying IFRS 9 Financial Instruments
Application of IFRS 9 is required for annual periods beginning on or after January 1, 2018. However, on May 18, 2017, the IASB published the final version of the IFRS 17 Insurance Contracts standard. Prior to its finalization, the IASB issued an amendment to IFRS 4 Insurance Contracts (the predecessor standard to IFRS 17) that provides for a qualifying insurer a temporary exemption that permits, but does not require, the insurer to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2021 (i.e., a temporary exemption of IFRS 9). The objective of the amendment is to address the temporary accounting consequences of the different effective dates of IFRS 9 and IFRS 17. This amendment was endorsed by the European Union in November 2017.

On June 25, 2020, the IASB decided, next to a number of significant amendments to the Standard, to defer the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023. As a consequence of the IFRS 17 deferral, the IASB also agreed to revise the fixed expiry date of the temporary exemption from IFRS 9 in IFRS 4 to allow entities to continue applying the temporary exemption from IFRS 9 until January 1, 2023.

An entity is eligible to apply the temporary exemption if the carrying amount of its liabilities connected with insurance activities is
- Greater than 90% of the total carrying value of all liabilities; or
- Between 80% and 90% of the total carrying value of all its liabilities, and the insurer does not have significant activities unrelated to insurance.

Aegon performed this analysis at December 31, 2015, and concluded that it meets the requirements for the temporary exception as 94% of its liabilities are connected with insurance activities. As a result, Aegon elected to make use of the temporary exemption of IFRS 9 until January 1, 2023.

As Aegon defers the application of IFRS 9 (including linked amendments as included in above table), the full impact of the standard in combination with IFRS 17 is not yet clear, however an initial impact assessment resulted in the expectation that it will have a significant impact on shareholders' equity, income and/or other comprehensive income and disclosures. An implementation project was started in 2017 and is combined with the implementation of IFRS 17 Insurance Contracts.

By qualifying for and electing the temporary exemption, the IFRS 4 amendment requires certain additional disclosures; specifically, Aegon is required to disclose information to enable users of financial statements to compare insurers applying the temporary exemption with entities applying IFRS 9. This information is presented below:

Fair value changes

The table below presents an overview of the fair value of the classes of financial assets as of December 31, 2022, as well as the change in fair value during the reporting period. The asset classes are divided into two categories:

- SPPI: assets of which cash flows represent solely payments of principal and interest (SPPI) on an outstanding principal amount, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis; and
- Other: all financial assets other than those specified in SPPI:
  - with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - that meet the definition of held for trading in IFRS 9; or
  - that are managed and whose performance are evaluated on a fair value basis.

		2022 [1]		2021	
Financial assets at fair value		Fair value at the end of the reporting period	Change in fair value during the reporting period	Fair value at the end of the reporting period	Change in fair value during the reporting period
Shares [2]	SPPI	39	8	44	10
	Other	345	(33)	618	36
Debt securities	SPPI	52,363	(14,000)	93,234	(3,132)
	Other	1,284	(182)	3,961	(75)
Money Markets and other short-term investments	SPPI	2,631	10	2,324	(0)
	Other	2,982	1	2,586	-
Mortgage loans	SPPI	9,245	(1,199)	44,366	(195)
	Other	-	-	-	-
Private loans	SPPI	-	-	5,474	(267)
	Other	15	(26)	36	(10)
Deposits with financial institutions	SPPI	45	-	52	-
	Other	-	-	-	-
Policy loans	SPPI	1	-	1	-
	Other	2,042	-	1,892	(0)
Other financial assets	SPPI	-	-	-	-
	Other	4,566	179	5,598	724
At December 31		**75,557**	**(15,241)**	**160,187**	**(2,909)**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.
2 The SPPI-compliant shares include preferred equity instruments.

Cash and cash equivalents, deposits with financial institutions, and receivables all pass the SPPI test and are held at amortized cost, whereby the amortized cost is assumed to approximate fair value due to the short-term nature of the assets. For movement schedules of these financial assets, refer to respective notes.
The fair value at the end of the reporting period in the table reconciles back to the respective table in note 22.1 Financial assets, excluding derivatives.

Credit Risk

The table below details the credit risk rating grades, as of December 31, 2022, for financial assets with cash flows that are SPPI, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis. The tables show the carrying value of those financial assets applying IAS 39 (in the case of financial assets measured at amortized cost, before adjusting for any impairment allowances).

SPPI compliant financial assets at carrying value	AAA	AA	A	BBB	BB	B	CCC or lower	Not Rated	Total
2022 [1)]									
Shares - Carried at fair value	-	-	-	22	8	-	9	-	39
Debt securities - Carried at fair value	9,251	4,270	16,398	19,779	1,424	594	647	-	52,363
Money market and other short-term investments- carried at fair value	313	221	2,080	1	-	-	2	15	2,631
Mortgage loans- Carried at amortized cost	1,488	4,454	3,779	671	48	-	-	5	10,445
Private loans - Carried at amortized cost	-	-	-	-	-	-	-	-	-
Other financial assets - Carried at fair value	-	-	6	1	-	-	-	39	46
At December 31	**11,052**	**8,944**	**22,263**	**20,474**	**1,480**	**594**	**658**	**59**	**65,524**
2021									
Shares - Carried at fair value	-	-	-	23	13	-	8	-	44
Debt securities - Carried at fair value	26,076	10,195	24,916	28,524	1,828	918	754	24	93,234
Money market and other short-term investments- carried at fair value	25	120	1,986	193	-	-	-	-	2,324
Mortgage loans- Carried at amortized cost	1,383	4,221	3,301	519	59	-	-	31,141	40,624
Private loans - Carried at amortized cost	2,607	216	189	1,050	44	-	-	744	4,850
Other financial assets - Carried at fair value	-	-	13	1	-	18	-	21	53
At December 31	**30,090**	**14,752**	**30,405**	**30,310**	**1,944**	**936**	**762**	**31,930**	**141,128**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

For assets that do not qualify for the low credit risk exemption (assets rated below BBB or not rated) and of which cash flows represent SPPI, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis, the table below provides the credit risk exposure from the financial assets held by Aegon[1]. The financial assets are categorized by asset class with a carrying amount and fair value measured in accordance with IAS 39 measurement requirements.

	2022 [1)]		2021	
SPPI compliant financial assets rated BB or below	Carrying amount	Fair value	Carrying amount	Fair value
Shares - Carried at fair value	17	17	21	21
Debt securities - Carried at fair value	2,665	2,665	3,524	3,524
Money market and other short-term investments - Carried at fair value	17	17	-	-
Mortgage loans - Carried at amortized cost	53	40	31,200	34,254
Private loans - Carried at amortized cost	-	-	788	816
Deposits with financial institutions - Carried at amortized cost	38	38	38	38
Other financial assets - Carried at fair value	1	1	1	1
At December 31	**2,791**	**2,777**	**35,572**	**38,654**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

1 Mortgage loans with no low credit risk are defined as being more than 90 days past due, in line with regulatory guidelines.

Investments in joint ventures and associates

All Aegon's equity accounted investments continue to apply IAS 39. Except Santander Vida Seguros y Reaseguros S.A. ('Santander Spain Life') and Aegon Industrial Fund Management Co.Ltd. ('AIFMC'), Aegon does not hold any other individually material joint-venture or associate. As most of AIFMC financial assets are measured at fair value through profit or loss, there is no material difference between the financial statements of AIFMC under IFRS 9 and IAS 39. Refer to note 25 Investments in joint ventures and associates for more detailed information on these joint ventures. As the remaining joint ventures and associates are not material on a consolidated level, the additional information required by IFRS 4 for electing the temporary exemption is not disclosed for these entities. The additional information for Santander Spain Life is presented below:

		2022 [1]		2021	
Financial assets at fair value		Fair value at the end of the reporting period	Change in fair value during the reporting period	Fair value at the end of the reporting period	Change in fair value during the reporting period
Debt securities	SPPI	178	-	178	8
	Other	-	-	-	-
Money Markets and other short-term investments	SPPI	-	-	-	-
	Other	12	-	10	-
Other financial assets	SPPI	-	-	-	-
	Other	836	(33)	-	-
At December 31		**1,026**	**(33)**	**188**	**8**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

SPPI compliant financial assets at carrying value	AAA	AA	A	BBB	BB	B	CCC or lower	Not Rated	Total
2022 [1]									
Debt securities - Carried at fair value	6	13	123	35	-	-	-	-	178
At December 31	**6**	**13**	**123**	**35**	**-**	**-**	**-**	**-**	**178**
2021									
Debt securities - Carried at fair value	8	13	120	37	-	-	-	-	178
At December 31	**8**	**13**	**120**	**37**	**-**	**-**	**-**	**-**	**178**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Subsidiaries, joint ventures and associates applying IFRS 9 in their statutory accounts

Information on the application of IFRS 9 by principal subsidiaries and joint ventures that for statutory purposes cannot elect to defer the effective date of IFRS 9 can be found in the publicly available statutory annual reports on www.aegon.nl and/or the Chamber of Commerce. This information is not part of the audited consolidated financial statements of Aegon N.V. The related entities are:

- Aegon Bank N.V.
- Aegon Hypotheken B.V.
- Aegon Asset Management Holding B.V.
- Amvest Vastgoed B.V.
- Amvest Development Fund B.V.
- Amvest Living & Care Fund
- Amvest Residential Core Fund

2.2 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of Aegon N.V. and its subsidiaries. Subsidiaries (including consolidated structured entities) are entities over which Aegon has control. Aegon controls an entity when Aegon is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the substance of the relationship between the Group and the entity and, among other things, considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

The subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with the Group's accounting policies, which is consistent with EU-IFRS. Intra-group transactions, including Aegon N.V. shares held by subsidiaries, which are recognized as treasury shares in equity, are eliminated. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Non-controlling interests are initially stated at their share in the fair value of the net assets on the acquisition date and subsequently adjusted for the non-controlling share in changes in the subsidiary's equity.

The excess of the consideration paid to acquire the interest and the fair value of any interest already owned, over the Group's share in the net fair value of assets, liabilities and contingent liabilities acquired is recognized as goodwill. Negative goodwill is recognized directly in the income statement. If the fair value of the assets, liabilities and contingent liabilities acquired in the business combination has been determined provisionally, adjustments to these values resulting from the emergence of new evidence within 12 months after the acquisition date are made against goodwill. Aegon recognized contingent considerations either as provision or as financial liability depending on the characteristics. Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the income statement.

The identifiable assets, liabilities and contingent liabilities are stated at fair value when control is obtained.

Subsidiaries are deconsolidated when control ceases to exist. Any difference between the net proceeds plus the fair value of any retained interest and the carrying amount of the subsidiary including non-controlling interests is recognized in the income statement.

Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for as transactions with owners. Therefore, disposals to non-controlling interests and acquisitions from non-controlling interests, not resulting in losing or gaining control of the subsidiary are recorded in equity. Any difference between consideration paid or received and the proportionate share in net assets is accounted for in equity attributable to shareholders of Aegon N.V.

Investment funds

Investment funds managed by the Group in which the Group holds an interest are consolidated in the financial statements if the Group has power over that investment fund and it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, all interests held by the Group in the fund are considered, regardless of whether the financial risk related to the investment is borne by the Group or by the policyholders (unless a direct link between the policyholder and the fund can be assumed).

In determining whether Aegon has power over an investment fund all facts and circumstances are considered, including the following:

- Control structure of the asset manager (i.e. whether an Aegon subsidiary);
- The investment constraints posed by investment mandate;
- Legal rights held by the policyholder to the separate assets in the investment vehicle (e.g. policyholders could have the voting rights related to these investments);
- The governance structure, such as an independent board of directors, representing the policyholders, which has substantive rights (e.g. to elect or remove the asset manager); and
- Rights held by other parties (e.g. voting rights of policyholders that are substantive or not).

Exposure or rights to variability of returns can be the result of, for example:

- General account investment of Aegon;
- Aegon's investments held for policyholder;
- Guarantees provided by Aegon on return of policyholders in specific investment vehicles;
- Fees dependent on fund value (including, but not limited to, asset management fees); and
- Fees dependent on performance of the fund (including, but not limited to, performance fees).

Investment funds where Aegon acts as an agent are not consolidated due to lack of control of the funds. In particular, for some separate accounts, the independent board of directors has substantive rights and therefore Aegon does not have power over these separate accounts but acts as an agent.

For limited partnerships, the assessment takes into account Aegon's legal position (i.e. limited partner or general partner) and any substantive removal rights held by other parties. Professional judgment is applied concerning the substantiveness of the removal rights and the magnitude of the exposure to variable returns, leading to the conclusion that Aegon controls some, but not all, of the limited partnerships in which it participates.

Upon consolidation of an investment fund, a liability is recognized to the extent that the Group is legally obliged to buy back participations held by third parties. The liability is presented in the consolidated financial statements as investment contracts for account of policyholders. Where no repurchase obligation exists, the participations held by third parties are presented as non-controlling interests in equity. The assets allocated to participations held by third parties or by the Group on behalf of policyholders are presented in the consolidated financial statements as investments for account of policyholders.

Equity instruments issued by the Group that are held by investment funds are eliminated on consolidation. However, the elimination is reflected in equity and not in the measurement of the related financial liabilities towards policyholders or other third parties.

Structured entities
A structured entity is defined in IFRS 12 as "An entity that has been designed so that voting rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements." In these instances the tests and indicators to assess control provided by IFRS 10 have more focus on the purpose and design of the investee (with relation to the relevant activities that most significantly affect the structured entity) and the exposure to variable returns, which for structured entities lies in interests through e.g. derivatives, and will not be focused on entities that are controlled by voting rights.

Structured entities that are consolidated include certain mortgage backed securitization deals, where Aegon was involved in the design of the structured entities and also has the ability to use its power to affect the amount of the investee's returns. Other factors that contribute to the conclusion that consolidation of these entities is required includes consideration of whether Aegon fully services the investees and can therefore influence the defaults of the mortgage portfolios and the fact that in these cases the majority of risks are maintained by Aegon.

Structured entities that are not consolidated include general account investments in non-affiliated structured entities that are used for investment purposes.

Non-current assets held for sale and disposal groups
Disposal groups are classified as held for sale if they are available for immediate sale in their present condition, subject only to the customary sales terms of such assets and disposal groups and their sale is considered highly probable. Management must be committed to the sale, which is expected to occur within one year from the date of classification as held for sale.

Upon classification as held for sale, the carrying amount of the disposal group (or group of assets) is compared to their fair value less cost to sell. If the fair value less cost to sell is lower than the carrying value, this expected loss is recognized through a reduction of the carrying value of any goodwill related to the disposal group or the carrying value of certain other non-current, non-financial assets to the extent that the carrying value of those assets exceeds their fair value. Any excess of the expected loss over the reduction of the carrying amount of these relevant assets is not recognized upon classification as held for sale, but is recognized as part of the result on disposal if and when a divestment transaction occurs.

Classification into or out of held for sale does not result in restating comparative amounts in the statement of financial position.

Discontinued operations
To qualify as a discontinued operation, Aegon requires a disposal group to be presented as a separate line of business or geographical segment. When Aegon classifies its component comprising of a cash generating unit or multiple cash generating units as a disposal group, it presents the performance of this component as discontinued operation in the statement of comprehensive income and makes separate disclosures with the analysis of the net result from discontinued operations, and cash-flow information. Aegon re-presents comparative information in the statement of comprehensive income and disclosures to reflect the prior years' net result attributable to the operations discontinued until the end of the latest period.

2.3 Foreign exchange translation

a. Translation of foreign currency transactions

The Group's consolidated financial statements are presented in euros. Items included in the financial statements of individual group companies are recorded in their respective functional currency which is the currency of the primary economic environment in which each entity operates. Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction.

At the reporting date, monetary assets and monetary liabilities in foreign currencies are translated to the functional currency at the closing rate of exchange prevailing on that date, except for own equity instruments in foreign currencies which are translated using historical exchange rates. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, while assets carried at fair value are translated at the exchange rate when the fair value was determined.

Exchange differences on monetary items are recognized in the income statement when they arise, except when they are deferred in other comprehensive income as a result of a qualifying cash flow or net investment hedge. Exchange differences on non-monetary items carried at fair value are recognized in other comprehensive income or the income statement, consistently with other gains and losses on these items.

b. Translation of foreign currency operations

On consolidation, the financial statements of group entities with a foreign functional currency are translated to euro, the currency in which the consolidated financial statements are presented. Assets and liabilities are translated at the closing rates on the reporting date. Income, expenses and capital transactions (such as dividends) are translated at average exchange rates or at the prevailing rates on the transaction date, if more appropriate. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at the closing rates on the reporting date.

The resulting exchange differences are recognized in the 'foreign currency translation reserve', which is part of shareholders' equity. On disposal of a foreign entity the related cumulative exchange differences included in the reserve are recognized in the income statement.

2.4 Segment reporting

Reporting segments and segment measures are explained and disclosed in note 5 Segment information.

2.5 Offsetting of assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis or simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterpart.

2.6 Intangible assets

a. Goodwill

Goodwill is recognized as an intangible asset for interests in subsidiaries and is measured as the positive difference between the acquisition cost and the Group's interest in the net fair value of the entity's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill is carried at cost less accumulated impairment charges. It is derecognized when the interest in the subsidiary is disposed.

b. Value of business acquired

When a portfolio of insurance contracts is acquired, whether directly from another insurance company or as part of a business combination, the difference between the fair value and the carrying amount of the insurance liabilities is recognized as value of business acquired (VOBA). The Group also recognizes VOBA when it acquires a portfolio of investment contracts with discretionary participation features.

VOBA is amortized over the useful life of the acquired contracts, based on either the expected future premiums, revenues or the expected gross profit margins. The amortization period and pattern are reviewed at each reporting date; any change in estimates is recorded in the income statement. For all products, VOBA, in conjunction with deferred policy acquisition costs (DPAC) where appropriate, is assessed for recoverability using aggregation levels on a geographical jurisdiction basis or at the level of portfolio of contracts that are subject to broadly similar risks and managed together as a single portfolio.

The portion determined not to be recoverable is charged to the income statement. VOBA is considered in the liability adequacy test for each reporting period, for more details refer to 2.19.f Liability adequacy testing.

When unrealized gains or losses arise on available-for-sale assets backing the insurance liabilities, VOBA is adjusted to equal the effect that the realization of the gains or losses (through a sale or impairment) would have had on VOBA. The adjustment is recognized in other comprehensive income and accumulated in the related revaluation reserve in shareholders' equity. VOBA is derecognized when the related contracts are settled or disposed.

c. Future servicing rights
On the acquisition of a portfolio of investment contracts without discretionary participation features under which Aegon will render investment management services, the present value of future servicing rights is recognized as an intangible asset. Future servicing rights can also be recognized on the sale of a loan portfolio or the acquisition of insurance agency activities.

The present value of the future servicing rights is amortized over the servicing period and is subject to impairment testing. It is derecognized when the related contracts are settled or disposed.

Where applicable, Aegon recognizes other intangibles on the acquisition of a business combination such as those related to customer relationships. This can include customer contracts, distribution agreements and client portfolios. For these intangibles the present value of future cash flows are recognized and amortized in the period when future economic benefits arise from these intangibles. These intangible assets are also presented under future servicing rights.

d. Software and other intangible assets
Software and other intangible assets are recognized to the extent that the assets can be identified, are controlled by the Group, are expected to provide future economic benefits and can be measured reliably. The Group does not recognize internally generated intangible assets arising from research or internally generated goodwill, brands, customer lists and similar items.

Software and other intangible assets are carried at cost less accumulated depreciation and impairment losses. Depreciation of the asset is over its useful life as the future economic benefits emerge and is recognized in the income statement as an expense. The depreciation period and pattern are reviewed at each reporting date, with any changes recognized in the income statement.

An intangible asset is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal.

2.7 Investments
General account investments comprise financial assets, excluding derivatives, as well as investments in real estate.

a. Financial assets, excluding derivatives
Financial assets are recognized at trade date (except for Private placements that are recognized at settlement date) when the Group becomes a party to the contractual provisions of the instruments. All financial assets are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased.

Classification
The following financial assets are measured at fair value through profit or loss: financial assets held for trading, financial assets managed on a fair value basis in accordance with the Group's investment strategy and financial assets containing an embedded derivative that is not closely related and that cannot be reliably bifurcated. In addition, in certain instances the Group designates financial assets to this category when by doing so a potential accounting mismatch in the financial statements is eliminated or significantly reduced.

Financial assets with fixed or determinable payments, that are not quoted in an active market and that the Group does not intend to sell in the near future are classified as loans. Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, are accounted for as available-for-sale.

All remaining non-derivative financial assets are classified as available-for-sale.

Measurement

Financial assets are initially recognized at fair value plus, in the case of a financial asset not at fair value through profit or loss, any directly attributable incremental transaction costs.

Loans and financial assets held-to-maturity are subsequently carried at amortized cost using the effective interest rate method. Financial assets at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the income statement as incurred. Available-for-sale assets are recorded at fair value with unrealized changes in fair value recognized in other comprehensive income. Financial assets that are designated as hedged items are measured in accordance with the requirements for hedge accounting.

Amortized cost

The amortized cost of a debt instrument is the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount, and minus any reduction for impairment. The effective interest rate method is a method of calculating the amortized cost and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the debt instrument or, when appropriate, a shorter period to the net carrying amount of the instrument. When calculating the effective interest rate, all contractual terms are considered. Possible future credit losses are not taken into account. Charges and interest paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts are included in the calculation.

Fair value

The consolidated financial statements provide information on the fair value of all financial assets, including those carried at amortized cost where the values are provided in the notes to the financial statements.

Fair value is defined as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). For quoted financial assets for which there is an active market, the fair value is the bid price at the reporting date. In the absence of an active market, fair value is estimated by using present value based or other valuation techniques. Where discounting techniques are applied, the discount rate is based on current market rates applicable to financial instruments with similar characteristics. The valuation techniques that include unobservable inputs can result in a different outcome than the actual transaction price at which the asset was acquired. Such differences are not recognized in the income statement immediately but are deferred. They are released over time to the income statement in line with the change in factors (including time) that market participants would consider in setting a price for the asset. Interest accrued to date is not included in the fair value of the financial asset.

Derecognition

A financial asset is derecognized when the contractual rights to the asset's cash flows expire or when the Group retains the right to receive cash flows from the asset but has an obligation to pay any received cash flows in full without delay to a third party and either: has transferred the asset and substantially all the risks and rewards of ownership, or has neither transferred nor retained all the risks and rewards but has transferred control of the asset. Financial assets of which the Group has neither transferred nor retained significantly all the risk and rewards and retained control are recognized to the extent of the Group's continuing involvement. If significantly all risks are retained, the assets are not derecognized.

On derecognition, the difference between the disposal proceeds and the carrying amount is recognized in the income statement as a realized gain or loss. Any cumulative unrealized gain or loss previously recognized in the revaluation reserve in shareholders' equity is also recognized in the income statement.

Security lending and repurchase agreements

Financial assets that are lent to a third party or that are transferred subject to a repurchase agreement at a fixed price are not derecognized as the Group retains substantially all the risks and rewards of the asset. A liability is recognized for cash (collateral) received, on which interest is accrued.

A security that has been received under a borrowing or reverse repurchase agreement is not recognized as an asset. A receivable is recognized for any related cash (collateral) paid by Aegon. The difference between sale and repurchase price is treated as investment income. If the Group subsequently sells that security, a liability to repurchase the asset is recognized and initially measured at fair value.

Collateral

With the exception of cash collateral, assets received as collateral are not separately recognized as an asset until the financial asset they secure defaults. When cash collateral is recognized, a liability is recorded for the same amount.

b. Real estate

Investments in real estate include property held to earn rentals or for capital appreciation, or both. Investments in real estate are presented as 'Investments'. Property that is occupied by the Group and that is not intended to be sold in the near future is classified as real estate held for own use and is presented in 'Other assets and receivables'.

All property is initially recognized at cost. Such cost includes the cost of replacing part of the real estate and borrowing cost for long-term construction projects if recognition criteria are met. Subsequently, investments in real estate are measured at fair value with the changes in fair value recognized in the income statement. Real estate held for own use is carried at its revalued amount, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the useful life of a building. Land is not depreciated. Revaluation of real estate for own use is recognized in other comprehensive income and accumulated in revaluation reserve in equity. On revaluation the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

On disposal of an asset, the difference between the net proceeds received and the carrying amount is recognized in the income statement. Any remaining surplus attributable to real estate in own use in the revaluation reserve is transferred to retained earnings.

Maintenance costs and other subsequent expenditure

Expenditure incurred after initial recognition of the asset is capitalized to the extent that the level of future economic benefits of the asset is increased. Costs that restore or maintain the level of future economic benefits are recognized in the income statement as incurred.

2.8 Investments for account of policyholders

Investments held for account of policyholders consist of investments in financial assets as well as investments in real estate. Investment return on these assets is passed on to the policyholder. Also included are the assets held by consolidated investment funds that are backing liabilities towards third parties. Investments for account of policyholders are valued at fair value through profit or loss.

2.9 Derivatives

a. Definition

Derivatives are financial instruments of which the value changes in response to an underlying variable, that often require little or no net initial investment and are settled at a future date.

Assets and liabilities may include derivative-like terms and conditions. With the exception of features embedded in contracts held at fair value through profit or loss, embedded derivatives that are not considered closely related to the host contract are bifurcated, carried at fair value and presented as derivatives. In assessing whether a derivative-like feature is closely related to the contract in which it is embedded, the Group considers the similarity of the characteristics of the embedded derivative and the host contract. Embedded derivatives that transfer significant insurance risk are accounted for as insurance contracts.

Derivatives with positive values are reported as assets and derivatives with negative values are reported as liabilities. Derivatives for which the contractual obligation can only be settled by exchanging a fixed amount of cash for a fixed amount of Aegon N.V. equity instruments are accounted for in shareholders' equity.

b. Measurement

All derivatives recognized on the statement of financial position are carried at fair value.

The fair value is calculated net of the interest accrued to date and is based on market prices, when available. When market prices are not available, other valuation techniques, such as option pricing or stochastic modeling, are applied. The valuation techniques incorporate all factors that market participants would consider and are based on observable market data, to the extent possible.

c. Hedge accounting

As part of its asset liability management, the Group enters into economic hedges to limit its risk exposure. These transactions are assessed to determine whether hedge accounting can and should be applied.

To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception, detailing the particular risk management objective and strategy for the hedge (which includes the item and risk that is being hedged), the derivative that is being used and how hedge effectiveness is being assessed. A derivative has to be highly effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged. The effectiveness of the hedging relationship is evaluated on a prospective and retrospective basis using qualitative and quantitative measures of correlation. Qualitative methods may include comparison of critical terms of the derivative to the hedged item. Quantitative methods include a comparison of the changes in the fair value or discounted cash flow of the hedging instrument to the hedged item. A hedging relationship is considered highly effective if the results of the hedging instrument are within a ratio of 80% to 125% of the results of the hedged item.

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes, in light of which the following assumptions have been made with respect to hedge accounting:

- When considering the 'highly probable' requirement, it is assumed that the current benchmark interest rate on which the hedged positions is based will not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be 'highly effective' on a forward-looking basis, it is assumed that the current benchmark interest rate on which the cash flows of the hedged item and the derivative that hedges it are based is not altered as a result of the IBOR reform.
- Hedge accounting is not discontinued during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80-125% range.
- For macro hedging the assessment whether the hedged risk component is a separately identifiable, is performed only when a hedged item is first included in the hedge and not on an ongoing basis.
- The cash flows hedge reserve relating to the period after the IBOR reform is expected to take effect, is not recycled solely because cash flows are expected to change.

When the uncertainty arising from IBOR reform is no longer present with respect to the hedged risk or the timing and the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument, the hedge documentation is amended to reflect the changes required by IBOR reform (i.e. a change results directly from IBOR reform and occurs on an economically equivalent basis). For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged;
- amending the description of the hedging instrument; or
- amending the description of the method for assessing hedge effectiveness.

Amending the formal designation of a hedging relationship to reflect the changes required by IBOR reform constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

For hedge accounting purposes, a distinction is made between fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the profit and loss account, together with fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, in the case of interest bearing instruments, amortized through the profit and loss account over the remaining term of the original hedge or recognized directly when the hedged item is derecognized.

Aegon applies fair value hedge accounting to portfolio hedges of interest rate risk (fair value macro hedging) under the EU 'carve out' of EU-IFRS. The EU 'carve out' macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and jointly designated as the hedging instrument and removes some of the limitations in fair value hedge accounting. Under the EU 'carve out', ineffectiveness in fair value hedge accounting only arises when the revised projection of the amount of cash flows in scheduled time buckets falls below the designated amount of that bucket. Aegon applies fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' to mortgage loans. Changes in the fair value of the derivatives are recognized in the profit and loss account, together with the fair value adjustment on the mortgages (hedged items) insofar as attributable to interest rate risk (the hedged risk).

Cash flow hedges

Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk of a forecasted transaction or a recognized asset or liability and could affect profit or loss. To the extent that the hedge is effective, the change in the fair value of the derivative is recognized in the related revaluation reserve in shareholders' equity. Any ineffectiveness is recognized directly in the income statement. The amount recorded in shareholders' equity is released to the income statement to coincide with the hedged transaction, except when the hedged transaction is an acquisition of a non-financial asset or liability. In this case, the amount in shareholders' equity is included in the initial cost of the asset or liability.

Net investment hedges

Net investment hedges are hedges of currency exposures on a net investment in a foreign operation. To the extent that the hedge is effective, the change in the fair value of the hedging instrument is recognized in the net foreign investment hedging reserve in shareholders' equity. Any ineffectiveness is recognized in the income statement. The amount in shareholders' equity is released to the income statement when the foreign operation is disposed of.

Hedge accounting is discontinued prospectively for hedges that are no longer considered effective. When hedge accounting is discontinued for a fair value hedge, the derivative continues to be carried on the statement of financial position with changes in its fair value recognized in the income statement. When hedge accounting is discontinued for a cash flow hedge because the cash flow is no longer expected to occur, the accumulated gain or loss in shareholders' equity is recognized immediately in the income statement. In other situations where hedge accounting is discontinued for a cash flow hedge, including those where the derivative is sold, terminated or exercised, accumulated gains or losses in shareholders' equity are amortized into the income statement when the income statement is impacted by the variability of the cash flow from the hedged item.

2.10 Investments in joint arrangements

In general, joint arrangements are contractual agreements whereby the Group undertakes, with other parties, an economic activity that is subject to joint control. Joint control exists when it is contractually agreed to share control over an economic activity. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Aegon has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost, which includes positive goodwill arising on acquisition. Negative goodwill is recognized in the income statement on the acquisition date. If joint ventures are obtained in successive share purchases, each significant transaction is accounted for separately.

The carrying amount is subsequently adjusted to reflect the change in the Group's share in the net assets of the joint venture and is subject to impairment testing. The net assets are determined based on the Group's accounting policies. Any gains and losses recorded in other comprehensive income by the joint venture are recognized in other comprehensive income and reflected in other reserves in shareholders' equity, while the share in the joint ventures net result is recognized as a separate line item in the consolidated income statement. The Group's share in losses is recognized until the investment in the joint ventures' equity and any other long-term interest that are part of the net investment are reduced to nil, unless guarantees exist.

Gains and losses on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interest in the entity, with the exception of losses that are evidence of impairment which are recognized immediately. Own equity instruments of Aegon N.V. that are held by the joint venture are not eliminated.

On disposal of an interest in a joint venture, the difference between the net proceeds and the carrying amount is recognized in the income statement and gains and losses previously recorded directly in the revaluation reserve are reversed and recorded through the income statement.

2.11 Investments in associates

Entities over which the Group has significant influence through power to participate in financial and operating policy decisions, but which do not meet the definition of a subsidiary, are accounted for using the equity method. Interests held by venture capital entities, mutual funds and investment funds that qualify as an associate are accounted for as an investment held at fair value through profit or loss. Interests held by the Group in venture capital entities, mutual funds and investment funds that are managed on a fair value basis, are also accounted for as investments held at fair value through profit or loss.

Interests in associates are initially recognized at cost, which includes positive goodwill arising on acquisition. Negative goodwill is recognized in the income statement on the acquisition date. If associates are obtained in successive share purchases, each significant transaction is accounted for separately.

The carrying amount is subsequently adjusted to reflect the change in the Group's share in the net assets of the associate and is subject to impairment testing. The net assets are determined based on the Group's accounting policies. Any gains and losses recorded in other comprehensive income by the associate are reflected in other reserves in shareholders' equity, while the share in the associate's net result is recognized as a separate line item in the consolidated income statement. The Group's share in losses is recognized until the investment in the associate's equity and any other long-term interest that are part of the net investment are reduced to nil, unless guarantees exist.

Gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the entity, with the exception of losses that are evidence of impairment which are recognized immediately. Own equity instruments of Aegon N.V. that are held by the associate are not eliminated.

On disposal of an interest in an associate, the difference between the net proceeds and the carrying amount is recognized in the income statement and gains and losses previously recorded directly in the revaluation reserve are reversed and recorded through the income statement.

2.12 Reinsurance assets

Reinsurance contracts are contracts entered into by the Group in order to receive compensation for claims/benefits incurred on contracts written by the Group (outgoing reinsurance). Reinsurance assets are also held as part of exiting the business. For contracts transferring sufficient insurance risk, a reinsurance asset is recognized for the expected future benefits, less expected future reinsurance premiums. Reinsurance contracts with insufficient insurance risk transfer are accounted for as investment or service contracts, depending on the nature of the agreement.

Reinsurance assets are measured consistently with the assumptions associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract. They are subject to impairment testing and are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Aegon is not relieved of its legal liabilities when entering into reinsurance transactions, therefore the reserves relating to the underlying insurance contracts will continue to be reported on the consolidated statement of financial position during the contractual term of the underlying contracts.

Reinsurance premiums, commissions and claim settlements are accounted for in the same way as the original contracts for which the reinsurance was concluded. The insurance premiums for the original contracts are presented gross of reinsurance premiums paid.

2.13 Deferred expenses

a. Deferred policy acquisition costs (DPAC)

DPAC relates to all insurance contracts as well as investment contracts with discretionary participation features and represents directly attributable costs that are related to the selling, underwriting and initiating of these insurance contracts.

DPAC are deferred to the extent that they are recoverable and are subsequently amortized based on factors such as expected gross profit margins. For products sold in the United States and Asia with amortization based on expected gross profit margins or revenues, the amortization period and pattern are reviewed at each reporting date and any change in estimates is recognized in the income statement. Estimates include, but are not limited to: an economic perspective in terms of future returns on bond and equity instruments, mortality, morbidity and lapse assumptions, maintenance expenses and expected inflation rates.

For all products, DPAC, in conjunction with VOBA where appropriate, is assessed for recoverability at least annually as part of the liability adequacy test for each reporting period. If appropriate, the assumptions included in the determination of estimated gross profits or revenues are adjusted. The portion of DPAC that is determined not to be recoverable is charged to the income statement.

For products sold in the United States and Asia, when unrealized gains or losses arise on available-for-sale assets backing the insurance liabilities, DPAC is adjusted to equal the effect that the realization of the gains or losses (through sale or impairment) would have had on its measurement. This is recognized in other comprehensive income and accumulated in the related revaluation reserve in shareholders' equity.

DPAC is derecognized when the related contracts are settled or disposed.

b. Deferred cost of reinsurance
A deferred cost of reinsurance is established when Aegon enters into a reinsurance transaction, except for reinsurance transactions that are entered into as part of a plan to exit a business. When Aegon enters into a reinsurance contract as part of a plan to exit a business, an immediate loss is recognized in the income statement. Upon reinsurance, Aegon is not relieved of its legal liabilities, so the reserves relating to the underlying reinsured contracts will continue to be reported in the consolidated statement of financial position during the contractual term of the underlying contracts.

The difference, if any, between amounts paid in a reinsurance transaction and the amount of the liabilities relating to the underlying reinsured contracts is part of the deferred cost of reinsurance.

When losses on buying reinsurance are deferred, the amortization is based on the assumptions of the underlying insurance contracts. In the Netherlands, the amortization is based on the percentage of premium paid on the reinsurance contract. For products sold in the Americas and Asia where the amortization is based on expected gross profit margins (EGPs), these EGPs will be net of reinsurance (i.e., net of actual reinsurance cash flows that exceed expected reinsurance cash flows). The amortization is recognized in the income statement.

c. Deferred transaction costs
Deferred transaction costs relate to investment contracts without discretionary participation features under which Aegon will render investment management services. Incremental costs that are directly attributable to securing these investment management contracts are recognized as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered.

For contracts involving both the origination of a financial liability and the provision of investment management services, only the transaction costs allocated to the servicing component are deferred. The other transaction costs are included in the carrying amount of the financial liability.

The deferred transaction costs are amortized in line with fee income, unless there is evidence that another method better represents the provision of services under the contract. The amortization is recognized in the income statement. Deferred transaction costs are subject to impairment testing at least annually.

Deferred transaction costs are derecognized when the related contracts are settled or disposed.

2.14 Other assets and receivables
Other assets include trade and other receivables, prepaid expenses, equipment and real estate held for own use. Trade and other receivables are initially recognized at fair value and are subsequently measured at amortized cost. Equipment is initially carried at cost, depreciated on a straight line basis over its useful life to its residual value and is subject to impairment testing. The accounting for real estate held for own use is described in note 2.7 Investments.

2.15 Cash and cash equivalents

Cash comprises cash at banks and in-hand. Cash equivalents are short-term, highly liquid investments generally with original maturities of three months or less that are readily convertible to known cash amounts, are subject to insignificant risks of changes in value and are held for the purpose of meeting short-term cash requirements. Money market investments that are held for investment purposes (backing insurance liabilities, investment liabilities or equity based on asset liability management considerations) are not included in cash and cash equivalents but are presented as investments or investments for account of policyholders.

2.16 Impairment of assets

An asset is impaired if the carrying amount exceeds the amount that would be recovered through its use or sale. For tangible and intangible assets, financial assets and reinsurance assets, if not held at fair value through profit or loss, the recoverable amount of the asset is estimated when there are indications that the asset may be impaired. Irrespective of the indications, goodwill and other intangible assets with an indefinite useful life that are not amortized, are tested at least annually.

There are a number of significant risks and uncertainties inherent in the process of monitoring investments and determining if impairment exists. These risks and uncertainties include the risk that the Group's assessment of an issuer's ability to meet all of its contractual obligations will change based on changes in the credit characteristics of that issuer and the risk that the economic outlook will be worse than expected or have more of an impact on the issuer than anticipated. Any of these situations could result in a charge against the income statement to the extent of the impairment charge recorded.

a. Impairment of non-financial assets

Assets are tested individually for impairment when there are indications that the asset may be impaired. For goodwill and intangible assets with an undefined life, an impairment test is performed at least once a year or more frequently as a result of an event or change in circumstances that would indicate an impairment charge may be necessary. The impairment loss is calculated as the difference between the carrying and the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value less cost of disposal. The value in use represents the discounted future net cash flows from the continuing use and ultimate disposal of the asset and reflects its known inherent risks and uncertainties. The valuation utilizes the best available information, including assumptions and projections considered reasonable and supportable by management. The assumptions used in the valuation involve significant judgments and estimates. Refer to note 29 Intangible assets for more details.

Impairment losses are charged to other comprehensive income to the extent that they offset a previously recorded revaluation reserve relating to the same item. Any further losses are recognized directly in the income statement. Impairment of deferred policy acquisition costs is included in note 15 Impairment charges/(reversals).

With the exception of goodwill, impairment losses are reversed when there is evidence that there has been a change in the estimates used to determine the asset's recoverable amount since the recognition of the last impairment loss. The reversal is recognized in the income statement to the extent that it reverses impairment losses previously recognized in the income statement. The carrying amount after reversal cannot exceed the amount that would have been recognized had no impairment taken place.

Non-financial assets that only generate cash flows in combination with other assets and liabilities are tested for impairment at the level of the cash-generating unit. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. The allocation is based on the level at which goodwill is monitored internally and cannot be larger than an operating segment. When impairing a cash-generating unit, any goodwill allocated to the unit is first written-off and recognized in the income statement. The remaining impairment loss is allocated on a pro rata basis among the other assets, on condition that the resulting carrying amounts do not fall below the individual assets' recoverable amounts.

b. Impairment of debt instruments

Debt instruments are impaired if there is objective evidence that a credit event has occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows. Individually significant loans and other receivables are first assessed separately. All non-impaired assets measured at amortized cost are then grouped by credit risk characteristics and collectively tested for impairment.

For debt instruments carried at amortized cost, the carrying amount of impaired financial assets is reduced through an allowance account. The impairment loss is calculated as the difference between the carrying and recoverable amount of the investment. The recoverable amount is determined by discounting the estimated probable future cash flows at the original effective interest rate of the asset. For variable interest debt instruments, the current effective interest rate under the contract is applied.

For debt instruments classified as available-for-sale, the asset is impaired to its fair value. Any unrealized loss previously recognized in other comprehensive income is taken to the income statement in the impairment loss. After impairment the interest accretion on debt instruments is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Impairment losses recognized for debt instruments can be reversed if in subsequent periods the amount of the impairment loss decreases and that decrease can be objectively related to a credit event occurring after the impairment was recognized. For debt instruments carried at amortized cost, the carrying amount after reversal cannot exceed what the amortized cost would have been at the reversal date, had the impairment not been recognized.

c. Impairment of equity instruments

For equity instruments, objective evidence of impairment of an investment in an equity instrument classified as available-for-sale includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in fair value below initial cost is also considered objective evidence of impairment and always results in a loss being recognized in the income statement. Significant or prolonged decline is defined as an unrealized loss position for generally more than six months or a fair value of less than 80% of the cost price of the investment. Equity investments are impaired to the asset's fair value and any unrealized gain or loss previously recognized in shareholders' equity is taken to the income statement as an impairment loss. The amount exceeding the balance of previously recognized unrealized gains or losses is recognized in the income statement. If an available-for-sale equity security is impaired based upon Aegon's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon Aegon's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments.

Impairment losses on equity instruments cannot be reversed.

d. Impairment of reinsurance assets

Reinsurance assets are impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that not all amounts due under the terms of the contract may be received. In such a case, the value of the reinsurance asset recoverable is determined based on the best estimate of future cash flows, taking into consideration the reinsurer's current and expected future financial conditions plus any collateral held in trust for Aegon's benefit. The carrying value is reduced to this calculated recoverable value, and the impairment loss recognized in the income statement.

2.17 Equity

Financial instruments that are issued by the Group are classified as equity if they represent a residual interest in the assets of the Group after deducting all of its liabilities and the Group has an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation. In addition to common shares, the Group has issued perpetual securities. Perpetual securities have no final maturity date, repayment is at the discretion of Aegon and for junior perpetual capital securities, Aegon has the option to defer coupon payments at its discretion. The perpetual capital securities are classified as equity rather than debt, are measured at par and those that are denominated in US dollars are translated into euro using historical exchange rates.

Non-cumulative subordinated notes were identified as a compound instrument due to the nature of this financial instrument. For these non-cumulative subordinated notes, Aegon had an unconditional right to avoid delivering cash or another financial asset to settle the coupon payments. The redemption of the principal was however not at the discretion of Aegon and therefore Aegon had a contractual obligation to settle the redemption in cash or another financial asset or through the exchange of financial assets and liabilities at potentially unfavorable conditions for Aegon. Compound instruments were separated into liability components and equity components. The liability component for the non-cumulative subordinated notes was equal to the present value of the redemption amount and carried at amortized cost using the effective interest rate method. The unwinding of the discount of this component was recognized in the income statement. At initial recognition the equity component was assigned the residual amount after deducting the liability component from the fair value of the instrument as a whole. The equity component in US dollars was translated into euro using historical exchange rates.

Incremental external costs that are directly attributable to the issuing or buying back of own equity instruments are recognized in equity, net of tax. For compound instruments incremental external costs that were directly attributable to the issuing or buying back of the compound instruments were recognized proportionate to the equity component and liability component, net of tax.

The Group recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized the past transactions or events that generated the distributable profits. A liability for non-cumulative dividends payable is not recognized until the dividends have been declared and approved.

Treasury shares are shares issued by Aegon N.V. that are held by Aegon, one of its subsidiaries or by another entity controlled by Aegon. Treasury shares are deducted from Group equity, regardless of the objective of the transaction. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the instruments. If sold, the difference between the carrying amount and the proceeds is reflected in retained earnings. The consideration paid or received is recognized directly in shareholders' equity. All treasury shares are eliminated in the calculation of earnings per share and dividend per common share.

2.18 Trust pass-through securities and (subordinated) borrowings

A financial instrument issued by the Group is classified as a liability if the contractual obligation must be settled in cash or another financial asset or through the exchange of financial assets and liabilities at potentially unfavorable conditions for the Group.

Trust pass-through securities and (subordinated) borrowings are initially recognized at their fair value including directly attributable transaction costs and are subsequently carried at amortized cost using the effective interest rate method, with the exception of specific borrowings that are designated as at fair value through profit or loss to eliminate, or significantly reduce, an accounting mismatch, or specific borrowings which are carried as at fair value through profit or loss as they are managed and evaluated on a fair value basis. The liability is derecognized when the Group's obligation under the contract expires, is discharged or is cancelled.

Subordinated borrowings include the liability component of non-cumulative subordinated notes. These notes are identified as a compound instrument due to the nature of this financial instrument. Compound instruments are separated into equity components and liability components. The liability component for the non-cumulative subordinated notes is related to the redemption amount. For further information on the accounting policy of the non-cumulative subordinated notes refer to note 2.17 Equity.

2.19 Insurance contracts

Insurance contracts are accounted for under IFRS 4 Insurance Contracts. In accordance with this standard, Aegon continues to apply the existing accounting policies that were applied prior to the adoption of EU-IFRS with certain modifications allowed by IFRS 4 for standards effective subsequent to adoption. Aegon applies, in general, non-uniform accounting policies for insurance liabilities and insurance related intangible assets to the extent that it was allowed under Dutch Accounting Principles. As a result, specific methodologies applied may differ between Aegon's operations as they may reflect local regulatory requirements and local practices for specific product features in these local markets. At the time of EU-IFRS adoption, Aegon was applying US GAAP for its United States operations whereas in the Netherlands and the United Kingdom, Aegon was applying Dutch Accounting Principles. Since adoption of EU-IFRS, Aegon has considered new and amended standards in those GAAPs which have become effective subsequent to the date of transition to EU-IFRS. If any changes are made to current accounting policies for insurance contracts, these will be in accordance with IFRS 4.

Insurance contracts are contracts under which the Group accepts a significant risk – other than a financial risk – from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain future event by which he or she will be adversely affected. Contracts that do not meet this definition are accounted for as investment contracts. The Group reviews homogeneous books of contracts to assess whether the underlying contracts transfer significant insurance risk on an individual basis. This is considered the case when at least one scenario with commercial substance can be identified in which the Group has to pay significant additional benefits to the policyholder. Contracts that have been classified as insurance are not reclassified subsequently.

Insurance liabilities are recognized when the contract is entered into and the premiums are charged. The liability is derecognized when the contract expires, is discharged, disposed or cancelled. Within the United States, the Netherlands and the United Kingdom, substantially modified contracts are accounted for as an extinguishment of the original liability and the recognition of a new liability.

Insurance assets and liabilities are valued in accordance with the accounting principles that were applied by the Group prior to the transition to EU-IFRS and with consideration of standards effective subsequent to the date of transition to EU-IFRS, as further described in the following paragraphs. In order to reflect the specific nature of the products written, subsidiaries are allowed to apply local accounting principles to the measurement of insurance contracts. All valuation methods used by the subsidiaries are based on the general principle that the carrying amount of the net liability must be sufficient to meet any reasonably foreseeable obligation resulting from the insurance contracts.

a. Life insurance contracts

Life insurance contracts are insurance contracts with life-contingent benefits. The measurement of the liability for life insurance contracts varies depending on the nature of the product.

Liabilities arising from traditional life insurance products that are offered by Aegon, particularly those with fixed and guaranteed account terms, are typically measured using the net premium method. Under this method the liability is determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. Furthermore, the liability for life insurance comprises reserves for unearned premiums and accrued annuity benefits payable.

Depending on local accounting principles, the liability may include amounts for future services on contracts where the policy administration charges are higher in the initial years than in subsequent years.

Terms and conditions, including participation features, are considered when establishing the insurance liabilities. Where the Group has discretion over the amount or timing of the bonuses distributed resulting from participation features, a liability is recognized equal to the amount that is available at the reporting date for future distribution to policyholders.

In establishing the liability, guaranteed minimum benefits issued to the policyholder are measured as described in note 2.19.c Embedded derivatives or, if bifurcated from the host contract, as described in note 2.9 Derivatives.

b. Life insurance contracts for account of policyholders

Life insurance contracts under which the policyholder bears the risks associated with the underlying investments are classified as insurance contracts for account of policyholders.

The liability for the insurance contracts for account of policyholders is measured at the policyholder account balance. Contracts with unit-denominated payments are measured at current unit values, which reflect the fair values of the assets of the fund. If applicable, the liability representing the nominal value of the policyholder unit account is amortized over the term of the contract so that interest on actuarial funding is at an expected rate of return.

c. Embedded derivatives

Life insurance contracts may include derivative-like terms and conditions. With the exception of policyholder options to surrender the contract at a fixed amount, contractual features that are not closely related to the insurance contract and that do not themselves meet the definition of insurance contracts are accounted for as derivatives.

Guaranteed minimum benefits

Certain life insurance contracts, issued by the Group, contain guaranteed minimum benefits. Bifurcated guaranteed minimum benefits are classified as derivatives.

In the United States, the additional liability for guaranteed minimum benefits that are not bifurcated is determined each period by estimating the expected value of benefits in excess of the projected account balance and recognizing the excess over the accumulation period based on total expected assessments. The estimates are reviewed regularly and any resulting adjustment to the additional liability is recognized in the income statement. The benefits used in calculating the liabilities are commonly based on the average benefits payable over a range of stochastic scenarios. Where applicable, the calculation of the liability incorporates a percentage of the potential annuitizations that may be elected by the contract holder.

In the Netherlands, an additional liability is established for guaranteed minimum investment returns on group pension plans with profit sharing and on traditional insurance contracts, with profit sharing based on an external interest index, that are not bifurcated. These guarantees are measured at fair value.

d. Shadow accounting

Shadow accounting allows that all gains and losses on investments affect the measurement of the insurance assets and liabilities in the same way, regardless of whether they are realized or unrealized and regardless of whether the unrealized gains and losses are recognized in the income statement or through other comprehensive income in the revaluation reserve. In some instances, realized gains or losses on investments have a direct effect on the measurement of the insurance assets and liabilities. For example, some insurance contracts include benefits that are contractually based on the investment returns realized by the insurer. In addition, realization of gains or losses on available-for-sale investments can lead to unlocking of VOBA or DPAC and can also affect the outcome of the liability adequacy test to the extent that it considers actual future investment returns. For similar changes in unrealized gains and losses, shadow accounting is applied. If an unrealized gain or loss triggers a shadow accounting adjustment to VOBA, DPAC or the insurance liabilities, the corresponding adjustment is recognized through other comprehensive income in the revaluation reserve, together with the unrealized gain or loss.

Some profit sharing schemes issued by the Group entitle the policyholder to a bonus which is based on the actual total return on specific assets held. To the extent that the bonus relates to gains or losses on available-for-sale investments for which the unrealized gains or losses are recognized through other comprehensive income in the revaluation reserve in shareholders' equity, shadow accounting is applied. This means that the increase in the liability is also charged through other comprehensive income to shareholders' equity to offset the unrealized gains rather than to the income statement.

e. Non-life insurance contracts

Non-life insurance contracts are insurance contracts where the insured event is not life-contingent. For non-life products the insurance liability generally includes reserves for unearned premiums, unexpired risk, inadequate premium levels and outstanding claims and benefits. No catastrophe or equalization reserves are included in the measurement of the liability.

The reserve for unearned premiums includes premiums received for risks that have not yet expired. Generally, the reserve is released over the coverage period of the premium and is recognized as premium income.

The liability for outstanding claims and benefits is established for claims that have not been settled and any related cash flows, such as claims handling costs. It includes claims that have been incurred but have not been reported to the Group. The liability is calculated at the reporting date using statistical methods based on empirical data and current assumptions that may include a margin for adverse deviation. Liabilities for claims subject to periodic payment are calculated using actuarial methods consistent with those applied to life insurance contracts. Discounting is applied if allowed by the local accounting principles used to measure the insurance liabilities. Discounting of liabilities is generally applied when there is a high level of certainty concerning the amount and settlement term of the cash outflows.

f. Liability adequacy testing

At each reporting date, the adequacy of the life insurance liabilities (including life insurance contracts for account of policyholders), net of VOBA and DPAC, is assessed using a liability adequacy test.

All tests performed within the Group are based on current estimates of all contractual future cash flows, including related cash flows from policyholder options and guarantees. A number of valuation methods are applied, including discounted cash flow methods, option pricing models and stochastic modeling. Aggregation levels are set either on geographical jurisdiction or at the level of portfolio of contracts that are subject to broadly similar risks and managed together as a single portfolio. Specifically, in the Netherlands the liability adequacy test is performed on a consolidated basis for all life and non-life business, whereas in the Americas and the UK it is performed at the level of the portfolio of contracts. To the extent that the tests involve discounting of future cash flows, the interest rate applied is based on market rates or is based on management's expectation of the future return on investments. These future returns on investments take into account management's best estimate related to the actual investments and, where applicable, reinvestments of these investments at maturity. Aegon the Netherlands, as required locally, adjusts the outcome of the liability adequacy test for the difference between the fair value and the book value of the assets that are measured at amortized cost in the statement of financial position. For details on the fair value (measurement) of Aegon's assets and liabilities, please refer to note 44 Fair value. Only differences between the fair value and the book value build up during the period when the assets were allocated to the insurance portfolio are included in the LAT.

To the extent that the account balances are insufficient to meet future benefits and expenses, any resulting deficiency is recognized in the income statement, initially by impairing the DPAC and VOBA and subsequently by establishing an insurance liability for the remaining loss, unless shadow loss recognition has taken place. In the Netherlands, in situations where market interest rates for the valuation of debt securities lead to a change in the revaluation reserve, and where the result of using the same assumptions for the liabilities could lead to a deficiency in the liability adequacy test that should be recognized in the income statement, shadow loss recognition is applied. Shadow loss recognition is applied to the extent that the deficiency of the insurance liabilities relates to the revaluation of debt securities as a result of movements in interest rates, the addition to the insurance liabilities is then offset against the revaluation reserve. If in subsequent periods such a deficiency of the insurance liability is no longer applicable, shadow loss recognition is reversed via the revaluation reserve.

The adequacy of the non-life insurance liability is tested at each reporting date. Changes in expected claims that have occurred, but that have not been settled, are reflected by adjusting the liability for claims and future benefits. The reserve for unexpired risk is increased to the extent that the future claims and expenses in respect of current insurance contracts exceed the future premiums plus the current unearned premium reserve.

2.20 Investment contracts

Aegon conducts its operations through the following type of investment contracts:

Contracts issued by the Group that do not transfer significant insurance risk, but do transfer financial risk from the policyholder to the Group are accounted for as investment contracts. Depending on whether the Group or the policyholder runs the risks associated with the investments allocated to the contract, the liabilities are classified as investment contracts or as investment contracts for account of policyholders. Investment contract liabilities are recognized when the contract is entered into and are derecognized when the contract expires, is discharged, cancelled or substantially modified.

a. Investment contracts with discretionary participation features

Some investment contracts have participation features whereby the policyholder has the right to receive potentially significant additional benefits which are based on the performance of a specified pool of investment contracts, specific investments held by the Group or on the issuer's net result. If the Group has discretion over the amount or timing of the distribution of the returns to policyholders, the investment contract liability is measured based on the accounting principles that apply to insurance contracts with similar features.

Some unitized investment contracts provide policyholders with the option to switch between funds with and without discretionary participation features. The entire contract is accounted for as an investment contract with discretionary participation features if there is evidence of actual switching resulting in discretionary participation benefits that are a significant part of the total contractual benefits.

b. Investment contracts without discretionary participation features

At inception, investment contracts without discretionary participation features are carried at amortized cost.

Investment contracts without discretionary participation features are carried at amortized cost based on the expected cash flows and using the effective interest rate method. The expected future cash flows are re-estimated at each reporting date and the carrying amount of the financial liability is recalculated as the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognized in the income statement. For these investment contracts deposit accounting is applied, meaning that deposits are not reflected as premium income, but are recognized as part of the financial liability.

The consolidated financial statements provide information on the fair value of all financial liabilities, including those carried at amortized cost. As these contracts are not quoted in active markets, their value is determined by using valuation techniques, such as discounted cash flow methods and stochastic modeling. For investment contracts without discretionary participation features that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

c. Investment contracts for account of policyholders

Investment contracts for account of policyholders are investment contracts for which the actual return on investments allocated to the contract is passed on to the policyholder. Also included are participations held by third parties in consolidated investment funds that meet the definition of a financial liability.

Investment contracts for account of policyholders are designated at fair value through profit or loss. Contracts with unit-denominated payments are measured at current unit values, which reflect the fair values of the assets of the fund.

For unit-linked contracts without discretionary participation features and subject to actuarial funding, the Group recognizes a liability at the funded amount of the units. The difference between the gross value of the units and the funded value is treated as an initial fee paid by the policyholder for future asset management services and recognized as a deferred revenue liability, refer to note 2.23 Deferred gains.

2.21 Provisions

A provision is recognized for present legal or constructive obligations arising from past events, when it is probable that it will result in an outflow of economic benefits and the amount can be reliably estimated. Management exercises judgment in evaluating the probability that a loss will be incurred.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, considering all its inherent risks and uncertainties, as well as the time value of money. The estimate of the amount of a loss requires management judgment in the selection of a proper calculation model and the specific assumptions related to the particular exposure. The unwinding of the effect of discounting is recorded in the income statement as an interest expense.

Onerous contracts

With the exception of insurance contracts and investment contracts with discretionary participation features for which potential future losses are already considered in establishing the liability, a provision is recognized for onerous contracts in which the unavoidable costs of meeting the resulting obligations exceed the expected future economic benefits. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

2.22 Assets and liabilities relating to employee benefits

a. Short-term employee benefits

A liability is recognized for the undiscounted amount of short-term employee benefits expected to be settled within one year after the end of the period in which the service was rendered. Accumulating short-term absences are recognized over the period in which the service is provided. Benefits that are not service-related are recognized when the event that gives rise to the obligation occurs.

b. Post-employment benefits

The Group has issued defined contribution plans and defined benefit plans. A plan is classified as a defined contribution plan when the Group has no further obligation than the payment of a fixed contribution. All other plans are classified as defined benefit plans.

Defined contribution plans

The contribution payable to a defined contribution plan for services provided is recognized as an expense in the income statement. An asset is recognized to the extent that the contribution paid exceeds the amount due for services provided.

Defined benefit plans

Measurement

The defined benefit obligation is based on the terms and conditions of the plan applicable on the reporting date. In measuring the defined benefit obligation the Group uses the projected unit credit method and actuarial assumptions that represent the management's best estimates. The benefits are discounted using an interest rate based on the market yield for high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability. Actuarial assumptions used in the measurement of the liability include the discount rate, estimated future salary increases, mortality rates and price inflation. To the extent that actual experience deviates from these assumptions, the valuation of defined benefit plans and the level of pension expenses recognized in the future may be affected. Plan improvements (either vested or unvested) are recognized in the income statement at the date when the plan improvement occurs.

Plan assets are qualifying insurance policies and assets held by long-term employee benefit funds that can only be used to pay the employee benefits under the plan and are not available to the Group's creditors. They are measured at fair value and are deducted from the defined benefit obligation in determining the amount recognized on the statement of financial position.

Profit or loss recognition

The cost of the defined benefit plans are determined at the beginning of the year and comprise the following components:

- Current year service cost which is recognized in profit or loss; and
- Net interest on the net defined benefit liability (asset) which is recognized in profit or loss.

Remeasurements of the net defined benefit liability (asset) which is recognized in other comprehensive income are revisited quarterly and are not allowed to be reclassified to profit or loss in a subsequent period.

Deducted from current year service cost are discretionary employee contributions and employee contributions that are linked to service (those which are independent of the number of years of service). Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the applicable discount rate. Net interest on the net defined benefit liability (asset) comprises interest income on plan assets and interest cost on the defined benefit obligation. Whereby interest income on plan assets is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the applicable discount rate. The difference between the interest income on plan assets and the actual return on plan assets is included in the remeasurement of the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) comprise of:

- Actuarial gains and losses;
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Past service cost and gains or losses on settlements

Past service cost is the change in the present value of the defined benefit obligation for employee service, resulting from a plan amendment or curtailment.

Gains or losses on curtailments or settlements of a defined benefit plan comprise of the difference between:

- The present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- The settlement price, including any plan assets transferred and any payments made directly by Aegon in connection with the settlement.

Aegon recognizes (in the income statement) gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

c. Share-based payments

The Group has issued share-based plans that entitle selected employees to receive Aegon N.V. common shares, subject to pre-defined conditions such as the grant price of the shares and (business and personal) performance criteria. The number of shares that will vest may partly depend on Aegon's relative total shareholder return in comparison with a peer group.

The expenses recognized for these plans are based on the fair value on the grant date of the shares. The fair value is measured at the market price of Aegon N.V. common shares, adjusted to take into account the non-vesting and market conditions upon which the shares were granted. For example, where the employee is not entitled to receive dividends during the vesting period, this factor is taken into account when estimating the fair value of the shares granted. For the determination of factors such as expected dividends, market observable data has been considered. In addition, where the relative total shareholder return is included in the performance criteria, this factor represents a market condition and hence is taken into account when estimating the fair value of the shares granted.

The cost for long term incentive plans are recognized in the income statement, together with a corresponding increase in shareholders' equity, as the services are rendered. During this period the cumulative expense recognized at the reporting date reflects management's best estimate of the number of shares expected to vest ultimately.

The withholding of shares to fund the payment to the tax authorities in respect of the employee's withholding tax obligation associated with the share-based payment is accounted for as a deduction from equity for the shares withheld, except to the extent that the payment exceeds the fair value at the net settlement date of the equity instruments withheld.

2.23 Deferred gains

Initial fees and front-end loadings paid by policyholders and other clients for future investment management services related to investment contracts without discretionary participation features are deferred and recognized as revenue when the related services are rendered.

2.24 Taxation

The income tax charge on the result for the year comprises current and deferred tax. Current tax is calculated taking into account items that are non-taxable or disallowed, using rates that have been enacted or substantively enacted by the reporting date and any adjustments to tax payable relating to previous years.

Current tax receivables and payables for current and prior periods reflect the best estimate of the tax amount expected to be paid or received and includes provisions for uncertain income tax positions, if any.

Deferred tax assets and liabilities are recognized, using the liability method, for temporary differences arising between the carrying value and tax value of an item on the balance sheet and for unused tax losses and credits carried forward. Deferred tax assets and liabilities are measured using tax rates applicable that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The recognition of the deferred tax assets is based on Aegon's mid-term projections including sensitivities and tax planning and is reassessed periodically. Deferred tax liabilities relating to investments in subsidiaries, associates and joint ventures are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the difference will not be reversed in the foreseeable future.

Tax assets and liabilities are presented separately in the consolidated balance sheet except where there is a legally enforceable right to offset the tax assets against tax liabilities within the same tax jurisdiction and the intention to settle such balances on a net basis.

Tax assets and liabilities are recognized in relation to the underlying transaction either in profit and loss, other comprehensive income or directly in equity.

2.25 Contingent assets and liabilities

Contingent assets are disclosed in the notes if the inflow of economic benefits is probable, but not virtually certain. When the inflow of economic benefits becomes virtually certain, the asset is no longer contingent and its recognition is appropriate.

A provision is recognized for present legal or constructive obligations arising from past events, when it is probable that it will result in an outflow of economic benefits and the amount can be reliably estimated. If the outflow of economic benefits is not probable, a contingent liability is disclosed, unless the possibility of an outflow of economic benefits is remote.

2.26 Premium income

Gross premiums, including recurring and single premiums, from life and non-life insurance and investment contracts with discretionary participation features are recognized as revenue when they become receivable. For products where deposit accounting is required, the deposits are not reflected as premium income, but are recognized as part of the financial liability. For these products the surrender charges and charges assessed have been included in gross premiums.

Premium loadings for installment payments and additional payments by the policyholder towards costs borne by the insurer are included in the gross premiums. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium, others are recognized as an expense. Depending on the applicable local accounting principles, bonuses that are used to increase the insured benefits may be recognized as gross premiums. The insurance premiums for the original contracts are presented gross of reinsurance premiums paid.

2.27 Investment income

For interest-bearing assets, interest is recognized as it accrues and is calculated using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial assets or liabilities are recognized as an adjustment to the effective interest rate of the instrument. Investment income includes the interest income and dividend income on financial assets carried at fair value through profit or loss.

Investment income also includes rental income due.

2.28 Fee and commission income

Fees and commissions from investment management services and mutual funds are performed on an ongoing basis evenly throughout the year and are accounted for monthly (1/12 of the contractual agreement). Performance fees may be charged to policyholders in the event of outperformance in the investments compared to predefined benchmark levels. They are accounted for only when specified hurdles for generating performance fees are achieved i.e. when the full performance obligation is met.

Aegon acts also as an insurance broker selling insurance contracts of other insurance companies to policyholders and receiving direct sales commission as well as commissions over time when the same policyholders renew their contracts. These commissions are recognized only when received as policyholders' renewals are not certain enough to be recorded upfront.

2.29 Policyholder claims and benefits

Policyholder claims and benefits consist of claims and benefits paid to policyholders, including benefits in excess of account value for products for which deposit accounting is applied and the change in the valuation of liabilities for insurance and investment contracts. It includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

2.30 Results from financial transactions

Results from financial transactions include:

Net fair value change of general account financial investments at fair value through profit or loss, other than derivatives

Net fair value change of general account financial investments at fair value through profit or loss, other than derivatives include fair value changes of financial assets carried at fair value through profit or loss. The net gains and losses do not include interest or dividend income.

Realized gains and losses on financial investments

Gains and losses on financial investments include realized gains and losses on general account financial assets, other than those classified as at fair value through profit or loss.

Net fair value change of derivatives

All changes in fair value are recognized in the income statement, unless the derivative has been designated as a hedging instrument in a cash flow hedge or a hedge of a net investment in a foreign operation. Fair value movements of fair value hedge instruments are offset by the fair value movements of the hedged item, and the resulting hedge ineffectiveness, if any, is included in this line. In addition, the fair value movements of bifurcated embedded derivatives are included in this line.

Net fair value change on for account of policyholder financial assets at fair value through profit or loss

Net fair value change on for account of policyholder financial assets at fair value through profit or loss includes fair value movements of investments held for account of policyholders (refer to note 2.8 Investments for account of policyholders). The net fair value change does not include interest or dividend income.

Other
In addition, results from financial transactions include gains/losses on real estate (general account and account of policyholders), net foreign currency gains/(losses) and net fair value change on borrowings and other financial liabilities and realized gains on repurchased debt.

2.31 Impairment charges/(reversals)
Impairment charges and reversals include impairments and reversals on investments in financial assets, impairments and reversals on the valuation of insurance assets and other non-financial assets and receivables. Impairment of deferred policy acquisition costs is included in note 15 Impairment charges/ (reversals).

2.32 Interest charges and related fees
Interest charges and related fees includes interest expense on trust pass-through securities and other borrowings. Interest expense on trust pass-through securities and other borrowings carried at amortized cost is recognized in profit or loss using the effective interest method.

2.33 Leases
As a lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of real estate and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (using the same rate to measure the lease liability), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group presents right-of-use assets that do not meet the definition of investment property in 'Other assets and receivables' and lease liabilities in 'Other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including small office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor
Where the Group is the lessor under an operating lease, the assets subject to the operating lease arrangement are presented in the statement of financial position according to the nature of the asset. Income from these leases is recognized in the income statement on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

2.34 Events after the reporting period
The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the reporting date.

Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment of the financial statements themselves.

3 Critical accounting estimates and judgment in applying accounting policies

Application of the accounting policies in the preparation of the financial statements requires management to apply judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. Those estimates are inherently subject to change and actual results could differ from those estimates. Included among the material (or potentially material) reported amounts and disclosures that require extensive use of estimates are: fair value of certain invested assets and derivatives, deferred policy acquisition costs (please refer to paragraph 2.13), value of business acquired and other purchased intangible assets (please refer to paragraph 2.6), goodwill (please refer to paragraph 2.6), policyholder claims and benefits (please refer to paragraph 2.29), insurance guarantees (please refer to paragraph 2.19), pension plans (please refer to paragraph 2.22), income taxes (please refer to paragraph 2.24) and the potential effects of resolving litigation matters (please refer to paragraph 2.25). Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described in the following sections.

Macro-economic context

In 2022, the Russian invasion of Ukraine caused a humanitarian crisis and also impacted global financial markets and caused significant economic turbulence. Aegon closely monitors financial and wider economic developments to understand our exposure to potential shocks in the markets where we invest, and Aegon works proactively to mitigate related risks.
The inflation rates for the main economies that Aegon is exposed to increased significantly. Aegon has implemented an inflation hedge covering liabilities with conditional indexation rights in the Netherlands to address the uncertainty around the rise in inflation. In the United States, the inflation risk within long-term care claims derives primarily from wage inflation, which Aegon mitigate by offering customers downgrades of the maximum daily benefit as an alternative to premium rate increases. In addition, Aegon's expense savings program helps to mitigate the impact of rising inflation.

High inflation has prompted central banks to start raising interest rates significantly. As a consequence, interest rates have increased significantly in Aegon's main markets compared to December 31, 2021. Equity markets in Aegon's three main markets decreased in 2022 compared to an increase of equity markets in 2021. Additionally, credit spreads have widened in 2022 and affected Aegon's results negatively.

Uncertainty resulting from COVID-19

In 2022 the COVID-19 pandemic continued to cause disruption to business, markets, and the industry. Progress on vaccinations has reduced the spread of COVID-19 and will likely continue to reduce the effects of the public health crisis on the economy. However, the pace of vaccinations has slowed down, and new strains of the virus and reduced availability of healthcare remain risks.

In 2022, Aegon's operating result in the Americas was impacted by EUR 147 million of adverse mortality in Life (2021: EUR 345 million). Claims directly attributable to COVID-19 as the cause of death are the main driver for the adverse mortality. Compared to 2021, US COVID-19 related claims have declined significantly in 2022. Favorable morbidity experience in Accident & Health and is mostly related to Long-Term Care insurance with higher claims terminations due to higher mortality and discharges from care facilities. In 2022, Aegon continued to observe positive morbidity in Long-Term Care, but less favorable when compared to prior year. By the end of 2022, LTC morbidity was close to expectations. During 2022, Aegon released the remaining Long-Term Care incurred but not reported (IBNR) reserve established during the peak of the pandemic.

As part of its normal process, Aegon has updated its sensitivity analysis for the impact of changes in financial assumptions on its IFRS equity and net result included in note 4 Financial risks.

Aegon continues to monitor the relevant market and the economic factors to proactively manage the associated risks. Management believes that the most significant risks are related to financial markets (particularly credit, equity, and interest rates risks) and underwriting risks (particularly related to mortality, morbidity, and policyholder behavior).

Management's assessment of going concern

The consolidated financial statements of Aegon have been prepared assuming a going concern basis of accounting based on the reasonable assumption that the Company is, and will be, able to continue its normal course of business in the foreseeable future. Relevant facts and circumstances relating to the consolidated financial position on December 31, 2022, were assessed in order to reach the going concern assumption. The main areas assessed are the financial performance, capital adequacy, financial position and flexibility, liquidity, ability to access capital markets, leverage ratios and the level of Cash Capital at Holding. For further details refer to note 43 Capital management and solvency. Considering all these areas management concluded that the going concern assumption for Aegon is appropriate in preparing the consolidated financial statements.

Valuation of assets and liabilities arising from life insurance contracts

The valuation of certain assets and liabilities arising from insurance contracts is developed using complex valuation models. The liability for life insurance contracts with guaranteed or fixed account terms is either based on current assumptions, on the assumptions established at inception of the contract, reflecting the best estimates at the time increased with a margin for adverse deviation, or on the valuation assumptions (historical cost), without risk margin. All contracts are subject to liability adequacy testing which reflects management's current estimates of future cash flows (including investment returns). To the extent that the liability is based on current assumptions, a change in assumptions will have an immediate impact on the income statement. Also, if a change in assumption results in not passing the liability adequacy test, the entire deficiency is recognized in the income statement. To the extent that the deficiency relates to unrealized gains and losses on available-for-sale investments, the additional liability is recognized through other comprehensive income in the related revaluation reserve in shareholders' equity.

Aegon the Netherlands, as required locally, adjusts the outcome of the liability adequacy test for the difference between the fair value and the book value of the assets that are measured at amortized cost in the statement of financial position. Mortgage loans and private loans are the primary asset classes for which the difference between the fair value and the book value of assets impacts the LAT. For details on the fair value (measurement) of Aegon's assets and liabilities, please refer to note 44 Fair value and to note 51 Discontinued operations.

Some insurance contracts without a guaranteed or fixed contractual term contain guaranteed minimum benefits. Depending on the nature of the guarantee, it may either be bifurcated and presented as a derivative, or be reflected in the value of the insurance liability in accordance with local accounting principles. Given the dynamic and complex nature of these guarantees, stochastic techniques under a variety of market return scenarios are often used for measurement purposes. Such models require management to make numerous estimates based on historical experience and market expectations. Changes in these estimates will immediately affect the income statement. Refer to note 36 "Guarantees in insurance contracts" for more information.

In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force are recorded as DPAC and VOBA assets respectively, and are amortized to the income statement over time. If the assumptions relating to the future profitability of these policies are not realized, the amortization of these costs could be accelerated and may require write-offs due to unrecoverability.

Actuarial and economic assumptions

The main assumptions used in measuring DPAC, VOBA and the liabilities for life insurance contracts with fixed or guaranteed terms relate to mortality, morbidity, investment return and future expenses. Depending on local accounting principles, surrender, lapse, and utilization rates may be considered.

Mortality tables applied are generally developed based on a blend of company experience and industry wide studies, taking into consideration product characteristics, own risk selection criteria, target market and past experience. Mortality experience is monitored through regular studies, the results of which are fed into the pricing cycle for new products and reflected in the liability calculation when appropriate. For contracts insuring survivorship or mortality, allowance may be made for further longevity or mortality improvements. Morbidity assumptions are based on own claims severity and frequency experience, adjusted where appropriate for industry information.

Investment assumptions are prescribed by the local regulator, market observable or based on management's future expectations. In the latter case, the anticipated future investment returns are set by management on a countrywide basis, considering available market information and economic indicators. A significant assumption related to estimated gross profits on variable annuities and variable life insurance products in the United States and some of the smaller countries, is the annual long-term growth rate of the underlying assets. The reconsideration of this assumption may affect the original DPAC or VOBA amortization schedule, referred to as DPAC or VOBA unlocking. The difference between the original DPAC or VOBA amortization schedule and the revised schedule, which is based on actual and estimates of future gross profits, is recognized in the income statement as an expense or a benefit in the period of determination.

Assumptions on future expenses are based on the current level of expenses, adjusted for expected expense inflation if appropriate. In Aegon the Netherlands, the expense basis makes an allowance for planned future cost savings, which are included in the liability adequacy test.

Surrender and lapse rates depend on product features, policy duration and external circumstances such as the interest rate environment and competitor behavior. For policies with account value guarantees based on equity market movements, a dynamic lapse assumption is utilized to reflect policyholder behavior based on whether the guarantee is in the money. Own experience, as well as industry published data, are used in establishing assumptions. Lapse experience is correlated to mortality and morbidity levels, as higher or lower levels of surrenders may indicate future claims will be higher or lower than anticipated. Such correlations are accounted for in the mortality and morbidity assumptions based on the emerging analysis of experience.

Actuarial assumption and model updates

Assumptions are reviewed periodically in the second quarter for the Americas and in the fourth quarter for Europe and Asia, based on historical experience, observable market data, including market transactions such as acquisitions and reinsurance transactions, anticipated trends and legislative changes. Similarly, the models and systems used for determining our liabilities are reviewed periodically and, if deemed necessary, updated based on emerging best practices and available technology.

During 2022, Aegon implemented actuarial assumption and model updates resulting in a net EUR 480 million charge to result before tax (2021: EUR 298 million charge). This is mainly related to Aegon's businesses in the Americas and the Netherlands.

Assumption changes and model updates in the Americas led to a net adverse impact of EUR 354 million and is mainly driven by charges from reinsurance rate increases and various actuarial assumption updates. The latter mainly related to updated policyholder behaviour and mortality assumption in Individual Life.

Assumption changes and model updates in the Netherlands led to an unfavorable impact of EUR 118 million and is mainly related to adverse impacts of the annual update of the mortgage conditional prepayment rate and expense methodology.

For the years 2020 through 2022, Aegon kept its long-term equity market return assumption for the estimated gross profits on variable life and variable annuity products in the Americas at 8%. The long term credit spread assumption, net of assumed defaults and expenses, on our most common corporate bonds is 120bps. The 90-day Treasury yield was 4.70%, 0.14% and 0.15% at December 31, 2022, 2021 and 2020 respectively. During 2022, the 90-day Treasury yield was assumed to have a uniform grading over 10 years to 2.25%, which was a change from the assumption during 2021 and 2020 of grading over 10 years to 2.0% and 1.5%, respectively. On a quarterly basis, the estimated gross profits are updated for the difference between the estimated market return and the actual market return.

Sensitivities

Please note that the sensitivities listed in the disclosures below represent sensitivities to Aegon's position at the balance sheet date for the respective years, and are measured in accordance with IFRS 4 and IAS 39. The sensitivities reflect single shocks where other elements remain unchanged. Real world market impacts (e.g. lower interest rates and declining equity markets) may happen simultaneously which can lead to more severe combined impacts and may not be equal to the sum of the individual sensitivities presented in the disclosure.

Sensitivity on variable annuities and variable life insurance products in the United States
Sensitivity analysis of DPAC and VOBA balances to changes in in expected long-term equity growth rate

	2022	2021
Estimated approximate effect	DPAC /VOBA	DPAC /VOBA
1% decrease in the expected long-term equity growth rate	(113)	(95)

The DPAC and VOBA balances for these products in the United States amounted to EUR 2.1 billion at December 31, 2022 (2021: EUR 2.1 billion).

Sensitivity analysis of net result to changes in various underwriting risks

	2022	2021
Estimated approximate effect	Net Result	Net Result
10% increase to mortality assumption	(222)	(128)
20% increase in the lapse rate assumption	15	71

Any reasonably possible changes in the other assumptions Aegon uses to determine EGP margins (i.e. maintenance expenses) would reduce net result by less than EUR 14 million (2021: EUR 8 million).

Sensitivity on long term care (LTC) products in the United States
After tax sensitivities of significant product liability assumptions on the LTC IFRS after-tax Gross Present Value Reserve (GPV) are indicated below. The GPV is the liability as determined on a best estimate assumption basis.

Sensitivity analysis of GPV to changes in various underwriting risks

	2022	2021
Estimated approximate effect	GPV	GPV
5% increase in the utilization rates	208	195
5% decrease in the utilization rates	(222)	(201)
10% decrease expected mortality	129	122
10% increase expected mortality	(123)	(114)

Removing the morbidity improvement assumption, which is a component of the utilization assumption, would result in a GPV increase of approximately EUR 349 million (2021: EUR 309 million), of which EUR 233 million (2021: EUR 194 million) relates to the loss recognition block.

Removing future mortality improvement would result in a GPV decrease of approximately EUR 100 million (2021: EUR 112 million).

Determination of fair value and fair value hierarchy
The following is a description of Aegon's methods of determining fair value, and a quantification of its exposure to assets and liabilities measured at fair value.

Fair value is defined as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Aegon uses the following hierarchy for measuring and disclosing of the fair value of assets and liabilities:
- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities that Aegon can access at the measurement date;
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data; and
- Level III: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) using valuation techniques for which any significant input is not based on observable market data.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active or quoted market prices are not available, a valuation technique is used.

The degree of judgment used in measuring the fair value of assets and liabilities generally inversely correlates with the level of observable valuation inputs. Aegon maximizes the use of observable inputs and minimizes the use of unobservable valuation inputs when measuring fair value. Financial instruments, for example, with quoted prices in active markets generally have more pricing observability and therefore less judgment is used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment.

The assets and liabilities categorization within the fair value hierarchy is based on the lowest input that is significant to the fair value measurement.

An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The judgment as to whether a market is active may include, although not necessarily determinative, lower transaction volumes, reduced transaction sizes and, in some cases, no observable trading activity for short periods. In inactive markets, assurance is obtained that the transaction price provides evidence of fair value or it is determined that adjustments to transaction prices are necessary to measure the fair value of the instrument.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for such assets and liabilities, the derivation of fair value is more judgmental. An instrument is classified in its entirety as valued using significant unobservable inputs (Level III) if, in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs. 'Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an at arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Additional information is provided in the table headed 'Effect of changes in significant unobservable assumptions to reasonably possible alternatives' in note 44 Fair Value. While Aegon believes its valuation techniques are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments (both financial and non-financial) could result in a different estimate of fair value at the reporting date.

The valuation techniques applied to financial instrument affected by IBOR reforms remain consistent with those of other market participants, and the uncertainty on the outcome of the reforms has not affected the classification of the instruments.

To operationalize Aegon's fair value hierarchy, individual instruments (both financial and non-financial) are assigned a fair value level based primarily on the type of instrument and the source of the prices (e.g. index, third-party pricing service, broker, internally modeled). Periodically, this logic for assigning fair value levels is reviewed to determine if any modifications are necessary in the context of the current market environment.

4 Financial risks

General

As an insurance group, Aegon is exposed to a variety of risks. Aegon's largest exposures are to changes in financial markets (e.g. foreign currency, interest rate, credit and equity market risks) that affect the value of the investments, liabilities from products that Aegon sells, deferred expenses and value of business acquired. Other risks include insurance related risks, such as changes in mortality, morbidity, bond credit spread and liquidity premium, which are discussed in note 34 Insurance contracts. Aegon manages risk at local level where business is transacted, based on principles and policies established at the Group level. Aegon's integrated approach to risk management involves similar measurement of risk and scope of risk coverage to allow for aggregation of the Group's risk position.

To manage the risk from changes in financial markets, Aegon's products are priced using a market-consistent framework and comprehensive asset liability management (ALM) programs are implemented to ensure that the assets backing policyholder benefits are invested prudently over the long term. A range of ALM techniques are used across the Group. These range in terms of sophistication and complexity from cash-flow matching (for traditional fixed annuities) to duration matching (for the Universal Life range of products) to derivative-based semi-static and dynamic hedges (to match variable annuities).

To manage its risk exposure, Aegon has risk policies in place. Many of these policies are group-wide while others are specific to the unique situation of local businesses. For ALM specifically, the Enterprise Risk Management (ERM) framework includes several risk policies that govern ALM strategies, such as the Investment and Counterparty Risk Policy (ICRP). The ICRP governs the management of investment risks associated with credit, equity, property, alternative asset classes, interest rate and currency risk in addition to option markets, implied volatility risk, interest rate options and swaptions. As well as product-level ALM programs, subsidiary businesses are required by the ICRP to maintain overarching entity-level ALM strategies that set the direction and limits for the aggregated product-level programs. Significant or complex ALM strategies are approved at group level, and all programs are subject to Group Risk oversight.

Together with the ICRP, which guides ALM strategy, several other ERM policies govern concentration risk, liquidity risk, use of derivatives and securities lending and repos. As Aegon uses derivatives extensively, collateral calls can be significant depending on market circumstances. Liquidity is managed at legal entity level in the first instance with central coordination by Aegon N.V. The large US and Dutch units may use external market solutions to match projected liquidity requirements with funding.

Next to guidance, the Group level policies also provide limits to the Group's exposure to major risks such as equity, interest rates, credit, and currency. The limits in these policies in aggregate remain within the Group's overall tolerance for risk and the Group's financial resources. Operating within this policy framework, Aegon employs risk management programs including ALM processes and models and hedging programs (which are largely conducted via the use of financial derivative instruments). These risk management programs are in place in each country unit and are not only used to manage risk in each unit, but are also part of the Group's overall risk strategy.

Aegon operates a Derivative Use Policy to govern its usage of derivatives. This policy establishes the control, authorization, execution and monitoring requirements of the usage of such instruments. In addition, the policy stipulates necessary mitigation of credit risk created through derivatives management tools. For derivatives, counterparty credit risk is normally mitigated by requirements to post collateral via credit support annex agreements or through a central clearing house.

As part of its risk management programs, Aegon takes inventory of its current risk position across risk categories. Aegon also measures the sensitivity of net result and shareholders' equity under both deterministic and stochastic scenarios. Management uses the insight gained through these 'what if?' scenarios to manage the Group's risk exposure and capital position. The models, scenarios and assumptions used are reviewed regularly and updated as necessary.

Results of Aegon's sensitivity analyses are presented throughout this section to show the estimated sensitivity of net result and shareholders' equity to various scenarios. For each type of market risk, the analysis shows how net result and shareholders' equity would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. For each sensitivity test the impact of a reasonably possible change in a single factor is shown. Management action is taken into account to the extent that it is part of Aegon's regular policies and procedures, such as established hedging programs. However, incidental management actions that would require a change in policies and procedures are not considered.

Each sensitivity analysis reflects the extent to which the shock tested would affect management's critical accounting estimates and judgment in applying Aegon's accounting policies. Market-consistent assumptions underlying the measurement of non-listed assets and liabilities are adjusted to reflect the shock tested. The shock may also affect the measurement of assets and liabilities based on assumptions that are not observable in the market. For example, a shock in interest rates may lead to changes in the amortization schedule of DPAC or to increased impairment losses on equity investments. Although management's short-term assumptions may change if there is a reasonably possible change in a risk factor, long-term assumptions will generally not be revised unless there is evidence that the movement is permanent. This fact is reflected in the sensitivity analyses.

The accounting mismatch inherent in EU-IFRS is also apparent in the reported sensitivities. A change in interest rates has an immediate impact on the carrying amount of assets measured at fair value. However, the shock will not have a similar effect on the carrying amount of the related insurance liabilities that are measured based on locked-in assumptions or on management's long-term expectations. Consequently, the different measurement bases for assets and liabilities lead to increased volatility in EU-IFRS net result and shareholders' equity. Aegon has classified a significant part of its investment portfolio as 'available-for-sale', which is one of the main reasons why the economic shocks tested have a different impact on net result than on shareholders' equity. Unrealized gains and losses on these assets are not recognized in the income statement but are booked through other comprehensive income to the revaluation reserves in shareholders' equity, unless impaired. As a result, economic sensitivities predominantly impact shareholders' equity but leave net result unaffected. The effect of movements of the revaluation reserve on capitalization ratios and capital adequacy are minimal. Aegon's target ratio for the composition of its capital base is based on shareholders' equity excluding the revaluation reserve.

The sensitivities do not reflect what the net result for the period would have been if risk variables had been different because the analysis is based on the exposures in existence at the reporting date rather than on those that actually occurred during the year. Nor are the results of the sensitivities intended to be an accurate prediction of Aegon's future shareholders' equity or earnings. The analysis does not take into account the impact of future new business, which is an important component of Aegon's future earnings. It also does not consider all methods available to management to respond to changes in the financial environment, such as changing investment portfolio allocations or adjusting premiums and crediting rates. Furthermore, the results of the analyses cannot be extrapolated for wider variations since effects do not tend to be linear.

Concentration risk for financial risks are measured and managed at the following levels:

- Concentration per risk type: Risk exposures are measured per risk type as part of Aegon's internal economic framework. A risk tolerance framework is in place which sets risk limits per risk type to target desired risk balance and promote diversification across risk types;
- Concentration per counterparty: Risk exposure is measured and risk limits are in place per counterparty as part of the Counterparty Name Limit Policy; and
- Concentration per sector, geography and asset class: Aegon's investment strategy is translated in investment mandates for its internal and external asset managers. Through these investment mandates limits on sector, geography and asset class are set. Compliance monitoring of the investment mandates is done by the insurance operating companies.

Moreover, concentration of financial risks are measured in Aegon business planning cycle. As part of business planning, the resilience of Aegon's business strategy is tested in several extreme event scenarios. In the Adverse Financial scenario, financial markets are stressed without assuming diversification across different market factors. Within the projection certain management actions may be implemented when management deems this necessary.

Aegon's significant financial risks and related financial information are explained in the order as follows:

- Credit risk
- Equity market risk and other investment risks
- Interest rate risk
- Currency exchange risk
- Liquidity risk

Certain information in this note is presented per segment, please refer to note 5 Segment information for the definition of Aegon's segments.

Credit risk

As premiums and deposits are received, these funds are invested to pay for future policyholder obligations. For general account products, Aegon typically bears the risk for investment performance which is equal to the return of principal and interest. Aegon is exposed to credit risk on its general account fixed-income portfolio (debt securities, mortgages and private placements), over-the-counter derivatives and reinsurance contracts. Some issuers have defaulted on their financial obligations for various reasons, including bankruptcy, lack of liquidity, downturns in the economy, downturns in real estate values, operational failure and fraud. During financial downturns, Aegon can incur defaults or other reductions in the value of these securities and loans, which could have a materially adverse effect on Aegon's business, results of operations and financial condition. Investments for account of policyholders are excluded as the policyholder bears the credit risk associated with the investments.

The table that follows shows the Group's maximum exposure to credit risk from investments in general account financial assets, as well as general account derivatives and reinsurance assets, collateral held and net exposure. Please refer to note 45 and 46 for further information on capital commitments and contingencies and on collateral given, which may expose the Group to credit risk.

2022 [1)]	Maximum exposure to credit risk	Cash	Securities	Letters of credit / guarantees	Real estate property	Master netting agree-ments	Other	Total collateral	Surplus collateral (or overcollater-alization)	Net exposure
Debt securities - carried at fair value	53,647	-	-	96	-	-	-	96	-	53,551
Money market and other short-term investments - carried at fair value	5,613	-	312	-	-	-	-	312	23	5,324
Mortgage loans - carried at amortized cost	10,441	40	-	22	24,822	-	-	24,883	14,442	1
Private loans - carried at amortized cost	27	11	-	-	-	-	-	11	-	15
Other loans - carried at amortized cost	2,088	-	-	-	-	-	3,510	3,510	1,470	47
Other financial assets - carried at fair value	4,562	-	-	-	-	-	-	-	-	4,562
Derivatives	2,707	246	426	-	-	2,174	-	2,846	173	33
Reinsurance assets	21,184	-	14,162	103	-	-	-	14,265	-	6,919
At December 31	**100,269**	**297**	**14,900**	**221**	**24,822**	**2,174**	**3,510**	**45,923**	**16,108**	**70,453**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

2021	Maximum exposure to credit risk	Cash	Securities	Letters of credit / guarantees	Real estate property	Master netting agree-ments	Other	Total collateral	Surplus collateral (or overcollater-alization)	Net exposure
Debt securities - carried at fair value	97,195	-	-	221	-	-	-	221	-	96,974
Money market and other short-term investments - carried at fair value	4,910	-	330	-	-	-	-	330	21	4,601
Mortgage loans - carried at amortized cost	40,624	2,684	-	32	75,412	-	-	78,128	38,197	693
Private loans - carried at amortized cost	4,883	33	-	-	-	-	-	33	-	4,850
Other loans - carried at amortized cost	1,949	-	-	-	-	-	1,872	1,872	1,346	1,423
Other financial assets - carried at fair value	4,245	-	-	-	-	-	-	-	-	4,245
Derivatives	8,780	2,555	107	-	-	5,921	-	8,583	66	263
Reinsurance assets	20,992	-	3,784	77	-	-	-	3,861	-	17,131
At December 31	**183,577**	**5,272**	**4,221**	**330**	**75,412**	**5,921**	**1,872**	**93,028**	**39,630**	**130,180**

Investment exposure to Russia

In 2022, following the Russian invasion of Ukraine, Aegon has reduced its general account investment exposure to Russia from EUR 27 million to almost nil per December 31, 2022. The remaining investment positions currently cannot be sold as these investments are in companies which are in scope of international sanctions imposed on Russia following the invasion of Ukraine. Aegon has no operations in Russia.

Debt securities

Several bonds in Aegon's Americas' portfolio are guaranteed by Monoline insurers. This is shown in the table above in the column 'Letters of credit / guarantees'.

Money market and short-term investments
The collateral reported for the money market and short-term investments are related to tri-party repurchase agreements (repos). Within tri-party repos Aegon invests under short-term reverse repurchase agreements and the counterparty posts collateral to a third party custodian. The collateral posted is typically high-quality, short-term securities and is only accessible for or available to Aegon in the event the counterparty defaults.

Mortgage loans
The real estate collateral for mortgages includes both residential and commercial properties. The collateral for commercial mortgage loans in Aegon Americas is measured at fair value. At a minimum on an annual basis, a fair value is estimated for each individual real estate property that has been pledged as collateral. When a loan is originally provided, an external appraisal is obtained to estimate the value of the property. In subsequent years, the value is typically estimated internally using various professionally accepted valuation methodologies. Internal appraisals are performed by qualified, professionally accredited personnel. International valuation standards are used and the most significant assumptions made during the valuation of real estate are the current cost of reproducing or replacing the property, the value that the property's net earning power will support, and the value indicated by recent sales of comparable properties. Valuations are primarily supported by market evidence. For Aegon the Netherlands, collateral for the residential mortgages is measured as the foreclosure value which is indexed periodically.

Cash collateral for mortgage loans includes the savings that have been received to redeem the underlying mortgage loans at redemption date. These savings are part of the credit side of the statement of financial position, but reduce the credit risk for the mortgage loan as a whole.

A substantial part of Aegon's Dutch residential mortgage loan portfolio benefits from guarantees by a Dutch government-backed trust (Stichting Waarborgfonds Eigen Woning) through the Dutch Mortgage loan Guarantee program (NHG). With exception of NHG-backed mortgage loans originated after January 1, 2014, for which a 10% lender-incurred haircut applies on realized losses on each defaulted loan, these guarantees cover all principal losses, missed interest payments and foreclosure costs incurred upon termination and settlement of defaulted mortgage loans when lender-specific terms and conditions of the guarantee are met. When not fully met, the trust may pay claims in part or in full, depending on the severity of the breach of terms and conditions. For each specific loan, the guarantee amortizes in line with an equivalent annuity mortgage loan. When the remaining loan balance at default does not exceed the amortized guarantee, it covers the full loss under its terms and conditions. Any loan balance in excess of this decreasing guarantee profile serves as a first loss position for the lender.

Derivatives
The master netting agreements column in the table relates to derivative liability positions which are used in Aegon's credit risk management. The offset in the master netting agreements column includes balances where there is a legally enforceable right of offset, but no intention to settle these balances on a net basis under normal circumstances. As a result, there is a net exposure for credit risk management purposes. However, as there is no intention to settle these balances on a net basis, they do not qualify for net presentation for accounting purposes.

Reinsurance assets
The collateral related to the reinsurance assets include assets in trust that are held by the reinsurer for the benefit of Aegon. The assets in trust can be accessed to pay policyholder benefits in the event the reinsurers fail to perform under the terms of their contract. Further information on the related reinsurance transactions is included in note 26 Reinsurance assets.

Other loans
The collateral included in the other column represents the policyholders account value for policy loans. The excess of the account value over the loan value is included in the surplus collateral column. For further information on the policy loans refer to note 22.1 Financial assets, excluding derivatives.

The total collateral includes both under- and over-collateralized positions. To present a net exposure of credit risk, the over-collateralization, which is shown in the surplus collateral column, is extracted from the total collateral.

Credit risk management

Aegon manages credit risk exposure by individual counterparty, sector and asset class, including cash positions. Normally, Aegon mitigates credit risk in derivative contracts by entering into credit support agreement, where practical, and in ISDA master netting agreements for most of Aegon's legal entities to facilitate Aegon's right to offset credit risk exposure. Main counterparties to these transactions are investment banks which are typically rated 'A' or higher. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by Aegon or its counterparty. Transactions requiring Aegon or its counterparty to post collateral are typically the result of derivative trades, comprised mostly of interest rate swaps, equity swaps, currency swaps and credit swaps. Collateral received is mainly cash (USD and EUR). The credit support agreements that outline the acceptable collateral require high-quality instruments to be posted. Over the last three years, there was no default with any derivatives counterparty. The credit risk associated with financial assets subject to a master netting agreement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realized. Eligible derivative transactions are traded via Central Clearing Houses as required by EMIR and the Dodd-Frank act. Credit risk in these transactions is mitigated through posting of initial and variation margins.

Aegon may also mitigate credit risk in reinsurance contracts by including downgrade clauses that allow the recapture of business, retaining ownership of assets required to support liabilities ceded or by requiring the reinsurer to hold assets in trust. For the resulting net credit risk exposure, Aegon employs deterministic and stochastic credit risk modeling in order to assess the Group's credit risk profile, associated earnings and capital implications due to various credit loss scenarios.

Aegon operates a Credit Name Limit Policy (CNLP) under which limits are placed on the aggregate exposure that it has to any one counterparty. Limits are placed on the exposure at both group level and individual country units. The limits also vary by a rating system, which is a composite of the main rating agencies (S&P, Moody's and Fitch) and Aegon's internal rating of the counterparty. If an exposure exceeds the stated limit, then the exposure must be reduced to the limit for the country unit and rating category as soon as possible. Exceptions to these limits can only be made after explicit approval from Aegon's Group Risk and Capital Committee (GRCC). The policy is reviewed regularly.

At December 31, 2022, there was no violation of the Credit Name Limit Policy at Group level (2021: one).

At December 31, 2022, Aegon's largest corporate credit exposures are to American United Mutual Insurance, Reinsurance Group of America, Bank of America and Berkshire Hathaway. Aegon had large government exposures, the largest being to the United States, the Netherlands and Germany. Highly rated government bonds and government exposure domestically issued and owned in local currency are excluded from the Credit Name Limit Policy.

Aegon group level long-term counterparty exposure limits are as follows:

Group limits per credit rating

Amounts in EUR million	2022	2021
AAA	900	900
AA	900	900
A	675	675
BBB	450	450
BB	250	250
B	125	125
CCC or lower	50	50

Credit rating

The ratings distribution of general account portfolios of Aegon's major reporting units, excluding reinsurance assets, are presented in the table that follows, organized by rating category and split by assets that are valued at fair value and assets that are valued at amortized cost. Aegon uses a composite rating based on a combination of the external ratings of S&P, Moody's, Fitch and National Association of Insurance Commissioners (NAIC which is for US only) and internal ratings. The rating used is the lower of the external rating and the internal rating.

Credit rating general account investments, excluding reinsurance assets 2022	Americas		United Kingdom		International	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
AAA	1,488	12,124	-	55	-	91
AA	4,454	3,659	-	461	-	157
A	3,779	19,374	-	262	39	891
BBB	671	18,785	-	123	(5)	745
BB	48	1,434	-	1	-	71
B	-	592	-	-	-	13
CCC or lower	-	445	-	-	-	4
Assets not rated	2,035	4,525	-	582	9	9
Total	**12,475**	**60,938**	-	**1,483**	**43**	**1,980**
Past due and / or impaired assets	-	2,239	-	-	-	22
At December 31	**12,475**	**63,178**	**-**	**1,483**	**43**	**2,001**

Credit rating general account investments, excluding reinsurance assets 2022	Asset Management		Total 2022 [1) 2)]		
	Amortized cost	Fair value	**Amortized cost**	**Fair value**	**Total carrying value**
AAA	-	135	1,488	12,404	13,892
AA	-	-	4,454	4,277	8,731
A	-	-	3,818	20,527	24,345
BBB	-	-	666	19,653	20,319
BB	-	-	48	1,505	1,553
B	-	-	-	605	605
CCC or lower	-	-	-	449	449
Assets not rated	-	1	2,081	5,235	7,317
Total	-	**136**	**12,556**	**64,656**	**77,211**
Past due and / or impaired assets	-	-	-	2,261	2,262
At December 31	**-**	**136**	**12,556**	**66,917**	**79,473**

1 Includes investments of Holding and other activities.
2 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Credit rating general account investments, excluding reinsurance assets 2021	Americas		The Netherlands		United Kingdom		International	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
AAA	1,383	15,537	2,607	11,832	-	74	-	738
AA	4,219	4,438	216	6,474	-	586	-	699
A	3,301	20,888	128	10,636	-	384	52	2,610
BBB	519	21,894	1,050	4,458	-	202	(4)	3,311
BB	59	1,614	44	127	-	1	-	272
B	-	549	-	19	-	-	18	370
CCC or lower	-	441	-	19	-	-	-	13
Assets not rated	1,868	4,257	31,770	1,418	-	644	27	79
Total	**11,349**	**69,618**	**35,814**	**34,983**	-	**1,893**	**93**	**8,093**
Past due and / or impaired assets	2	2,044	176	17	-	-	-	116
At December 31	**11,352**	**71,662**	**35,990**	**35,000**	**-**	**1,893**	**93**	**8,208**

Credit rating general account investments, excluding reinsurance assets 2021	Asset Management		Total 2021 [1]		
	Amortized cost	Fair value	Amortized cost	Fair value	Total carrying value
AAA	-	295	3,989	28,476	32,465
AA	-	-	4,436	12,197	16,633
A	-	-	3,481	34,530	38,011
BBB	-	-	1,564	29,866	31,431
BB	-	-	103	2,015	2,118
B	-	-	18	938	956
CCC or lower	-	-	-	473	473
Assets not rated	-	2	33,685	6,474	40,160
Total	-	**296**	**47,277**	**114,968**	**162,245**
Past due and / or impaired assets	-	-	178	2,176	2,355
At December 31	**-**	**296**	**47,455**	**117,145**	**164,600**

1 Includes investments of Holding and other activities.

The following table shows the credit quality of the gross positions in the statement of financial position for general account reinsurance assets specifically:

	Carrying value 2022 [1]	Carrying value 2021
AAA	-	-
AA	2,156	9,084
A	18,105	11,087
Below A	6	7
Not rated	917	813
At December 31	**21,184**	**20,992**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Credit risk concentration

The tables that follow present specific credit risk concentration information for general account financial assets.

Credit risk concentrations – debt securities and money market investments 2022	Americas	United Kingdom	International	Asset Management	Total 2022 [1]	Of which past due and / or impaired assets
Residential mortgage-backed securities (RMBSs)	1,136	-	-	5	1,141	479
Commercial mortgage-backed securities (CMBSs)	2,707	94	37	-	2,838	42
Asset-backed securities (ABSs) - CDOs backed by ABS, Corp. bonds, Bank loans	438	-	3	-	440	2
ABSs – Other	2,400	53	15	9	2,478	26
Financial - Banking	3,957	168	318	-	4,443	39
Financial - Other	10,778	36	352	96	11,263	191
Capital goods and other industry	3,769	22	132	-	3,923	268
Communications & Technology	4,658	2	167	-	4,828	417
Consumer cyclical	3,742	28	106	-	3,877	223
Consumer non-cyclical	5,445	85	144	-	5,674	350
Energy	3,205	19	102	-	3,326	41
Transportation	1,728	-	43	-	1,771	19
Utility	4,319	69	80	-	4,469	110
Government bonds	7,962	323	488	17	8,790	43
At December 31	**56,243**	**901**	**1,989**	**128**	**59,260**	**2,251**

1 Includes investments of Holding and other activities.
2 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Credit risk concentrations – Government bonds per country of risk 2022	Americas	United Kingdom	International	Asset Management	Total 2022 [1] [2]
United States	7,209	-	80	-	7,290
Netherlands	-	-	-	-	-
United Kingdom	-	275	-	17	292
Austria	-	-	3	-	3
Belgium	-	-	3	-	3
Finland	-	-	-	-	-
France	-	27	2	-	29
Germany	-	-	-	-	-
Hungary	18	-	4	-	22
Indonesia	82	-	-	-	82
Luxembourg	-	-	1	-	1
Spain	-	-	152	-	152
Rest of Europe	48	-	229	-	277
Rest of world	604	21	13	-	638
Supranational	-	-	-	-	-
At December 31	**7,962**	**323**	**488**	**17**	**8,790**

1 Includes investments of Holding and other activities.
2 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Credit risk concentrations – Credit rating 2022 [3]	Government bonds	Corporate bonds	RMBSs CMBSs ABSs	Other	Total 2022 [1] [2]
AAA	5,980	724	2,997	2,780	12,482
AA	1,243	2,484	815	-	4,541
A	753	16,180	1,960	-	18,894
BBB	538	19,307	306	-	20,151
BB	206	1,204	102	-	1,513
B	65	519	23	-	607
CCC or lower	4	207	694	-	905
Assets not rated	-	15	-	152	167
At December 31	**8,790**	**40,640**	**6,897**	**2,933**	**59,260**

1 Includes investments of Holding and other activities.
2 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.
3 CNLP Ratings are used and are the lower of the Barclay's Rating and the Internal Rating with the Barclay's rating being a blended rating of S&P, Fitch, and Moody's.

There are no individual issuers rated below investment grade in the RMBS sector, CMBS sector and ABS sector which have unrealized loss position greater than EUR 25 million.

Credit risk concentrations – debt securities and money market investments 2021	Americas	The Netherlands	United Kingdom	International	Asset Management	Total 2021 1)	Of which past due and / or impaired assets
Residential mortgage-backed securities (RMBSs)	1,854	106	-	20	4	1,984	611
Commercial mortgage-backed securities (CMBSs)	3,005	3	122	517	-	3,647	13
Asset-backed securities (ABSs) - CDOs backed by ABS, Corp. bonds, Bank loans	265	1,576	-	37	-	1,878	2
ABSs – Other	1,972	1	74	267	8	2,321	27
Financial - Banking	5,597	3,146	177	1,035	-	9,956	9
Financial - Other	9,916	854	68	783	257	11,877	175
Capital goods and other industry	4,048	1,078	33	501	-	5,661	144
Communications & Technology	6,190	1,561	3	732	-	8,485	411
Consumer cyclical	3,159	741	43	342	-	4,286	152
Consumer non-cyclical	6,138	1,900	121	825	-	8,984	177
Energy	4,177	143	26	635	-	4,980	91
Transportation	2,151	815	-	197	-	3,163	130
Utility	5,356	707	105	590	-	6,757	153
Government bonds	11,663	14,321	477	1,649	18	28,127	4
At December 31	**65,490**	**26,951**	**1,248**	**8,130**	**286**	**102,105**	**2,101**

1 Includes investments of Holding and other activities.

Credit risk concentrations – Government bonds per country of risk 2021	Americas	The Netherlands	United Kingdom	International	Asset Management	Total 2021 1)
United States	10,897	-	-	463	-	11,360
Netherlands	-	4,691	-	-	-	4,691
United Kingdom	-	3	413	-	18	433
Austria	-	1,175	-	6	-	1,181
Belgium	-	1,132	-	5	-	1,137
Finland	-	41	-	-	-	41
France	-	1,618	34	2	-	1,654
Germany	-	4,309	-	-	-	4,309
Hungary	-	-	-	302	-	302
Indonesia	75	39	-	28	-	141
Luxembourg	-	873	-	1	-	875
Spain	-	144	-	197	-	341
Rest of Europe	85	65	-	503	-	654
Rest of world	587	230	31	131	-	979
Supranational	19	-	-	11	-	29
At December 31	**11,663**	**14,321**	**477**	**1,649**	**18**	**28,127**

1 Includes investments of Holding and other activities.

Credit risk concentrations – Credit rating 2021 2)	Government bonds	Corporate bonds	RMBSs CMBSs ABSs	Other	Total 2021 1)
AAA	19,740	754	5,779	1,882	28,155
AA	5,476	4,099	1,125	-	10,700
A	1,228	25,470	1,648	-	28,345
BBB	1,094	28,855	338	-	30,286
BB	238	1,700	63	-	2,001
B	348	553	26	-	927
CCC or lower	5	183	826	-	1,014
Assets not rated	-	3	24	649	676
At December 31	**28,127**	**61,617**	**9,830**	**2,531**	**102,105**

1 Includes investments of Holding and other activities.
2 CNLP Ratings are used and are the lower of the Barclay's Rating and the Internal Rating with the Barclay's rating being a blended rating of S&P, Fitch, and Moody's.

There are no individual issuers rated below investment grade in the RMBS sector, CMBS sector and ABS sector which have unrealized loss position greater than EUR 25 million.

Credit risk concentrations - mortgage loans 2022	Americas	United Kingdom	International	Asset Management	Total 2022 [1)]	Of which past due and / or impaired assets
Agricultural	49	-	-	-	49	-
Apartment	5,519	-	-	-	5,519	-
Industrial	402	-	-	-	402	-
Office	1,521	-	-	-	1,521	-
Retail	1,475	-	-	-	1,475	-
Other commercial	1,469	-	-	-	1,469	-
Residential	5	-	1	-	5	-
At December 31	**10,441**	**-**	**1**	**-**	**10,441**	**-**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Credit risk concentrations - mortgage loans 2021	Americas	The Netherlands	United Kingdom	International	Asset Management	Total 2021	Of which past due and / or impaired assets
Agricultural	59	-	-	-	-	59	-
Apartment	5,085	-	-	-	-	5,085	2
Industrial	1,349	-	-	-	-	1,349	-
Office	1,560	-	-	-	-	1,560	-
Retail	1,425	6	-	-	-	1,432	-
Other commercial	-	23	-	-	-	23	1
Residential	6	31,108	-	1	-	31,115	139
At December 31	**9,485**	**31,138**	**-**	**1**	**-**	**40,624**	**142**

The fair value of Aegon Americas commercial and agricultural mortgage loan portfolio as per December 31, 2022, amounted to EUR 9,224 million (2021: EUR 10,161 million). The loan to value (LTV) amounted to approximately 50.4% (2021: 53%). Of the portfolio 0% (2021: 0%) is in delinquency (defined as 60 days in arrears). In 2022, Aegon Americas recognized EUR 0 million of net impairments (2021: EUR 1 million net impairments) on this portfolio. In 2022, there were no foreclosures (2021: EUR 0 million) and no impairments or recoveries associated with foreclosed loans (2021: EUR 0 million).

Unconsolidated structured entities

Aegon's investments in unconsolidated structured entities such as RMBSs, CMBSs and ABSs and investment funds are presented in the line item 'Investments' of the statement of financial position. Aegon's interests in these unconsolidated structured entities can be characterized as basic interests, Aegon does not have loans, derivatives, guarantees or other interests related to these investments. Any existing commitments such as future purchases of interests in investment funds are disclosed in note 45 Commitments and contingencies.

For debt instruments, specifically for RMBSs, CMBSs and ABSs, the maximum exposure to loss is equal to the carrying amount which is reflected in the credit risk concentration table regarding debt securities and money market investments. To manage credit risk Aegon invests primarily in senior notes of RMBSs, CMBSs and ABSs. The composition of the RMBSs, CMBSs and ABSs portfolios of Aegon are widely dispersed looking at the individual amount per entity, therefore Aegon only has non-controlling interests in individual unconsolidated structured entities. Furthermore these investments are not originated by Aegon.

Except for commitments as noted in note 45 Commitments and contingencies, Aegon did not provide, nor is required to provide financial or other support to unconsolidated structured entities. Nor does Aegon have intentions to provide financial or other support to unconsolidated structured entities in which Aegon has an interest or previously had an interest.

For RMBSs, CMBSs and ABSs in which Aegon has an interest at reporting date, the following table presents total income received from those interests. The Investments column reflects the carrying values recognized in the statement of financial position of Aegon's interests in RMBSs, CMBSs and ABSs.

2022 [1]	Total result 2022 Interest income	Total gains and losses on sale of assets	Total	December 31, 2022 Investments
Residential mortgage-backed securities	92	(84)	9	1,141
Commercial mortgage-backed securities	120	(715)	(595)	2,838
Asset-backed securities	24	(34)	(10)	440
ABSs - Other	92	(416)	(324)	2,478
Total	**328**	**(1,249)**	**(921)**	**6,897**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

2021	Total result 2021 Interest income	Total gains and losses on sale of assets	Total	December 31, 2021 Investments
Residential mortgage-backed securities	83	(28)	55	1,980
Commercial mortgage-backed securities	113	(31)	82	3,647
Asset-backed securities	29	-	29	1,878
ABSs - Other	70	(11)	59	2,323
Total	**295**	**(69)**	**226**	**9,829**

Additional information on credit risk, unrealized losses and impairments

Debt instruments

The amortized cost and fair value of debt securities, money market investments and other, included in Aegon's available-for-sale (AFS) portfolios, are as follows as of December 31, 2022, and December 31, 2021.

2022 [1]	Amortized cost	Unrealized gains	Unrealized losses	Total fair value	Fair value of instruments with unrealized gains	Fair value of instruments with unrealized losses
Debt securities, money market instruments and other						
United States government	8,386	135	(1,294)	7,226	1,435	5,791
Dutch government	-	-	-	-	-	-
Other government	1,700	23	(239)	1,484	266	1,218
Mortgage-backed securities	4,218	160	(439)	3,939	578	3,362
Asset-backed securities	3,269	12	(376)	2,905	183	2,722
Corporate	42,507	449	(5,419)	37,538	7,428	30,110
Money market investments	5,511	4	(1)	5,514	3,815	1,699
Other	863	105	(128)	840	600	241
Total	**66,455**	**888**	**(7,896)**	**59,447**	**14,305**	**45,143**
Of which held by Aegon Americas	63,213	837	(7,672)	56,379	13,073	43,306

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

2021	Amortized cost	Unrealized gains	Unrealized losses	Total fair value	Fair value of instruments with unrealized gains	Fair value of instruments with unrealized losses
Debt securities, money market instruments and other						
United States government	8,942	2,386	(11)	11,317	10,938	379
Dutch government	3,456	1,238	(0)	4,694	4,688	6
Other government	9,060	2,794	(84)	11,769	10,414	1,356
Mortgage-backed securities	5,265	372	(56)	5,581	3,832	1,749
Asset-backed securities	4,088	118	(16)	4,189	2,334	1,855
Corporate	50,953	5,738	(343)	56,348	45,363	10,985
Money market investments	4,790	-	(0)	4,790	4,547	243
Other	876	34	(66)	844	519	325
Total	**87,431**	**12,679**	**(576)**	**99,533**	**82,635**	**16,898**
Of which held by Aegon Americas and NL	78,468	11,865	(475)	89,859	74,954	14,905

Unrealized bond losses by sector

The composition by industry category of Aegon's available-for-sale (AFS) debt securities, money market investments and other in an unrealized loss position at December 31, 2022, and December 31, 2021, is presented in the following table:

	December 31, 2022 [1]		December 31, 2021	
Unrealized losses - debt securities, money market investments and other	Carrying value of instruments with unrealized losses	Unrealized losses	Carrying value of instruments with unrealized losses	Unrealized losses
Residential mortgage-backed securities (RMBSs)	633	(70)	810	(21)
Commercial mortgage-backed securities (CMBSs)	2,690	(360)	803	(27)
Asset-backed securities (ABSs) - CDOs backed by ABS, Corp. bonds, Bank loans	434	(39)	1,244	(9)
ABSs - Other	2,253	(334)	558	(7)
Financial Industry - Banking	2,906	(412)	1,669	(32)
Financial Industry - Insurance	1,146	(199)	368	(11)
Financial Industry - Other	5,821	(878)	1,092	(29)
Industrial	17,249	(3,068)	5,630	(179)
Utility	3,564	(765)	1,564	(68)
Government	6,368	(1,418)	842	(28)
Other	240	(128)	325	(66)
Total held by Aegon Americas and NL [1]	**43,306**	**(7,672)**	**14,905**	**(475)**
Held by other segments	1,837	(224)	1,994	(102)
Total	**45,143**	**(7,896)**	**16,898**	**(576)**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Impairment of financial assets

Aegon regularly monitors industry sectors and individual debt securities for indicators of impairment. These indicators may include one or more of the following: 1) deteriorating market to book ratio, 2) increasing industry risk factors, 3) deteriorating financial condition of the issuer, 4) covenant violations by the issuer, 5) high probability of bankruptcy of the issuer, or 6) downgrades by internationally recognized credit rating agency. Additionally, for asset-backed securities, cash flow trends and underlying levels of collateral are monitored. A security is impaired if there is objective evidence that a loss event has occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows.

For details on impairments on financial assets, including receivables, refer to note 15 Impairment charges / (reversals).

Past due and impaired assets

The tables that follow provide information on past due and individually impaired financial assets for the whole Aegon Group. An asset is past due when a counterparty has failed to make a payment when contractually due. Assets are impaired when an impairment loss has been charged to the income statement relating to this asset. After the impairment loss is reversed in subsequent periods, the asset is no longer considered to be impaired. When the terms and conditions of financial assets have been renegotiated, the terms and conditions of the new agreement apply in determining whether the financial assets are past due.

Aegon's policy is to pursue realization of the collateral in an orderly manner as and when liquidity permits. Aegon generally does not use the non-cash collateral for its own operations.

	2022 1)				2021			
Past due but not impaired assets	0-6 months	6-12 months	> 1 year	Total	0-6 months	6-12 months	> 1 year	Total
Debt securities - carried at fair value	1,155	572	25	1,751	1,171	255	40	1,466
Mortgage loans	-	-	-	-	129	1	1	131
Other loans	-	-	-	-	19	5	10	35
Accrued interest	28	22	-	50	30	10	3	42
Other financial assets - carried at fair value	-	-	-	-	-	-	-	-
At December 31	**1,183**	**593**	**25**	**1,802**	**1,350**	**271**	**54**	**1,675**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Impaired financial assets	Carrying amount 2022 1)	Carrying amount 2021
Shares	10	62
Debt securities - carried at fair value	500	635
Mortgage loans	-	10
Other loans	-	2
Other financial assets - carried at fair value	1	14
At December 31	**510**	**723**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Equity market risk and other investments risk

Fluctuations in the equity, real estate and capital markets have affected Aegon's profitability, capital position and sales of equity related products in the past and may continue to do so. Exposure to equity, real estate and capital markets exists in both assets and liabilities. Asset exposure exists through direct equity investment, where Aegon bears all or most of the volatility in returns and investment performance risk. Equity market exposure is also present in insurance and investment contracts for policyholders where funds are invested in equities, backing variable annuities, unit-linked products and mutual funds. Although most of the risk remains with the policyholder, lower investment returns can reduce the asset management fee earned by Aegon on the asset balance in these products. In addition, some of this business has minimum return or accumulation guarantees.

In 2021, Transamerica expanded its dynamic hedge program to variable annuities with guaranteed minimum death benefit riders (GMDB) and remaining policies with guaranteed minimum income (GMIB) riders. This builds on the effective dynamic hedge program of policies with guaranteed minimum withdrawal benefits (GMWB). The dynamic hedge program covers the equity risks (and interest rate risk) embedded in the guarantees of its entire variable annuity portfolio. Dynamic hedging stabilizes cash flows and reduces sensitivities to changes in equity markets (and interest rates) on an economic basis.

The general account equity, real estate and other non-fixed-income portfolio of Aegon is as follows:

Equity, real estate and non-fixed income exposure	Americas	United Kingdom	International	Asset Management	Holding and other activities	Total 2022 1)
Equity funds	141	-	3	7	-	151
Common shares 2)	148	25	5	-	1	179
Preferred shares	56	-	-	-	-	56
Investments in real estate	42	-	17	-	-	59
Hedge funds	10	-	-	-	-	10
Other alternative investments	2,168	-	-	-	-	2,168
Other financial assets	1,848	531	5	1	-	2,385
At December 31	**4,414**	**556**	**30**	**9**	**1**	**5,009**

1 2022 excludes the exposures of the disposal group, which are separately disclosed in note 51 Discontinued operations.
2 Common shares in Holding and other activities includes the elimination of treasury shares in the general account for an amount of EUR nil million.

Equity, real estate and non-fixed income exposure	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Total 2021
Equity funds	175	34	-	63	9	-	280
Common shares [1]	190	-	29	5	-	1	226
Preferred shares	128	-	-	-	-	-	128
Investments in real estate	39	2,588	-	16	-	-	2,643
Hedge funds	35	-	-	-	-	-	35
Other alternative investments	1,934	432	-	-	-	-	2,366
Other financial assets	1,595	1,023	598	7	2	-	3,225
At December 31	**4,097**	**4,076**	**628**	**91**	**10**	**1**	**8,903**

1 Common shares in Holding and other activities includes the elimination of treasury shares in the general account for an amount of EUR nil million.

Market risk concentrations - shares	Americas	United Kingdom	International	Asset Management	Total 2022 [1] [2]	Of which impaired assets
Communication	2	-	-	-	2	-
Consumer	13	-	-	-	13	-
Financials	184	-	5	-	189	7
Funds	19	25	-	-	45	1
Industries	4	-	-	-	4	-
Other	123	-	4	7	135	-
At December 31	**345**	**25**	**10**	**7**	**388**	**10**

1 Includes investments of Holding and other activities.
2 2022 excludes the market risk concentrations of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Market risk concentrations - shares	Americas	The Netherlands	United Kingdom	International	Asset Management	Total 2021 [1]	Of which impaired assets
Communication	1	-	-	-	-	1	-
Consumer	5	-	-	-	-	5	1
Financials	411	4	-	5	-	420	39
Funds	-	1,406	29	62	-	1,498	17
Industries	42	-	-	-	-	42	5
Other	35	-	-	5	9	49	-
At December 31	**493**	**1,410**	**29**	**72**	**9**	**2,015**	**62**

1 Includes investments of Holding and other activities.

The table that follows sets forth the closing levels of certain major indices at the end of the last five years.

	2022	2021	2020	2019	2018
S&P 500	3,840	4,766	3,756	3,231	2,507
Nasdaq	10,466	15,645	12,888	8,973	6,635
FTSE 100	7,452	7,385	6,461	7,542	6,728
AEX	689	798	625	605	488

The sensitivity analysis of net result and shareholders' equity to changes in equity prices is presented in the table below. The sensitivity of shareholders' equity and net result to changes in equity markets reflects changes in the market value of Aegon's portfolio, changes in DPAC amortization, contributions to pension plans for Aegon's employees and the strengthening of the guaranteed minimum benefits, when applicable. Aegon generally has positive income benefits from equity market increases and negative impacts from equity market declines as it earns fees on policyholder account balances and provides minimum guarantees for account values. Aegon uses options and other equity derivatives to provide protection against the negative impact of equity market declines.

Sensitivity analysis of net result and shareholders' equity to equity markets

Immediate change of	Estimated approximate effects on net result	Estimated approximate effects on shareholders' equity
2022 [1]		
Equity increase 10%	168	202
Equity decrease 10%	(237)	(288)
Equity increase 25%	358	456
Equity decrease 25%	(551)	(666)
2021 [1]		
Equity increase 10%	151	341
Equity decrease 10%	(212)	(221)
Equity increase 25%	322	660
Equity decrease 25%	(529)	(685)

1 Includes the approximate effects of the disposal group

Interest rate risk

Aegon bears interest rate risk with many of its products. In cases where cash flows are highly predictable, investing in assets that closely match the cash flow profile of the liabilities can offset this risk. For some Aegon country units, local capital markets are not well developed, which prevents the complete matching of assets and liabilities for those businesses. For some products, cash flows are less predictable as a result of policyholder actions that can be affected by the level of interest rates.

In periods of rapidly increasing interest rates, policy loans, surrenders and withdrawals may increase. Premiums in flexible premium policies may decrease as policyholders seek investments with higher perceived returns. This activity may result in cash payments by Aegon requiring the sale of invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates; this may result in realized investment losses. These cash payments to policyholders result in a decrease in total invested assets and a decrease in net result. Among other things, early withdrawals may also require accelerated amortization of DPAC, which in turn reduces net result.

During periods of sustained low interest rates, Aegon may not be able to preserve margins as a result of minimum interest rate guarantees and minimum guaranteed crediting rates provided on policies. Also, investment earnings may be lower because the interest earnings on new fixed-income investments are likely to have declined with the market interest rates. Mortgage loans and redeemable bonds in the investment portfolio are more likely to be repaid as borrowers seek to borrow at lower interest rates and Aegon may be required to reinvest the proceeds in securities bearing lower interest rates. Accordingly, net result declines as a result of a decrease in the spread between returns on the investment portfolio and the interest rates either credited to policyholders or assumed in reserves.

Aegon manages interest rate risk closely, taking into account all of the complexity regarding policyholder behavior and management action. Aegon employs sophisticated interest rate measurement techniques and actively uses derivatives and other risk mitigation tools to closely manage its interest rate risk exposure. Aegon operates an Investment & Counterparty Risk policy that limits the amount of interest rate risk to which the Group is exposed. All derivative use is governed by Aegon's Derivative Use Policy. A detailed description on the use of derivatives within Aegon is included in note 24 Derivatives.

In 2020 Transamerica commenced a multi-year plan to gradually reduce its economic interest rate risk, primarily by lengthening the duration of the assets to provide a closer match to the liability duration and extending the existing forward starting swap program. The program has been completed in 2022.

Furthermore, in 2021, Transamerica expanded its dynamic hedge program to variable annuities with guaranteed minimum death benefit riders (GMDB) and remaining policies with guaranteed minimum income (GMIB) riders. This builds on the effective dynamic hedge program of policies with guaranteed minimum withdrawal benefits (GMWB). The dynamic hedge program covers the interest rate (and equity risks) embedded in the guarantees of its entire variable annuity portfolio. Dynamic hedging stabilizes cash flows and reduces sensitivities to changes in interest rates (and equity markets) on an economic basis.

The following table shows interest rates at the end of each of the last five years.

	2022	2021	2020	2019	2018
3-month US LIBOR	4.77%	0.21%	0.24%	1.91%	2.81%
3-month EURIBOR	2.13%	(0.57%)	(0.55%)	(0.38%)	(0.31%)
10-year US Treasury	3.83%	1.78%	0.91%	1.91%	2.69%
10-year Dutch government	2.91%	(0.03%)	(0.48%)	(0.06%)	0.39%

The sensitivity analysis in the table below shows an estimate of the effect of a parallel shift in the yield curves on net result and shareholders' equity arising from the impact on general account investments and offset due to liabilities from insurance and investment contracts. Timing and valuation differences between assets and liabilities may cause short-term reductions in net result as rates rise. Rising interest rates would also cause the fair value of the available-for-sale bond portfolio to decline and the level of unrealized gains could become too low to support recoverability of the full deferred tax asset triggering an allowance charge to income. The offsetting economic gain on the insurance and investment contracts is however not fully reflected in the sensitivities because many of these liabilities are not measured at fair value. The short to medium term reduction in net result due to rising interest rates would be offset by higher net result in later years, all else being equal. Therefore, higher interest rates are not considered a long-term risk to the Group. However, a long sustained period of low interest rates will erode net result due to lower returns earned on reinvestments and due to lower long term returns from decreased overall portfolio yields.

Parallel movement of yield curve	Estimated approximate effects on net result	Estimated approximate effects on shareholders' equity
2022 [1]		
Shift up 100 basis points	(776)	(4,485)
Shift down 100 basis points	(582)	2,577
2021 [1]		
Shift up 100 basis points	(340)	(4,227)
Shift down 100 basis points	127	3,627

1 Includes the approximate effects of the disposal group

Aegon's sensitivity to interest rate risk has changed per December 31, 2022 compared to December 31, 2021 and is mainly the result of the improvements in the LAT deficit in the Netherlands, refer to note 51 Discontinued operations. The impact from increasing interest rates on the result before tax is capped to the net LAT deficit position in the Netherlands. The impact from decreasing interest rates on result before tax is changed as there is no revaluation reserve available for shadow loss recognition in the net LAT deficit.

The hedge strategy targets minimal mismatch according to the Aegon economic framework (which broadly aligns with Solvency II Own Funds) and stabilizes Solvency II ratio volatility to a large extent.

Risks and risks management arising from financial instruments subject to interest rate benchmark reform

The future of IBORs (Interbank Offered Rates) such as EURIBOR, EONIA and LIBOR has been a major topic on the global agenda since the G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of leading interest rate benchmarks in 2013. The FSB proposed new standards to reform interest rate benchmarks and the use of transaction-based input data instead of non-transactional/panel input data.

To prepare for the IBOR transition all Aegon units have written transition plan containing among others project solutions and actions, timelines and ownership to ensure timely preparation and implementation. We are currently implementing the actions as described in the transition plans.

There are no plans for the discontinuation for EURIBOR and appropriate fallback language has been implemented for derivatives via the International Swaps and Derivatives Association ('ISDA') fallback protocol and rulebook changes by the clearing houses.

In the US the relevant USD LIBOR benchmark rates are expected to remain available for existing contracts until mid 2023 and these instruments are expected to either be transitioned actively to Secured Overnight Funding Rate ('SOFR') before the 2023 deadline, via the ISDA fallback protocol or via a legislative solution.

In July 2020 the discount rates of EUR cleared derivatives switched from EONIA to €STR which impacted the valuation of derivatives for which compensation was exchanged. All EUR Credit Support Annex ('CSA') which have positions outstanding have been amended from EONIA to €STR discounting. In the US, the cleared market has switched discount rates from Fed Funds to SOFR in October 2020. The switch in discount rates is expected to lead to increased liquidity in the new risk free rates.

Aegon recognizes that the reform of IBORs and any transition to replacement rates entail risks for all our businesses across our assets and liabilities. These risks include, but are not limited to:
- Legal risks, as Aegon is required to make changes to documentation for new and existing transactions, such as funding instruments issued with an IBOR reference and derivatives held with an IBOR reference;
- Financial risks, arising from any changes in the valuation of financial instruments linked to benchmark rates, such as derivatives and floating rate notes, issued by, or invested in by Aegon;
- Pricing risks, as changes to benchmark indices could impact pricing mechanisms on some funding instruments or investments;
- Operational risks, due to the potential requirement to adapt informational technology systems, trade reporting infrastructure and operational processes; and
- Conduct risks, relating to communication with potential impact on Aegon's customers, and engagement during the transition period.

Various supranational institutions, central banks, regulators, benchmark administrators and industry working groups play a role in the benchmark reform and the preparation for the replacement of IBORs. Although a lot of work has been done, there is still significant uncertainty around liquidity development, and the timetable and mechanisms for implementation, including application of spread adjustments to the alternative reference rates. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect Aegon. However, the implementation of alternative reference rates may have a material adverse effect on Aegon's business, financial condition, customers, and operations.

The table below summarize the exposures of non-derivative financial assets and non-derivative liabilities that yet have to transition to alternative benchmark rates.

	2022 [1]		2021	
Non derivative financial instruments to transition to alternative benchmark	Financial assets non-derivatives	Financial liabilities non-derivatives	Financial assets non-derivatives	Financial liabilities non-derivatives
By benchmark rate				
GBP LIBOR	27	-	19	-
USD LIBOR	814	1,218	822	1,143
Euribor	34	1,200	3,095	1,200
Fed Funds	-	-	102	-
Total	**875**	**2,418**	**4,038**	**2,343**

1 2022 excludes the non derivative financial instruments of the disposal group, which are separately disclosed in note 51 Discontinued operations.

The table below summarize the exposures of derivatives that yet have to transition to alternative benchmark rates.

	2022 [1]	2021
Derivative financial instruments to transition to alternative benchmark	Nominal Value	Nominal Value
By benchmark rate		
GBP LIBOR	-	-
USD LIBOR	39,752	54,232
Euribor	563	113,593
Fed Funds	-	3,574
Total	**40,315**	**171,399**

1 2022 excludes the derivative financial instruments of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Currency exchange rate risk

As an international group, Aegon is subject to foreign currency translation risk. Foreign currency exposure exists mainly when policies are denominated in currencies other than the issuer's functional currency. Currency risk in the investment portfolios backing insurance and investment liabilities is managed using asset liability matching principles. Assets allocated to equity are kept in local currencies to the extent shareholders' equity is required to satisfy regulatory and self-imposed capital requirements. Therefore, currency exchange rate fluctuations will affect the level of shareholders' equity as a result of translation of subsidiaries into euro, the Group's presentation currency. Aegon holds the remainder of its capital base (perpetual capital securities, subordinated and senior debt) in various currencies in amounts that are targeted to correspond to the book value of the country units. This balancing mitigates currency translation impacts on shareholders' equity and leverage ratios. Aegon does not hedge the income streams from the main non-euro units and, as a result, earnings may fluctuate due to currency translation. As Aegon has significant business segments in the Americas and in the United Kingdom, the principal sources of exposure from currency fluctuations are from the differences between the US dollar and the euro and between the UK pound and the euro. Aegon may experience significant changes in net result and shareholders' equity because of these fluctuations.

Aegon operates an Investment & Counterparty Risk Policy which applies currency risk exposure limits both at Group and regional levels, and under which direct currency speculation or program trading by country units is not allowed unless explicit approval has been granted by the Group Risk and Capital Committee and the Management Board. Assets should be held in the functional currency of the business written or hedged back to that currency. Where this is not possible or practical, remaining currency exposure should be sufficiently documented and limits are placed on the total exposure at both group level and for individual country units.

Information on Aegon's three year historical net result and shareholders' equity in functional currency are shown in the table below:

	2022	2021	2020
Net result			
Americas (in USD)	(1,486)	1,195	(611)
United Kingdom (in GBP)	146	104	60
Equity in functional currency			
Americas (in USD)	6,228	18,324	19,127
United Kingdom (in GBP)	1,108	1,260	1,391

The exchange rates for US dollar and UK pound per euro for each of the last five year ends are set forth in the table below:

Closing rates	2022	2021	2020	2019	2018
USD	1.07	1.14	1.22	1.12	1.14
GBP	0.89	0.84	0.90	0.85	0.90

Aegon Group companies' foreign currency exposure from monetary assets and liabilities denominated in foreign currencies (that is, other than the entity's functional currency), is not material.

The sensitivity analysis in the following table shows an estimate of the translation effect of movements in the exchange rates of functional currencies of foreign subsidiaries against the euro presentation currency of the Group's financial statements, on net income and shareholders' equity.

Sensitivity analysis of net result and shareholders' equity to translation risk

Movement of currency exchange rates [1]	Estimated approximate effects on net result	Estimated approximate effects on shareholders' equity
2022 [2]		
Increase by 15% of USD currencies relative to the euro	(230)	1,342
Increase by 15% of GBP currencies relative to the euro	188	2,125
Increase by 15% of non-euro currencies relative to the euro	(220)	1,590
Decrease by 15% of USD currencies relative to the euro	169	(1,024)
Decrease by 15% of GBP currencies relative to the euro	141	1,497
Decrease by 15% of non-euro currencies relative to the euro	163	(1,175)
2021 [2]		
Increase by 15% of USD currencies relative to the euro	205	3,249
Increase by 15% of GBP currencies relative to the euro	152	1,900
Increase by 15% of non-euro currencies relative to the euro	244	3,541
Decrease by 15% of USD currencies relative to the euro	(153)	(2,441)
Decrease by 15% of GBP currencies relative to the euro	107	1,315
Decrease by 15% of non-euro currencies relative to the euro	(179)	(2,616)

1 The effect of currency exchange movements is reflected as a one-time shift up or down in the value of the non-euro currencies relative to the euro on December 31.
2 Includes the approximate effects of the disposal group

Liquidity risk

Liquidity risk is inherent in much of Aegon's business. Each asset purchased and liability incurred has its own liquidity characteristics. Some liabilities are surrenderable while some assets, such as privately placed loans, mortgage loans, real estate and limited partnership interests, have low liquidity. If Aegon requires significant amounts of cash on short notice in excess of normal cash requirements and existing credit facilities, it may have difficulty selling these investments at attractive prices or in a timely manner. Liquidity risk is also affected by the use of collateralized financial derivatives to mitigate other risks.

Aegon operates a Liquidity Risk Policy under which country units are obliged to maintain sufficient levels of highly liquid assets to meet cash demands by policyholders and account holders over the next two years. Potential cash demands are assessed under a stress scenario including spikes in disintermediation risk due to rising interest rates and concerns over Aegon's financial strength due to multiple downgrades of the Group's credit rating. At the same time, the liquidity of assets other than cash and government issues is assumed to be severely impaired for an extended period of time. All legal entities and Aegon Group must maintain enough liquidity in order to meet all cash needs under this extreme scenario.

Aegon held EUR 13,392 million of general account investments in cash, money market products and government bonds that are readily saleable or redeemable on demand, which excludes the investment of the disposal group (2021: EUR 31,101 million and includes the disposal group). The Group expects to meet its obligations, even in a stressed liquidity event, from operating cash flows and the proceeds of maturing assets as well as these highly liquid assets. Further, the Group has access to back-up credit facilities, as disclosed in note 37 Borrowings, amounting to EUR 3,435 million which were unused at the end of the reporting period (2021: EUR 3,399 million).

The maturity analysis below shows the remaining contractual maturities of each category of financial liabilities (including coupon interest). When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to be paid. Financial liabilities that can be required to be paid on demand without any delay are reported in the category 'On demand.' If there is a notice period, it has been assumed that notice is given immediately and the repayment has been presented at the earliest date after the end of the notice period. When the amount payable is not fixed, the amount reported is determined by reference to the conditions existing at the reporting date. For example, when the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the reporting date.

To manage the liquidity risk arising from financial liabilities, Aegon holds liquid assets comprising cash and cash equivalents and investment grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. For this reason, Aegon believes that it is not necessary to disclose a maturity analysis in respect of these assets to enable users to evaluate the nature and extent of liquidity risk.

Maturity analysis - gross undiscounted contractual cash flows (for non-derivatives)	On demand	< 1 yr amount	1 < 5 yrs amount	5 < 10 yrs amount	> 10 yrs amount	Total amount
2022 [2]						
Trust pass-through securities	-	10	114	17	60	200
Subordinated loans	-	113	370	242	3,068	3,792
Borrowings	-	1,312	3,130	94	500	5,036
Lease liabilities	-	35	99	63	55	251
Other financial liabilities	4,263	795	355	34	47	5,495
Total financial liabilities (excluding investment/insurance contracts)	**4,263**	**2,265**	**4,067**	**450**	**3,729**	**14,775**
Investment contracts [1]	9,642	1,445	385	186	141	11,798
Investment contracts for account of policyholders [1]	22,748	31,186	7	4	2	53,948
Total investment contracts	**32,389**	**32,631**	**392**	**190**	**143**	**65,746**
2021						
Trust pass-through securities	-	9	113	16	60	197
Subordinated loans	-	108	377	246	2,964	3,695
Borrowings	-	901	7,651	956	1,052	10,559
Lease liabilities	-	37	86	67	70	259
Other financial liabilities	4,993	1,749	325	154	224	7,444
Total financial liabilities (excluding investment/insurance contracts)	**4,993**	**2,803**	**8,551**	**1,439**	**4,368**	**22,154**
Investment contracts [1]	17,254	2,681	2,114	1,101	655	23,804
Investment contracts for account of policyholders [1]	34,756	34,571	10	6	4	69,347
Total investment contracts	**52,009**	**37,252**	**2,124**	**1,107**	**659**	**93,151**

1 Excluding investment contracts with discretionary participating features.
2 2022 excludes the liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Aegon's liquidity management is based on expected claims and benefit payments rather than on the contractual maturities. The projected cash benefit payments in the table below are based on management's best estimates of the expected gross benefits and expenses, partially offset by the expected gross premiums, fees and charges relating to the existing business in force. Estimated cash benefit payments are based on mortality, morbidity and lapse assumptions based on Aegon's historical experience, modified for recently observed trends. Actual payment obligations may differ if experience varies from these assumptions. The cash benefit payments are presented on an undiscounted basis and are before deduction of tax and before reinsurance.

Financial liabilities relating to insurance and investment contracts [1]	On demand	< 1 yr amount	1 < 5 yrs amount	5 < 10 yrs amount	> 10 yrs amount	Total amount
2022 [2]						
Insurance contracts	-	3,432	11,364	11,946	116,169	142,911
Insurance contracts for account of policyholders	-	7,456	30,877	29,565	113,346	181,245
Investment contracts	-	1,737	4,814	2,581	4,379	13,511
Investment contracts for account of policyholders	-	6,107	23,626	26,970	89,126	145,829
	-	**18,732**	**70,681**	**71,062**	**323,021**	**483,496**
2021						
Insurance contracts	-	4,260	16,215	18,438	127,344	166,257
Insurance contracts for account of policyholders	-	11,494	41,638	39,941	131,667	224,740
Investment contracts	-	8,324	7,975	3,847	4,438	24,584
Investment contracts for account of policyholders	193	14,011	27,637	31,715	84,825	158,381
	193	**38,089**	**93,465**	**93,941**	**348,274**	**573,962**

1 The liability amount in the consolidated financial statements reflects the discounting for interest as well as adjustments for the timing of other factors as described above. As a result, the sum of the cash benefit payments shown for all years in the table exceeds the corresponding liability amounts included in notes 34 Insurance contracts and 35 Investments contracts.
2 2022 excludes the liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

The following table details the Group's liquidity analysis for its derivative financial instruments, based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Maturity analysis relating to derivatives [1] (Contractual cash flows)	On demand	< 1 yr amount	1 < 5 yrs amount	5 < 10 yrs amount	> 10 yrs amount	Total amount
2022 [2]						
Gross settled						
Cash inflows	-	15,301	575	675	1,741	18,293
Cash outflows	-	(15,242)	(443)	(633)	(1,600)	(17,919)
Net settled						
Cash inflows	-	1,552	4,255	3,812	6,227	15,846
Cash outflows	-	(1,937)	(4,222)	(3,700)	(14,214)	(24,072)
2021						
Gross settled						
Cash inflows	-	4,300	3,728	5,034	104,335	117,396
Cash outflows	-	(4,895)	(7,080)	(9,499)	(105,376)	(126,850)
Net settled						
Cash inflows	-	683	3,442	3,640	5,375	13,140
Cash outflows	-	(780)	(3,032)	(3,102)	(12,591)	(19,505)

1 Derivatives includes all financial derivatives regardless whether they have a positive or a negative value. It does not include bifurcated embedded derivatives. These are presented together with the host contract. For interest rate derivatives only, cash flows related to the pay leg are taken into account for determining the gross undiscounted cash flows.
2 2022 excludes the derivatives of the disposal group, which are separately disclosed in note 51 Discontinued operations.

For maturity information on other obligations, please refer to note 45 Commitments and contingencies.

5 Segment information

Aegon's operating segments are based on the businesses as presented in internal reports that are regularly reviewed by the Executive Board which is regarded as the chief operating decision maker. All reportable segments are involved in insurance or reinsurance business, asset management or services related to these activities. The reportable segments are:

- Americas: one operating segment which covers business units in the United States, including any of the units' activities located outside of the United States;
- The Netherlands: which covers businesses activities from Aegon the Netherlands;
- United Kingdom: which covers businesses activities from platform business and traditional insurance in the United Kingdom;
- International: one operating segment which covers businesses operating in Hong Kong, Singapore, China, India, Indonesia, Brazil, Hungary (sold in 2022), Poland, Turkey (sold in 2022), Romania, Spain and Portugal including any of the units' activities located outside these countries;
- Asset Management: one operating segment which covers business activities from AAM Global Platforms and Strategic Partnerships;
- Holding and other activities: one operating segment which includes financing, employee and other administrative expenses of holding companies.

Aegon's segment information is prepared by consolidating on a proportionate basis Aegon's joint ventures and associated companies.

Aegon has changed the grouping of the operating segments included in the performance measure. As per January 1, 2022, Mongeral Aegon Group (MAG Seguros) is no longer reported within the Americas segment, but reported in the International segment. The 2021 comparative figures presented in this note have been adjusted to reflect this change, enabling a like for like comparison, which includes reclassifications between Americas and International for an operating result of EUR 2 million, life insurance gross premiums of EUR 191 million and Other revenues of EUR 11 million (2020 comparative figures amount to EUR 11 million, EUR 159 million and EUR 7 million, respectively). There is no impact on the consolidated numbers of Aegon.

Performance Measure

Aegon uses the non-EU-IFRS performance measure operating result. Operating result reflects Aegon's profit before tax from underlying business operations and mainly excludes components that relate to accounting mismatches that are dependent on market volatility, updates to best estimate actuarial and economic assumptions and model updates or events that are considered outside the normal course of business. There is no standardized meaning to these measures under EU-IFRS or any other recognized set of accounting standards.

Aegon believes that its performance measure operating result provides meaningful information about the operating results of Aegon's business, including insight into the financial measures that Aegon's senior management uses in managing the business. Among other things, Aegon's senior management is compensated based in part on Aegon's results against targets using operating result. While many other insurers in Aegon's peer group present substantially similar performance measures, the performance measures presented in this document may nevertheless differ from the performance measures presented by other insurers.

The reconciliation from result before tax from continuing operations, being the most comparable EU-IFRS measure, to operating result is presented in the tables in this note.

The items that are excluded from operating result as described further below are: fair value items, realized gains or losses on investments, impairment charges/reversals, other income or charges and share in earnings of joint ventures and associates.

Fair value items

Fair value items include the over- or underperformance of investments and guarantees held at fair value for which management's best estimate investment return is included in operating result.

In addition, hedge ineffectiveness on hedge transactions, fair value changes on economic hedges without natural offset in earnings and for which no hedge accounting is applied and fair value movements on real estate are included under fair value items.

Certain assets held by Aegon are carried at fair value and managed on a total return basis, with no offsetting changes in the valuation of related liabilities. These include assets such as investments in hedge funds, private equities, real estate (limited partnerships), convertible bonds and structured products. Operating result exclude any over- or underperformance compared to management's best estimate investment return on assets. Based on current holdings and asset returns, the long-term expected return on an annual basis is 3-10%, depending on asset class, including cash income and market value changes. The expected earnings from these asset classes are net of deferred policy acquisition costs (DPAC) where applicable.

In addition, certain products offered by Aegon Americas contain guarantees and are reported on a fair value basis and include the total return annuities and guarantees on variable annuities. The earnings on these products are impacted by movements in equity markets and risk-free interest rates. Short-term developments in the financial markets may therefore cause volatility in earnings.

The fair value movements of certain guarantees and the fair value change of derivatives that hedge certain risks on these guarantees of Aegon's businesses in the Netherlands and Japan are excluded from operating result, because management's best estimate expected return for these guarantees is set at zero. In addition, fair value items include market related results on the loyalty bonus reserves in the United Kingdom. The value of these reserves are directly related to policyholder investments which value is directly impacted by movements in equity and bond markets.

Holding and other activities include certain issued bonds that are held at fair value through profit or loss (FVTPL). The interest rate risk on these bonds is hedged using swaps. The fair value movement resulting from changes in Aegon's credit spread used in the valuation of these bonds are excluded from operating result and reported under fair value items.

The periodic intangibles unlocking in the US Life and TLB business is recorded in fair value items instead of operating result.

Realized gains or losses on investments

Realized gains or losses on investments includes realized gains and losses on available-for-sale investments, mortgage loans and other loan portfolios.

Impairment charges/(reversals)

Impairment charges/(reversals) include impairments on available-for-sale debt securities, shares including the effect of deferred policyholder acquisition costs, mortgage loans and other loan portfolios at amortized cost, joint ventures and associates. Impairment reversals include reversals on available-for-sale debt securities. For Aegon the Netherlands, the expected impairments on alternative assets classes (e.g. illiquid investments – including consumer loans and catastrophe bonds – and residential real estate) are allocated to operating result in order to present management's best estimate investment return in operating result. Deviations from the expected impairments are presented as part of impairment charges / (reversals) in non-operating result.

Other income or charges

Other income or charges includes the following:

- Items which cannot be directly allocated to a specific line of business;
- The impact of actuarial and economic assumption and model updates used to support calculations of our liabilities for insurance and investment contracts sold to policyholders and related assets (refer to note 3 Critical accounting estimates and judgement in applying accounting policies); and
- Items that are outside the normal course of business, including restructuring charges.

In the Consolidated income statement, the restructuring charges are included in operating expenses. Actuarial assumption and model updates are recorded in 'Policyholder claims and benefits' in the Consolidated income statement.

Share in earnings of joint ventures and associates

Earnings from Aegon's joint ventures in China, India, the Netherlands, Spain and Portugal, and Aegon's associates in France, the Netherlands and United Kingdom are reported as part of operating result.

The following table presents Aegon's segment results.

Income statement - Operating result	Americas	The Nether-lands	United Kingdom	International	Asset Manage-ment	Holding and other activities	Eliminations	Segment total	Joint ventures and associates eliminations	Consoli-dated
2022										
Operating result	790	783	206	167	193	(220)	(0)	1,918	(40)	1,878
Fair value items	(1,644)	415	10	21	(3)	(21)	(8)	(1,231)	(9)	(1,240)
Realized gains / (losses) on investments	(479)	(181)	3	-	-	7	(0)	(650)	(16)	(666)
Impairment charges	(32)	15	(11)	(8)	-	(18)	-	(55)	(2)	(57)
Impairment reversals	19	-	-	-	-	-	-	19	-	19
Non-operating items	(2,136)	249	1	13	(3)	(32)	(8)	(1,917)	(27)	(1,944)
Other income / (charges)	(526)	(1,970)	(37)	373	(19)	(141)	(0)	(2,321)	(18)	(2,339)
Result before tax	(1,872)	(939)	170	553	171	(393)	(8)	(2,319)	(85)	(2,404)
Income tax (expense) / benefit	462	(618)	1	(36)	(67)	74	(0)	(185)	85	(99)
Net result	**(1,411)**	**(1,557)**	**171**	**516**	**104**	**(319)**	**(8)**	**(2,504)**	**-**	**(2,504)**
Inter-segment operating result	(362)	(94)	(75)	55	188	288				
Revenues										
2022										
Life insurance gross premiums	7,329	1,168	4,081	1,280	-	-	6	13,864	(1,016)	12,848
Accident and health insurance	1,407	257	-	184	-	-	-	1,848	(79)	1,769
General insurance	-	144	-	182	-	-	-	326	(182)	144
Total gross premiums	8,735	1,569	4,081	1,646	-	-	6	16,037	(1,276)	14,761
Investment income	3,467	1,728	1,951	297	12	474	(477)	7,453	(114)	7,338
Fee and commission income	2,021	325	217	42	693	-	(187)	3,111	(240)	2,871
Other revenues	-	-	-	26	5	-	-	31	(30)	1
Total revenues	**14,223**	**3,622**	**6,250**	**2,011**	**710**	**474**	**(658)**	**26,633**	**(1,661)**	**24,972**
Inter-segment revenues	(5)	3	-	-	187	473				

The other charges of the Americas in 2022 are mainly due to unfavorable impacts from model and assumption updates and restructuring charges.

The other charges of The Netherlands in 2022 mainly reflects an impairment loss triggered by classifying Aegon the Netherlands as held for sale, refer for more information to note 51 Discontinued operations.

The income tax of The Netherlands includes a one-time tax charge of EUR 454 million related to the settlement of a tax position in connection with the transaction with a.s.r., refer to note 51 Discontinued operations.

Income statement - Operating result	Americas	The Nether-lands	United Kingdom	International	Asset Manage-ment	Holding and other activities	Eliminations	Segment total	Joint ventures and associates eliminations	Consoli-dated
2021										
Operating result	790	755	184	143	253	(218)	(1)	1,906	42	1,948
Fair value items	698	(201)	(62)	(18)	(1)	12	3	432	(123)	309
Realized gains / (losses) on investments	313	118	10	2	2	1	-	446	(9)	437
Impairment charges	(19)	(19)	-	-	(1)	(11)	-	(49)	-	(49)
Impairment reversals	33	59	-	1	-	8	-	101	-	101
Non-operating items	**1,025**	**(44)**	**(51)**	**(15)**	-	**11**	**3**	**930**	**(132)**	**798**
Other income / (charges)	(667)	(23)	1	65	(18)	(138)	-	(780)	12	(768)
Result before tax	**1,149**	**688**	**134**	**193**	**235**	**(344)**	**2**	**2,056**	**(78)**	**1,979**
Income tax (expense) / benefit	(137)	(183)	(12)	(36)	(65)	77	-	(355)	78	(278)
Net result	**1,012**	**505**	**122**	**157**	**170**	**(267)**	**2**	**1,701**	-	**1,701**
Inter-segment operating result	(20)	(95)	(96)	(31)	191	51				
Revenues										
2021										
Life insurance gross premiums	6,917	1,323	4,613	1,372	-	-	-	14,225	(825)	13,400
Accident and health insurance	1,273	254	3	179	-	-	-	1,709	(67)	1,643
General insurance	-	136	-	432	-	-	-	569	(168)	401
Total gross premiums	**8,190**	**1,713**	**4,616**	**1,984**	-	-	-	**16,504**	**(1,060)**	**15,444**
Investment income	2,909	2,088	1,691	361	12	242	(261)	7,042	(75)	6,967
Fee and commission income	1,920	300	223	59	800	-	(183)	3,120	(335)	2,785
Other revenues	-	-	-	14	2	12	-	27	(15)	13
Total revenues	**13,019**	**4,101**	**6,531**	**2,418**	**814**	**254**	**(444)**	**26,693**	**(1,484)**	**25,209**
Inter-segment revenues	1	14	-	-	182	247				

The Americas recorded other charges of EUR 667 million in 2021 mainly due to a one-time charge as a result of management actions to release capital and increase the predictability of capital generation from the US variable annuity business and unfavorable impacts from model and assumption updates.

Income statement - Operating result	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Eliminations	Segment total	Joint ventures and associates eliminations	Consolidated
2020										
Operating result	781	665	144	175	182	(237)	1	1,710	31	1,741
Fair value items	(448)	50	(2)	(7)	22	(36)	-	(421)	(87)	(508)
Realized gains / (losses) on investments	93	14	-	46	1	(3)	-	150	(8)	142
Impairment charges	(173)	(50)	-	(16)	(1)	(25)	-	(265)	1	(264)
Impairment reversals	27	1	-	-	-	-	-	28	-	28
Non-operating items	(501)	15	(1)	22	22	(65)	-	(508)	(94)	(602)
Other income / (charges)	(1,110)	78	(68)	(1)	(8)	(130)	-	(1,239)	15	(1,224)
Result before tax	(829)	758	74	197	195	(433)	1	(37)	(47)	(84)
Income tax (expense) / benefit	288	(197)	(7)	(26)	(44)	78	-	92	47	139
Net result	(541)	561	67	170	151	(355)	1	55	-	55
Inter-segment operating result	(40)	(87)	(86)	(35)	193	62				
Revenues										
2020										
Life insurance gross premiums	6,946	1,619	4,833	1,255	-	4	(3)	14,654	(726)	13,929
Accident and health insurance	1,380	245	25	193	-	-	-	1,844	(59)	1,784
General insurance	-	130	-	388	-	-	-	519	(132)	386
Total gross premiums	8,326	1,994	4,858	1,836	-	5	(3)	17,016	(917)	16,099
Investment income	2,986	2,083	1,795	362	7	261	(281)	7,212	(63)	7,149
Fee and commission income	1,653	255	194	50	750	(9)	(180)	2,713	(308)	2,405
Other revenues	-	-	-	9	2	3	-	14	(10)	4
Total revenues	12,964	4,332	6,847	2,257	759	260	(465)	26,955	(1,298)	25,657
Inter-segment revenues	1	21	-	-	188	264				

The Group uses operating result in its segment reporting as an important indicator of its financial performance. The reconciliation from operating result to result before tax from continuing operations, being the most comparable EU-IFRS measure, is presented in the table below. For those items that cannot be directly reconciled to the respective notes, the explanation is provided below the table. Aegon believes that operating result, together with the other information included in this report, provides a meaningful measure for the investing public to evaluate Aegon's business relative to the businesses of its peers.

Presentation Non-Operating result	Note	2022	2021	2020
Result before tax from continuing operations		(1,543)	1,164	(958)
Result before tax from discontinued operations	51	914	815	874
Impairment loss on remeasurement of disposal group	51	(1,775)	-	-
Result before tax from continuing operations and discontinued operations		(2,404)	1,979	(84)
Elimination of share in earnings of joint ventures and associates		40	(42)	(31)
Premium income	6	(1)	5	(4)
Rental income	7	76	71	68
Dividend income	7	(2)	(76)	40
Fee and commission income	8	(41)	(30)	5
Recovered claims and benefits	9	-	31	143
Change in valuation of reinsurance ceded	9	208	43	(86)
Net fair value change of general account financial investments at fair value through profit or loss, other than derivatives	10	1,234	4	421
Net fair value change on borrowings and other financial liabilities	10	(5)	13	(2)
Realized gains and losses on financial investments	10	718	(463)	(132)
Gains and (losses) on investments in real estate	10	51	(253)	(74)
Net fair value change of derivatives	10	1,948	893	(894)
Other income	11	(401)	(77)	(68)
Benefits and claims paid life	12	14	217	-
Change in valuation of liabilities for insurance contracts	12	(1,937)	(994)	1,422
Change in valuation of liabilities for investment contracts	12	(9)	8	7
Policyholder claims and benefits - Other	12	(20)	(38)	(19)
Commissions and expenses	14	651	715	450
Impairment (charges) reversals	15	34	(53)	318
Interest charges and related fees	16	-	-	82
Other charges	17	1,764	37	150
Results of CEE businesses which were previously reported in operating results		-	(85)	-
Operating result		**1,918**	**1,906**	**1,710**

- Net fair value change of general account financial investments at fair value through profit or loss, other than derivatives is reported as part of the respective line in note 10 and reflects the over- or underperformance of investments and guarantees held at fair value for which the expected long-term return is included in operating result.
- Net fair value change of derivatives is reported as part of the respective line in note 10 and includes: 1) the over- or underperformance of derivatives of EUR 2,089 million gain (2021: EUR 8 million loss, 2020: EUR 38 million gain) for which the expected long-term return is included in operating result; 2) Net fair value change on economic hedges where no hedge accounting is applied of EUR 142 million loss (2021: EUR 908 million loss, 2020: EUR 907 million gain); 3) Ineffective portion of hedge transactions to which hedge accounting is applied of EUR 1 million gain (2021: EUR 23 million gain, 2020: EUR 25 million gain).
- Net foreign currency gains and (losses) are reported as part of the respective line in note 10.
- Benefits and claims paid life relate to the lump-sum buy-out program for certain variable annuities in the Americas and is reported as part of the respective line in note 12.
- Change in valuation of liabilities for insurance contracts is reported as part of the respective line in note 12.
- Change in valuation of liabilities for investment contracts is reported as part of the respective line in note 12.
- Policyholder claims and benefits - Other are reported as part of the 'Other' line in note 12 and is related to policyholder tax.
- Commissions and expenses include: 1) Restructuring charges of EUR 273 million (2021: EUR 240 million charge, 2020: EUR 266 million charge) which are reported as part of Employee and Administration expenses lines in note 14; 2) Amortization of deferred expenses of EUR 136 million income (2021: income of EUR 260 million, 2020: income of EUR 35 million) which is reported as part of the respective line in note 14. This is offset against realized gains and losses and impairments on

financial investments; 3) Amortization of VOBA and future servicing rights of EUR 11 million charge (2021: charge of EUR 87 million; 2020: income of EUR 20 million) which is reported as part of the respective line in note 14. Commissions and expenses include a DPAC/VOBA fair value adjustment of EUR 151 million loss (2021: gain of EUR 51 million; 2020: gain of EUR 159 million).

- Impairment (charges) reversals include: 1) Impairment charges and reversals on financial assets, excluding receivables of EUR 20 million charge (2021: reversal of EUR 45 million, 2020: charge of EUR 266 million) as shown in note 15; 2) Impairment charges and reversals on non-financial assets and receivables of EUR 48 million charge (2021: EUR 60 million charge; 2020: EUR 128 million charge) reported as part of the respective line in note 15.
- There are no interest charges and related fees that are classified for segment reporting purposes as non-operating results.

Impact from assumption and model updates

During 2022, Aegon implemented actuarial assumption and model updates resulting in a net EUR 480 million charge to result before tax (2021: EUR 298 million charge). This is mainly related to Aegon's businesses in the Americas and the Netherlands. Assumption changes and model updates in the Americas led to a net adverse impact of EUR 354 million and is mainly driven by charges from reinsurance rate increases and various actuarial assumption updates. The latter mainly related to updated policyholder behaviour and mortality assumption in Individual Life. Assumption changes and model updates in the Netherlands led to an unfavorable impact of EUR 118 million and is mainly related to adverse impacts of the annual update of the mortgage conditional prepayment rate and expense methodology.

The 2021 assumption changes and model updates resulted in a negative impact of EUR 298 million and mainly relates to Aegon's businesses in the Americas and the Netherlands. Assumption changes and model updates in the Americas led to a net negative impact of EUR 250 million. This mainly reflects a charge of EUR 123 million related to an update of the minimum surrender rate assumption for variable annuities with guaranteed lifetime withdrawal benefits from 2% to 1.5% to reflect latest portfolio and industry experience. Assumption changes and model updates in the Netherlands led to a negative impact of EUR 52 million, mainly related to adverse impacts from a more granular modeling driven by the conversion of the administration of defined benefit pensions to TKP. This was partly offset by the favorable impact of model updates relating to interest guarantees and indexation assumptions for certain pension products.

The 2020 assumption changes and model updates amounted to a negative impact of EUR 580 million and mainly relates to Aegon's businesses in the Americas and the Netherlands. Assumption changes and model updates in the Americas led to a net negative impact of EUR 805 million. This reflects a charge of EUR 460 million related to the lowering the long-term interest rate assumption from 4.25% to 2.75% and the corresponding adjustment of the separate account bond return assumptions. Non-economic assumption changes resulted in a charge of EUR 345 million, mainly related to Universal Life premium persistency and an increase in mortality rate assumptions, as well as lowering the morbidity improvement assumption for Long-Term Care from 1.5% to 0.75% per year for the next 15 years. Assumption changes and model updates in the Netherlands led to a favorable impact of EUR 225 million mainly related to favorable longevity assumption changes, partially offset by adverse impacts from mortgage prepayment model and expense assumption updates.

Other selected income statement items	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Total
2022							
Amortization of deferred expenses, VOBA and future servicing rights	850	-	107	36	-	-	993
Depreciation	53	-	4	6	2	7	73
Impairment charges / (reversals) on financial assets, excluding receivables	12	-	-	7	-	-	20
Impairment charges / (reversals) on non- financial assets and receivables	17	-	11	1	-	18	48
2021							
Amortization of deferred expenses, VOBA and future servicing rights	929	-	113	61	-	-	1,103
Depreciation	56	20	6	15	2	1	99
Impairment charges / (reversals) on financial assets, excluding receivables	(23)	(14)	-	-	-	(8)	(45)
Impairment charges / (reversals) on non- financial assets and receivables	37	12	-	-	1	11	60
2020							
Amortization of deferred expenses, VOBA and future servicing rights	637	-	119	97	-	-	854
Depreciation	56	20	9	12	2	1	101
Impairment charges / (reversals) on financial assets, excluding receivables	151	86	-	15	-	11	262
Impairment charges / (reversals) on non-financial assets and receivables	72	21	17	-	4	14	128

Number of employees	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Total
2022							
Number of employees - headcount	6,153	3,609	2,621	4,281	1,464	958	19,087
Of which Aegon's share of employees in joint ventures and associates	-	-	62	3,239	206	-	3,507
2021							
Number of employees - headcount	7,675	3,534	2,476	6,590	1,675	321	22,271
Of which Aegon's share of employees in joint ventures and associates	733	-	59	3,245	191	-	4,228
2020							
Number of employees - headcount	7,960	3,521	2,307	6,598	1,527	409	22,322
Of which Aegon's share of employees in joint ventures and associates	669	-	47	3,294	183	-	4,193

Summarized assets and liabilities per segment	Americas	The Netherlands [1]	United Kingdom	International	Asset Management	Holding and other activities	Eliminations	Total
2022								
Assets								
Cash and Cash equivalents	1,097	-	182	122	367	1,639	-	3,407
Assets held for sale	-	88,902	-	-	-	-	-	88,902
Investments	73,132	-	1,457	2,061	136	39	-	76,825
Investments for account of policyholders	89,535	-	90,007	464	-	-	-	180,006
Investments in joint ventures	-	-	-	972	471	(0)	-	1,443
Investments in associates	-	-	-	20	129	16	-	165
Deferred expenses	12,657	-	736	57	-	-	(564)	12,886
Other assets	30,796	-	2,883	7,648	136	19,091	(23,252)	37,302
Total assets	**207,217**	**88,902**	**95,264**	**11,344**	**1,239**	**20,784**	**(23,815)**	**400,936**
Liabilities								
Insurance contracts	84,905	-	1,373	8,255	-	-	(7,223)	87,309
Insurance contracts for account of policyholders	66,842	-	33,122	446	-	-	-	100,409
Investment contracts	10,483	-	174	2	-	-	-	10,658
Investment contracts for account of policyholders	22,693	-	57,836	26	-	-	-	80,555
Liabilities held for sale	-	84,119	-	-	-	-	-	84,119
Other liabilities	16,194	-	1,511	851	414	7,225	(1,870)	24,325
Total liabilities	**201,117**	**84,119**	**94,015**	**9,580**	**414**	**7,225**	**(9,093)**	**387,376**

1 Please refer to note 51 Discontinued operations for the summarized assets and liabilities of Aegon the Netherlands

In 2022, an intragroup reinsurance agreement was concluded between Americas (Transamerica Life Insurance Company - TLIC) and International (Transamerica Life (Bermuda) - TLB) to reinsure a substantial portion of the life business from TLB to TLIC, predominantly existing of UL policies with secondary guarantees. Underlying assets and liabilities have been transferred from TLB to TLIC at book value without an impact on the consolidated statement of financial position of Aegon. The consideration received by TLIC was less than the reserves assumed from TLB, resulting in a day-one loss on the transaction for TLIC and a day-one gain for TLB, which are, in line with Aegon's accounting policies, recorded as a deferred cost of reinsurance. The Americas segment in the table above includes an EUR 0.6 billion deferred cost of reinsurance asset reported as part of deferred expenses. The International segment includes an equal but offsetting deferred cost of reinsurance liability as part of other liabilities. Both the deferred cost of reinsurance asset and liability are eliminated in the Elimination column.

Summarized assets and liabilities per segment	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities	Eliminations	Total
2021								
Assets								
Cash and Cash equivalents	1,127	3,718	210	282	311	1,242	-	6,889
Investments	80,938	67,017	1,876	8,315	296	21	-	158,463
Investments for account of policyholders	115,596	25,673	108,713	974	-	-	(4)	250,953
Investments in joint ventures	56	343	-	936	368	39	-	1,743
Investments in associates	-	1,103	9	18	151	20	(12)	1,289
Deferred expenses	9,052	235	825	391	-	-	-	10,503
Other assets	27,268	9,318	2,125	2,064	199	32,203	(34,133)	39,044
Total assets	**234,037**	**107,408**	**113,758**	**12,979**	**1,326**	**33,525**	**(34,149)**	**468,884**
Liabilities								
Insurance contracts	74,967	40,547	1,490	9,028	-	-	(1,611)	124,422
Insurance contracts for account of policyholders	83,316	25,294	39,955	758	-	-	-	149,323
Investment contracts	9,804	11,767	194	2	-	-	-	21,767
Investment contracts for account of policyholders	32,280	2,273	69,819	220	-	-	-	104,592
Other liabilities	17,382	20,038	799	518	540	6,685	(4,022)	41,940
Total liabilities	**217,750**	**99,920**	**112,257**	**10,526**	**540**	**6,685**	**(5,633)**	**442,044**

As per January 1, 2022, MAG Seguros is no longer reported within the Americas segment, but is reported in the International segment. This change is applied prospectively in the investments overview

Amounts included in the tables on investments are presented on an IFRS basis, which means that investments in joint ventures and associates are not consolidated on a proportionate basis. Instead, these investments are included on a single line using the equity method of accounting.

Investments	Americas	The Netherlands [1)]	United Kingdom	Interna-tional	Asset Manage-ment	Holding and other activities	Eliminations	Total
2022								
Shares	345	-	25	10	7	1	-	388
Debt securities	51,008	-	777	1,847	15	-	-	53,647
Loans	12,475	-	-	43	-	38	-	12,556
Other financial assets	9,262	-	654	145	114	-	-	10,175
Investments in real estate	42	-	-	17	-	-	-	59
Investments general account	**73,132**	**-**	**1,457**	**2,061**	**136**	**39**	**-**	**76,825**
Shares	-	-	15,493	12	-	-	-	15,505
Debt securities	-	-	5,677	17	-	-	-	5,694
Unconsolidated investment funds	89,535	-	64,776	431	-	-	-	154,741
Other financial assets	-	-	3,617	5	-	-	-	3,622
Investments in real estate	-	-	443	-	-	-	-	443
Investments for account of policyholders	**89,535**	**-**	**90,007**	**464**	**-**	**-**	**-**	**180,006**
Investments on balance sheet	162,667	-	91,463	2,526	136	39	-	256,831
Off-balance sheet investments third parties	216,060	7,325	122,742	3,384	141,067	-	-	490,578
Total revenue-generating investments	**378,727**	**7,325**	**214,205**	**5,910**	**141,203**	**39**	**-**	**747,409**
Investments								
Available-for-sale	56,564	-	991	1,991	96	-	-	59,643
Loans	12,475	-	-	43	-	38	-	12,556
Financial assets at fair value through profit or loss	93,585	-	90,029	475	40	1	-	184,130
Investments in real estate	42	-	443	17	-	-	-	502
Total investments on balance sheet	**162,667**	**-**	**91,463**	**2,526**	**136**	**39**	**-**	**256,831**
Investments in joint ventures	-	-	-	972	471	(0)	-	1,443
Investments in associates	-	-	-	20	129	16	-	165
Assets held for sale	-	88,902	-	-	-	-	-	88,902
Other assets	44,551	-	3,800	7,827	503	20,730	(23,815)	53,595
Consolidated total assets	**207,217**	**88,902**	**95,264**	**11,344**	**1,239**	**20,784**	**(23,815)**	**400,936**

1 Please refer to note 51 Discontinued operations for the assets of Aegon the Netherlands

Investments	Americas	The Netherlands	United Kingdom	International [1]	Asset Management	Holding and other activities	Eliminations	Total
2021								
Shares	493	1,410	29	72	9	1	-	2,015
Debt securities	61,014	26,951	1,159	8,060	11	-	-	97,195
Loans	11,352	35,990	-	93	-	20	-	47,455
Other financial assets	8,040	79	687	73	276	-	-	9,155
Investments in real estate	39	2,588	-	16	-	-	-	2,643
Investments general account	**80,938**	**67,017**	**1,876**	**8,315**	**296**	**21**	**-**	**158,463**
Shares	-	9,078	20,221	243	-	-	(4)	29,539
Debt securities	-	12,044	7,649	128	-	-	-	19,821
Unconsolidated investment funds	115,596	1,059	74,698	597	-	-	-	191,950
Other financial assets	-	3,493	5,581	6	-	-	-	9,080
Investments in real estate	-	-	563	-	-	-	-	563
Investments for account of policyholders	**115,596**	**25,673**	**108,713**	**974**	**-**	**-**	**(4)**	**250,953**
Investments on balance sheet	196,534	92,690	110,589	9,288	296	21	(4)	409,416
Off-balance sheet investments third parties	240,248	7,711	151,097	2,300	212,779	-	-	614,136
Total revenue-generating investments	**436,782**	**100,402**	**261,687**	**11,589**	**213,076**	**21**	**(4)**	**1,023,552**
Investments								
Available-for-sale	65,694	24,443	1,299	8,191	257	-	-	99,884
Loans	11,352	35,990	-	93	-	20	-	47,455
Financial assets at fair value through profit or loss	119,450	29,669	108,727	987	40	1	(4)	258,871
Investments in real estate	39	2,588	563	16	-	-	-	3,206
Total investments on balance sheet	**196,534**	**92,690**	**110,589**	**9,288**	**296**	**21**	**(4)**	**409,416**
Investments in joint ventures	56	343	-	936	368	39	-	1,743
Investments in associates	-	1,103	9	18	151	20	(12)	1,289
Other assets	37,447	13,271	3,160	2,736	510	33,444	(34,133)	56,436
Consolidated total assets	**234,037**	**107,408**	**113,758**	**12,979**	**1,326**	**33,525**	**(34,149)**	**468,884**

6 Premium income and premiums paid to reinsurers

	2022	2021 [1]	2020 [1]
Life insurance	11,680	12,077	12,310
Non-life insurance	1,512	1,654	1,795
Total premium income	**13,192**	**13,731**	**14,105**
Accident and health insurance	1,512	1,389	1,539
General insurance	-	265	256
Non-life insurance premium income	**1,512**	**1,654**	**1,795**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Premium income decreased by EUR 539 million in 2022 (2021: EUR 374 million decrease) mainly driven by the divestments of Aegon Hungary and Aegon Turkey to Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG). For more information about these divestments refer to note 48 Companies and businesses acquired and divested.

	2022	2021 [1]	2020 [1]
Life insurance	2,057	3,292	2,506
Non-life insurance	132	126	134
Total premiums paid to reinsurers	**2,189**	**3,418**	**2,640**
Accident and health insurance	132	118	127
General insurance	-	8	7
Non-life insurance premiums paid to reinsurers	**132**	**126**	**134**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Premium paid to reinsurers decreased by EUR 1,229 million in 2022 (2021: EUR 778 million increase), mainly explained by the increased premiums paid to reinsurers in 2021 which includes a reinsurance transaction covering universal life policies with secondary guarantees in Americas.

7 Investment income

	2022	2021 [1]	2020 [1]
Interest income	4,071	3,536	3,652
Dividend income	1,504	1,327	1,397
Rental income	39	29	39
Total investment income	**5,613**	**4,893**	**5,087**
Interest income accrued on impaired financial assets	1	53	(70)
Interest income on financial assets that are not carried at Fair value through profit or loss	3,413	3,047	3,156

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Lease income is included within rental income. Please refer to note 45 Commitments and Contingencies for future lease payments (lease rights).

Total investment income from:	2022	2021 [1]	2020 [1]
Shares	1,504	1,327	1,397
Debt securities and money market instruments	3,374	2,970	3,105
Loans	538	499	497
Real estate	39	29	39
Other	159	68	49
Total	**5,613**	**4,893**	**5,087**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Investment income is split into:	2022	2021 [1]	2020 [1]
Investment income related to general account	3,724	3,249	3,329
Investment income for account of policyholders	1,889	1,644	1,758
Total	**5,613**	**4,893**	**5,087**
Investment income from financial assets held for general account:			
Available-for-sale	3,017	2,674	2,757
Loans	538	499	497
Financial assets designated at fair value through profit or loss	142	97	65
Real estate	4	(1)	12
Derivatives	8	(4)	(11)
Other	14	(15)	9
Total	**3,724**	**3,249**	**3,329**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

8 Fee and commission income

	2022	2021 [1]	2020 [1]
Fee income from asset management	1,574	1,647	1,512
Commission income	787	640	510
Other	164	168	99
Total fee and commission income	**2,525**	**2,454**	**2,122**
Included in fee and commission income:			
Fees on trust and fiduciary activities	242	259	221

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

9 Income from reinsurance ceded

	2022	2021 [1]	2020 [1]
Recovered claims and benefits	3,480	3,377	3,362
Change in technical provisions	(612)	738	309
Commissions	148	147	396
Amortization charges	(9)	2	-
Total	**3,009**	**4,263**	**4,066**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

10 Results from financial transactions

Results from financial transactions comprise:	2022	2021 [1]	2020 [1]
Net fair value change of general account financial investments at fair value through profit or loss, other than derivatives	227	807	223
Realized gains and (losses) on financial investments	(537)	392	119
Gains and (losses) on investments in real estate	1	-	(60)
Net fair value change of derivatives	1,148	761	(2,270)
Net fair value change on account of policyholder financial assets at fair value through profit or loss	(35,951)	22,539	19,935
Net fair value change on investments in real estate for account of policyholders	(61)	46	(36)
Net foreign currency gains and (losses)	36	182	34
Net fair value change on borrowings and other financial liabilities	5	(13)	18
Total	**(35,132)**	**24,715**	**17,961**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Net fair value change of general account financial investments at fair value through profit or loss, other than derivatives comprise:	2022	2021 [1]	2020 [1]
Shares	(48)	27	(4)
Debt securities and money market investments	(91)	(26)	22
Other	366	807	205
Total	**227**	**807**	**223**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Other mainly includes net fair value changes of limited partnerships such as hedge and private equity funds.

Realized gains and losses on financial investments comprise:	2022	2021 [1]	2020 [1]
Shares	67	16	(2)
Debt securities and money market investments	(632)	281	144
Loans	36	125	20
Other	(8)	(30)	(43)
Total	**(537)**	**392**	**119**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Realized gains and losses on financial investments comprise:	2022	2021 [1]	2020 [1]
Available-for-sale investments	(573)	268	99
Loans	36	125	20
Total	**(537)**	**392**	**119**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Net fair value change of derivatives comprise:	2022	2021 [1]	2020 [1]
Net fair value change on economic hedges where no hedge accounting is applied	(143)	(265)	(533)
Net fair value change on bifurcated embedded derivatives	1,290	1,023	(1,739)
Ineffective portion of hedge transactions to which hedge accounting is applied	1	4	2
Total	**1,148**	**761**	**(2,270)**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The ineffective portion of hedge transactions to which hedge accounting is applied comprises:	2022	2021 [1]	2020 [1]
Fair value change on hedging instruments in a fair value hedge	(4)	(3)	11
Fair value change on hedged items in a fair value hedge	7	6	(9)
Ineffectiveness fair value hedge	4	3	2
Ineffectiveness cash flow hedges	(3)	1	-
Total	**1**	**4**	**2**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Net fair value change on for account of policyholder financial assets at fair value through profit or loss comprise:	2022	2021 [1]	2020 [1]
Shares	(2,799)	2,661	1,290
Debt securities and money market investments	(2,114)	(557)	485
Unconsolidated investment funds	(30,326)	20,833	17,670
Derivatives	(712)	(398)	489
Total	**(35,951)**	**22,539**	**19,935**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Net fair value change on account of policyholder financial assets at fair value through profit or loss are a charge in 2022, mainly due to declining equity markets, rising interest rates and credit spread widening compared to December 31, 2021. Net fair value changes on account of policyholder financial assets at fair value through profit or loss are offset by changes in technical provisions reported as part of the lines Change in valuation of liabilities for insurance contracts and Change in valuation of liabilities for investment contracts in note 12 Policyholder claims and benefits.

Net fair value change on borrowings and other financial liabilities	2022	2021 [1]	2020 [1]
Borrowings	-	-	16
Other financial liabilities	5	(13)	2
Total	**5**	**(13)**	**18**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

11 Other income

	2022	2021 [1)]	2020 [1)]
Other income	378	49	62

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Other income in 2022 includes the book gain on the divestment of Aegon Hungary and Aegon Turkey to Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) amounting to EUR 288 million, and the book gain on the divestment of Aegon's 50% stake in the Spanish insurance joint venture with Liberbank to Unicaja Banco amounting to EUR 87 million.

Other income in 2021 includes a gain of EUR 38 million related to the sale of a small-sized Individual Retirement Account (IRA) portfolio to a third party.

Other income in 2020 includes a book gain of EUR 53 million on the divestment of the joint ventures in Japan.

Refer to note 48 Companies and businesses acquired and divested for more details on these divestments.

12 Policyholder claims and benefits

	2022	2021 [1)]	2020 [1)]
Benefits and claims paid life	17,313	16,971	12,973
Benefits and claims paid non-life	1,305	1,240	1,290
Change in valuation of liabilities for insurance contracts	(24,879)	19,504	19,723
Change in valuation of liabilities for investment contracts	(10,398)	2,420	1,898
Other	(20)	(38)	(19)
Total	**(16,680)**	**40,097**	**35,865**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Policyholder claims and benefits includes claims and benefits in excess of account value for products for which deposit accounting is applied and the change in valuation of liabilities for insurance and investment contracts. The lines "Change in valuation of liabilities for insurance contracts" and "Change in valuation of liabilities for investment contracts" reflect movements in technical provisions resulting from "Net fair value change on for account of policyholder financial assets at fair value through profit or loss" included in note 10 Results from financial transactions of EUR 35,951 million negative (2021: EUR 22,539 million positive, 2020: EUR 19,935 million positive). In addition, the line "Change in valuation of liabilities for insurance contracts" includes an increase of technical provisions for life insurance contracts of EUR 1,345 million (2021: increase of EUR 863 million, 2020: increase of EUR 1,707 million).

13 Profit sharing and rebates

	2022	2021 [1)]	2020 [1)]
Surplus interest bonuses	-	1	1
Profit appropriated to policyholders	7	7	7
Total	**7**	**8**	**8**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

14 Commissions and expenses

	2022	2021 [1)]	2020 [1)]
Commissions	2,311	2,539	2,264
Employee expenses	1,707	1,511	1,579
Administration expenses	1,218	1,294	1,298
Deferred expenses	(770)	(1,160)	(741)
Amortization of deferred expenses	885	933	767
Amortization of VOBA and future servicing rights	108	171	87
Total	**5,458**	**5,286**	**5,253**
Included in administration expenses:			
Depreciation of equipment, software and real estate held for own use	73	80	81

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Employee expenses	2022	2021 [1)]	2020 [1)]
Salaries	1,160	1,092	1,105
Post-employment benefit costs	116	126	137
Social security charges	99	100	97
Other personnel costs	284	150	203
Shares	48	43	37
Total	**1,707**	**1,511**	**1,579**
Included in employee expenses:			
Defined contribution expenses	49	35	36

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

In 2021, Aegon expanded the dynamic hedge covering the equity and interest rate risks of its US Variable Annuities block with guaranteed minimum withdrawal benefits (GMWB) to the entire VA portfolio. Implementing the VA dynamic hedging program for variable annuities with interest sensitive guaranteed minimum income benefits (GMIBs) and guaranteed minimum death benefits (GMDBs) resulted in an EUR 350 million one-time charge as per December 31, 2021, of which EUR 254 million is reported as "Amortization of deferred expenses" and EUR 96 million is reported as "Amortization of VOBA and future servicing rights".

Long Term Incentive Plans

Selected senior employees within Aegon, who have not been classified as Material Risk Takers, can be made eligible for variable compensation, which is partially paid in cash and partially in Aegon shares. The grant price of these shares is equal to the volume weighted average price (VWAP) on the Euronext stock exchange in Amsterdam during the period between December 15 preceding the plan year and January 15 of the plan year. The actual allocation of variable compensation in cash and shares depends on Aegon's performance, the employee's unit performance and individual performance against predefined financial and non-financial performance indicators and targets, as well as the continued employment of the employee. Once variable compensation is allocated, the cash part is paid directly and the payment of the shares is deferred for two years. These shares are paid out as soon as the Integrated Annual Report has been adopted by the shareholders at the Annual General Meeting in the last deferral year. Employees are not eligible to receive dividend during the deferral period. In exceptional circumstances Aegon's Supervisory Board can adjust variable compensation downwards before allocation or pay-out (malus) or after pay-out (claw back), after considering the outcomes of an ex-ante or ex-post risk assessment.

Variable Compensation Material Risk Takers

Members of the Executive Board and the Management Board as well as other senior employees are classified as Material Risk Takers in accordance with the Solvency II Legal Framework. In line with these rules, variable compensation for Material Risk Takers is partially paid in cash and partly in Aegon shares. The grant price of these shares is equal to the volume weighted average price (VWAP) on the Euronext stock exchange in Amsterdam during the period between December 15 preceding the plan year and January 15 of the plan year. The actual allocation of variable compensation in cash and shares depends on Aegon's performance, the employee's unit performance and individual performance against predefined financial and non-financial performance indicators and targets, as well as the continued employment of the employee. Once variable compensation is allocated, the cash part is paid directly and the payment of the shares is deferred for three years. These shares are paid out as soon as the Integrated Annual Report has been adopted by the shareholders at the Annual General Meeting in the last deferral year. Employees are not eligible to receive dividend during the deferral period. For the Members of the Executive Board, the paid-out shares are subject to an additional holding period of two years. During this holding period, the Executive Board member is not allowed to sell these shares. In exceptional circumstances Aegon's Supervisory Board can adjust variable compensation downwards before allocation or pay-out (malus) or after pay-out (claw back), after considering the outcomes of an ex-ante or ex-post risk assessment.

Shares as Fixed Compensation

Selected members of the Management Board as well as other senior employees receive part of their fixed compensation in Aegon shares each pay round, next to receiving fixed compensation in cash. The grant price of these shares is equal to the volume weighted average price (VWAP) on the Euronext stock exchange in Amsterdam during the period between December 15 preceding the plan year and January 15 of the plan year. Once allocated these shares are unconditional and do not depend on the continued employment of the employee. These shares are either paid as soon as the Integrated Annual Report has been adopted by the shareholders at the next Annual General Meeting or the pay-out is deferred until the Integrated Annual Report has been adopted by the shareholders at the Annual General Meeting three years after the plan year.
In the former case, these paid-out shares are subject to an additional holding period of three years, while in the latter case there is no holding period after pay-out. During the holding period (if applicable), the employee is not allowed to sell these shares. During the deferral period (if applicable), the employee is not eligible to receive dividend.

Shares as part of a Sign-on Arrangement

Employees may be offered a sign-on arrangement when joining Aegon, with payments in cash and Aegon shares, within the applicable rules and regulations. Once allocated, the sign-on shares depend on the continued employment of the employee. These shares are deferred and typically cliff-vest after one, two and three years after allocation as soon as the Integrated Annual Report has been adopted by the shareholders at the Annual General Meeting of that year. Employees are not eligible to receive dividend during the deferral period.

The following overview contains the cumulative number of shares and their status in relation to active Long Term Incentive Plans, variable compensation allocated to Material Risk Takers, shares allocated as fixed compensation and shares allocated as part of a sign-on arrangement.

Number of shares per plan year

	2018	2019	2020	2021	2022	Total
Conditionally granted [1]	6,513,984	7,378,113	8,381,086	9,449,451	7,495,307	39,217,941
Allocated [2]	6,123,546	6,761,360	6,522,324	13,297,242	-	32,704,472

1 The at target number of shares which were conditionally granted for the plan year.
2 The allocated number of shares based on the actual performance during the plan year.

Number of shares per plan year

	2018	2019	2020	2021	2022	Total
Unvested at January 1, 2021	**5,251,551**	**7,340,768**	**9,251,766**	**-**	**-**	**21,844,085**
Conditionally granted as variable compensation[1]	-	-	-	9,449,451	-	9,449,451
Allocated[2]	4,010	(29,388)	(1,858,762)	2,450,661	-	566,521
Forfeited	(205,734)	(254,543)	(174,128)	(4,729)	-	(639,134)
Vested	(2,037,774)	(259,858)	(221,441)	(69,851)	-	(2,588,924)
Unvested at December 31, 2021	**3,012,053**	**6,796,979**	**6,997,435**	**11,825,532**	**-**	**28,631,999**
Conditionally granted as variable compensation[1]	-	-	-	-	7,495,307	7,495,307
Allocated [2]	65,410	3,445	1,832	3,847,791	2,136,074	6,054,552
Forfeited	(119,833)	(103,121)	(262,567)	(1,050,197)	-	(1,535,718)
Vested	(2,957,630)	(2,899,400)	(327,134)	(835,534)	(183,739)	(7,203,437)
Unvested at December 31, 2022	**-**	**3,797,903**	**6,409,566**	**13,787,592**	**9,447,642**	**33,442,703**
Grant price (in EUR) [3]	5.405	4.162	4.083	3.293	4.491	
Fair value of shares at grant date (in EUR) [4]	4.143 to 5.054	2.741 to 3.737	1.794 to 3.796	1.625 to 3.978	3.341 to 5.061	

1 The at target number of shares which were conditionally granted as variable compensation for the plan year.
2 Shares that are already allocated during a plan year, are a combination of shares as part of fixed compensation or a sign-on arrangement (e.g. the 2,450,661 shares allocated during the calendar year 2021 in relation to the 2021 plan year). Shares that are allocated in the calendar year after a plan year, concerns the difference between the conditionally granted shares for that plan year and the actual number of shares which have been allocated as variable compensation (e.g. the 1,858,762 share correction during 2021 for the 2020 plan year). This number can therefore be positive or negative. Shares allocated during a calendar year in relation to earlier plan years are backdated corrections to the administration (e.g. during 2021 a correction of 4,010 shares was made in relation to the 2018 plan year).
3 This is the volume weighted average price (VWAP) of Aegon on the Euronext Amsterdam stock exchange for the period December 15 to January 15. For instance for the 2022 plan year, this is the VWAP for the period December 15, 2021 to January 15, 2022.
4 These fair values are adjusted for expected dividend (for which the participants are not eligible during the deferral period) and for the impact of relative total shareholder return as performance indicator for variable compensation (where applicable).

Aegon applies a net settlement option for participants in order to meet their income tax obligations when their shares are paid out. This means that Aegon will not sell shares on the market, but hold these shares within Aegon and settle directly with the tax authorities in cash.

Refer to the Remuneration Report for detailed information on conditional shares granted to the Executive Board.

15 Impairment charges / (reversals)

Impairment charges / (reversals) comprise:	2022	2021 [1]	2020 [1]
Impairment charges on financial assets, excluding receivables	39	11	204
Impairment reversals on financial assets, excluding receivables	(19)	(42)	(28)
Impairment charges and reversals on non-financial assets and receivables	48	48	107
Total	**68**	**16**	**284**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Impairment charges on financial assets, excluding receivables, from:	2022	2021 [1]	2020 [1]
Shares	3	1	42
Debt securities and money market instruments	36	9	161
Loans	-	-	2
Total	**39**	**11**	**204**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Impairment reversals on financial assets, excluding receivables, from:	2022	2021 [1]	2020 [1]
Shares	-	(8)	-
Debt securities and money market instruments	(18)	(30)	(26)
Loans	(1)	(0)	(0)
Other	-	(4)	(1)
Total	**(19)**	**(42)**	**(28)**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Impairment charges on financial assets in 2020 were mainly driven by Americas impairments on public fixed income holdings, primarily in the energy sector, as a consequence of the weakening demand related to the nationwide lockdown due to COVID-19.

Impairment charges on non-financial assets and receivables in 2020 are mainly related to a valuation allowance due to the ongoing rehabilitation process of a reinsurer of Aegon Americas for EUR 68 million.

For more details on impairments on financial assets, excluding receivables, refer to note 4 Financial risks.

16 Interest charges and related fees

	2022	2021 [1)]	2020 [1)]
Subordinated loans	119	110	110
Trust pass-through securities	9	8	9
Borrowings	115	65	96
Other	85	64	190
Total	**329**	**246**	**405**
Included in interest charges and related fees:			
Interest charges accrued on financial liabilities not carried at fair value through profit or loss	221	121	132

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Other includes interest charges on short term borrowings and bank fees.

17 Other charges

	2022	2021 [1)]	2020 [1)]
Other charges	**(5)**	**101**	**104**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Other charges in 2022 are mainly related to the result of a release of an accrual.

Other charges in 2021 are mainly related to settlements of certain universal life policies in the US. For more details refer to note 45 commitments and contingencies.

Other charges in 2020 are mainly driven by charges of EUR 91 million (USD 104 million) related to settlements of certain universal life policies in the US.

18 Income tax

	Note	2022	2021 [1)]	2020 [1)]
Current tax				
Current year		(6)	(18)	(23)
Adjustments to prior years		(3)	(6)	(24)
		(9)	**(24)**	**(47)**
Deferred tax	**40**			
Origination / (reversal) of temporary differences		(540)	163	(309)
Changes in tax rates / bases		(2)	(39)	(11)
Changes in deferred tax assets as a result of recognition / write off of previously not recognized / recognized tax losses, tax credits and deductible temporary differences		8	(5)	12
Non-recognition of deferred tax assets		9	9	7
Adjustments to prior years		16	(9)	11
		(509)	**119**	**(289)**
Income tax for the period (income) / charge		**(518)**	**95**	**(336)**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Reconciliation between standard and effective income tax:	2022	2021 [1)]	2020 [1)]
Result before tax from continuing operations	(1,543)	1,164	(958)
Income tax calculated using weighted average applicable statutory tax rates	(329)	231	(218)
Difference due to the effects of:			
Non-taxable income	(116)	(57)	(54)
Non-tax deductible expenses	12	21	21
Changes in tax rate/base	(2)	(39)	(11)
Different tax rates on overseas earnings	3	-	-
Tax credits	(43)	(48)	(57)
Other taxes	(46)	38	(2)
Adjustments to prior years	12	(15)	(12)
Change in uncertain tax positions	(0)	(16)	-
Changes in deferred tax assets as a result of recognition / write off of previously not recognized / recognized tax losses, tax credits and deductible temporary differences	8	(5)	12
Non-recognition of deferred tax assets	9	9	7
Tax effect of (profit) / losses from joint ventures and associates	(19)	(18)	(17)
Other	(8)	(5)	(4)
	(189)	**(136)**	**(118)**
Income tax for the period (result) / charge	**(518)**	**95**	**(336)**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The weighted average applicable statutory tax rate for 2022 is 21.3% (2021: 19.9%, 2020: 22.8%). The weighted average applicable statutory tax rate increased compared to 2021 due to the relatively high contribution of income before tax in the Netherlands versus high negative income in the United States and income from equity accounted joint ventures and associates which is presented net of tax in the consolidated income statement. Furthermore, the weighted average applicable statutory tax rate is impacted by the accounting for discontinued operations including intercompany transactions, refer to note 51 Discontinued operations.

Non-taxable income in 2022 is comprised of the regular non-taxable items such as the dividend received deduction in the United States and the participation exemption in the Netherlands. Compared to 2021 non-taxable income increased due to more exempt income in the Netherlands.

In the Netherlands, the enacted corporate income tax rate increased from 25% to 25.8% as from January 1, 2022 which resulted in a favorable tax rate impact in 2021. In the United Kingdom, the enacted future corporate income tax rate will increase from 19% to 25% as of April 1, 2023 which resulted in a beneficial tax rate impact in 2021 and 2022.

Tax credits mainly include tax benefits from United States investments that provide affordable housing to individuals and families that meet median household income requirements.

Other taxes are lower compared to 2021 due to unfavorable equity and bond markets which yielded lower policyholder taxes in the United Kingdom and state tax benefits in the United States due to negative income.

In 2021, changes in uncertain tax positions relate to a partial release of certain reassessed tax provisions in the United States.

The following tables present income tax related to components of other comprehensive income and retained earnings.

	2022	2021 [1)]	2020 [1)]
Items that will not be reclassified to profit and loss:			
Changes in revaluation reserve real estate held for own use	-	1	(2)
Remeasurements of defined benefit plans	(5)	(78)	14
	(5)	**(77)**	**12**
Items that may be reclassified subsequently to profit and loss:			
(Gains) / losses on revaluation of available-for-sale investments	2,802	269	(635)
(Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments	(121)	71	(1)
Changes in cash flow hedging reserve	42	47	54
Movement in foreign currency translation and net foreign investment hedging reserve	(12)	3	(7)
	2,710	**390**	**(589)**
Total income tax related to components of other comprehensive income	**2,706**	**313**	**(577)**

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

		2022	2021	2020
Income tax related to equity instruments and other				
Income tax related to equity instruments	**31**	2	13	18
Other		1	3	1
Total income tax recognized directly in retained earnings		**3**	**16**	**19**

19 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net result attributable to owners, after deduction of coupons on perpetual securities and non-cumulative subordinated notes by the weighted average number of common shares, excluding common shares purchased by the Company and held as treasury shares (refer to note 30.1 Share capital – par value and 30.3 Treasury shares respectively).

	2022	2021	2020
Continuing and discontinued operations			
Net result attributable to owners of Aegon N.V. from continuing and discontinued operations	(2,533)	1,651	45
Coupons on perpetual securities	(36)	(39)	(38)
Net result attributable to owners for basic earnings per share calculation from continuing and discontinued operations	**(2,569)**	**1,613**	**7**
Net result attributable to common shareholders from continuing and discontinued operations	(2,552)	1,602	7
Net result attributable to common shareholders B from continuing and discontinued operations	(17)	11	-
Weighted average number of common shares outstanding (in million)	2,010	2,043	2,044
Weighted average number of common shares B outstanding (in million)	536	559	561
Basic earnings per common share (EUR per share) from continuing and discontinued operations	(1.27)	0.78	-
Basic earnings per common share B (EUR per share) from continuing and discontinued operations	(0.03)	0.02	-
Continuing operations			
Net result attributable to owners of Aegon N.V. from continuing operations	(1,054)	1,019	(633)
Coupons on perpetual securities	(36)	(39)	(38)
Net result attributable to owners for basic earnings per share calculation from continuing operations	**(1,090)**	**981**	**(670)**
Net result attributable to common shareholders from continuing operations	(1,083)	974	(666)
Net result attributable to common shareholders B from continuing operations	(7)	7	(5)
Weighted average number of common shares outstanding (in million)	2,010	2,043	2,044
Weighted average number of common shares B outstanding (in million)	536	559	561
Basic earnings per common share (EUR per share) from continuing operations	(0.54)	0.48	(0.33)
Basic earnings per common share B (EUR per share) from continuing operations	(0.01)	0.01	(0.01)
Discontinued operations			
Net result attributable to owners of Aegon N.V. from discontinued operations	(1,479)	632	677
Coupons on perpetual securities	-	-	-
Net result attributable to owners for basic earnings per share calculation from discontinued operations	**(1,479)**	**632**	**677**
Net result attributable to common shareholders from discontinued operations	(1,469)	628	673
Net result attributable to common shareholders B from discontinued operations	(10)	4	5
Weighted average number of common shares outstanding (in million)	2,010	2,043	2,044
Weighted average number of common shares B outstanding (in million)	536	559	561
Basic earnings per common share (EUR per share) from discontinued operations	(0.73)	0.31	0.33
Basic earnings per common share B (EUR per share) from discontinued operations	(0.02)	0.01	0.01

Diluted earnings per share

The diluted earnings per share equaled the basic earnings per share for all years disclosed since there were no Long Term Incentive Plans which were considered dilutive.

20 Dividend per common share

Final dividend 2022

At the Annual General Meeting of Shareholders currently scheduled for May 25, 2023, the Executive Board will, in line with its earlier announcement and barring unforseen circumstances, propose a final dividend for the year 2022 of EUR 0.12 per common share and EUR 0.003 per common share B. If approved and in combination with the interim dividend 2022 of EUR 0.11 per common share, Aegon's total dividend over 2022 will amount to EUR 0.23 per common share and EUR 0.00575 per common share B. Following the transaction with a.s.r., Aegon increased its dividend per common share target from around EUR 0.25 to around EUR 0.30 over 2023.

Interim dividend 2022

The interim dividend 2022 was paid in cash or stock at the election of the shareholder. Approximately 60% of shareholders elected to receive the final dividend in shares. Those who elected stock dividend received one Aegon common share for every 42 common shares held. The stock fraction is based on Aegon's average share price as quoted on Euronext Amsterdam, using the high and low of each of the five trading days from September 8 up to and including September 14, 2022. The average share price calculated on this basis amounted to EUR 4.61. The dividend was paid on September 21, 2022.

The shares repurchased as part of the buyback program to neutralize the dilutive effect of the 2022 interim dividend, as announced on September 27, 2022, will be held as treasury shares and will be used to pay future dividends in shares. Between October 3, 2022 and December 15, 2022, common shares for an amount of EUR 134 million were repurchased. A total of 29,833,390 common shares were repurchased at an average price of EUR 4.4897 per share.

Final dividend 2021

It was decided at the Annual General Meeting of Shareholders on May 31, 2022 to pay a final dividend for 2021 of EUR 0.09 per common share and EUR 0.00225 per common share B. After taking into account the interim dividend of EUR 0.08 per common share and EUR 0.002 per common share B, Aegon's total dividend over 2021 amounted to EUR 0.17 per common share and EUR 0.00425 per common share B.

Interim dividend 2021

The interim dividend 2021 was paid in cash or stock at the election of the shareholder. Approximately 42% of holders of common shares elected to receive the cash dividend. The remaining 58% of shareholders elected to receive the interim dividend in stock. The cash dividend amounted to EUR 0.08 per common share, the stock dividend amounted to one new Aegon common share for every 52 common shares held. The stock dividend and cash dividend are approximately equal in value. The dividend was payable as of September 17, 2021. The interim dividend 2021 for common shares B amounted to 1/40th of the dividend paid on common shares.

To neutralize the dilutive effect of the 2021 interim dividend paid in shares, Aegon executed a program to repurchase 21,531,927 common shares. The repurchase of shares commenced on October 1, 2021 and was completed on October 27, 2021. Aegon engaged a third party to execute the transactions on its behalf. The common shares were repurchased at a maximum of the average of the daily volume-weighted average prices during the repurchase period.

21 Cash and cash equivalents

	2022	2021	2020
Cash at bank and in hand	1,827	3,638	4,907
Short-term deposits	345	1,576	2,214
Money market investments	1,235	1,675	1,247
Short-term collateral	-	-	4
At December 31	**3,407**	**6,889**	**8,372**
Cash collateral received related to securities lending, repurchase agreements and margins on derivatives transactions	5,072	5,776	9,208
Income from security lending programs	7	3	9
Weighted effective interest rate on short-term deposits	15.01%	(0.72%)	(0.64%)
Average maturity days on short-term deposits	44	16	10

The decrease in Cash and cash equivalents in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The carrying amounts disclosed reasonably approximate the fair values as at the year-end.

For cash collateral received related to securities lending, repurchase agreements and margins on derivatives transactions, a corresponding liability to repay the cash is recognized in other liabilities (refer to note 41 Other liabilities). Also, refer to note 46 Transfer of financial assets for details on collateral received and paid. Investment of cash collateral received is restricted through limitations on credit worthiness, duration, approved investment categories and borrower limits. Short-term collateral relates to cash collateral received included in cash and cash equivalents and the remainder is included in other asset classes as that collateral is typically reinvested. Aegon earns a share of the spread between the collateral earnings and the rebate paid to the borrower of the securities which is reflected in Income from securities lending programs.

	Note	2022	2021	2020
Cash and cash equivalents		3,407	6,889	8,372
Cash classified as Assets held for sale		5,085	-	-
Net cash and cash equivalents		**8,491**	**6,889**	**8,372**

Cash and cash equivalents attributable to Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Summary cash flow statement	2022	2021 [1)]	2020 [1)]
Net cash flows from operating activities	2,851	(1,796)	(2,854)
Net cash flows from investing activities	616	(54)	(139)
Net cash flows from financing activities	(1,920)	300	(778)
Net increase / (decrease) in cash and cash equivalents	**1,548**	**(1,550)**	**(3,770)**
Net cash and cash equivalents are impacted by:			
Positive (negative) effects of changes in exchange rates	55	67	(121)

[1] Amounts for 2021 and 2020 includes the disposal group.

Analysis of cash flows

2022 compared to 2021

Net cash flows from operating activities

Total net cash flow from operating activities increased by EUR 4,647 million to a EUR 2,851 million inflow (2021: EUR 1,796 million outflow). The main movements are the decreased cash outflows regarding purchase of investments and the increased cash inflows from disposal of investments (refer to note 22 Investment), partially offset by outflow from insurance and investment liabilities (refer to note 34 Insurance contracts) and by the increased outflow from results from financial transactions (refer to note 10 Results from financial transactions).

Net cash flows from investing activities

Net cash flows from investing activities increased by EUR 670 million to a EUR 616 million inflow (2021: EUR 54 million outflow). The main movements are the decreased cash outflows regarding acquisition/capital contribution joint ventures and associates, partially offset by decreased inflow from disposal joint ventures and associates (refer to note 48 Business combinations and note 49 Group companies.

Net cash flows from financing activities

Net cash flow from financing activities decreased by EUR 2,220 million to a EUR 1,920 million outflow (2021: EUR 300 million inflow). The increase is a result of lower repayments of borrowings and higher proceeds (refer to note 37 Borrowings), partially offset by higher purchases of treasury shares (refer to the table below and note 31 Other equity instruments).

2021 compared to 2020

Net cash flows from operating activities

Total net cash flow from operating activities increased by EUR 1,058 million to a EUR 1,796 million outflow (2020: EUR 2,854 million outflow). The main movements are the decreased cash outflows regarding purchase of investments and the increased cash inflows from disposal of investments (refer to note 22 Investment), partially offset by outflow from insurance and investment liabilities (refer to note 34 Insurance contracts) and by the increased outflow from results from financial transactions (refer to note 10 Results from financial transactions).

Net cash flows from investing activities

Net cash flows from investing activities increased by EUR 85 million to a EUR 54 million outflow (2020: EUR 139 million outflow). The main movements are the decreased cash outflows regarding acquisition/capital contribution joint ventures and associates, partially offset by decreased inflow from disposal joint ventures and associates (refer to note 48 Business combinations and note 49 Group companies.

Net cash flows from financing activities

Net cash flow from financing activities increased by EUR 1,078 million to a EUR 300 million inflow (2020: EUR 778 million outflow). The increase is a result of lower repayments of borrowings and higher proceeds (refer to note 37 Borrowings), partially offset by higher purchases of treasury shares (refer to the table below and note 31 Other equity instruments).

Reconciliation of liabilities arising from financing activities

The table below shows the reconciliation between the net cash flows from financing activities and the liabilities as included in the consolidated statement of financial position.

		Cash flows		Non-cash changes					
Reconciliation of debt from financing activities	At January 1, 2022	Addition	Repayment	Realized gains / losses in income statement	Movements related to fair value hedges	Amortization	Transfers to disposal groups	Net exchange difference	At December 31, 2022
Subordinated borrowings	2,194	-	-	-	-	3	-	98	2,295
Trust pass-through securities	126	-	-	-	(15)	(1)	-	8	118
Borrowings	9,661	3,569	(4,086)	-	(0)	1	(5,227)	133	4,051
Assets held to hedge Trust pass-through securities	3	-	-	(15)	-	-	-	-	(11)
Assets held to hedge Borrowings	-	-	-	-	-	-	-	-	-

Reconciliation of debt from financing activities	At January 1, 2021	Cash flows: Addition	Cash flows: Repay-ment	Non-cash changes: Realized gains / losses in income state-ment	Non-cash changes: Move-ments related to fair value hedges	Non-cash changes: Amorti-zation	Non-cash changes: Transfer to/from other headings	Non-cash changes: Net ex-change differ-ence	At Decem-ber 31, 2021
Subordinated borrowings	2,085	-	-	-		3	-	105	2,194
Trust pass-through securities	126	-	-	-	(9)	-	-	9	126
Borrowings	8,524	3,914	(3,000)	-	(1)	1	-	222	9,661
Assets held to hedge Trust pass-through securities	12	-	-	(9)	-	-	-	1	3
Assets held to hedge Borrowings	62	-	(61)	(1)	-	-	-	-	-

22 Investments

Investments for general account comprise financial assets, excluding derivatives, as well as investments in real estate.

	Note	2022	2021
Available-for-sale (AFS)		59,643	99,884
Loans		12,556	47,455
Financial assets at fair value through profit or loss (FVTPL)		4,567	8,481
Total financial assets, excluding derivatives	**22.1**	**76,766**	**155,820**
Investments in real estate	22.2	59	2,643
Total investments for general account		**76,825**	**158,463**

The decrease in Investments in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

22.1 Financial assets, excluding derivatives

	AFS	FVTPL	Loans	Total	Fair value
2022					
Shares	195	193	-	388	388
Debt securities	53,093	554	-	53,647	53,647
Money market and other short-term investments	5,514	99	-	5,613	5,613
Mortgage loans	-	-	10,441	10,441	9,245
Private loans	-	-	27	27	27
Deposits with financial institutions	-	-	45	45	45
Policy loans	-	-	2,042	2,042	2,042
Other	840	3,722	-	4,562	4,562
At December 31, 2022	**59,643**	**4,567**	**12,556**	**76,766**	**75,569**
2021					
Shares	350	1,665	-	2,015	2,015
Debt securities	93,899	3,296	-	97,195	97,195
Money market and other short-term investments	4,790	120	-	4,910	4,910
Mortgage loans	-	-	40,624	40,624	44,366
Private loans	-	-	4,883	4,883	5,491
Deposits with financial institutions	-	-	52	52	52
Policy loans	-	-	1,893	1,893	1,893
Other	844	3,401	3	4,248	4,248
At December 31, 2021	**99,884**	**8,481**	**47,455**	**155,820**	**160,171**

	2022	2021
Current portion:		
Debt securities, money market and other short-term investments, mortgage and private loans	7,294	12,989

Refer to note 44 Fair value for further details on fair value measurement.

Loan allowance

Movement on the loan allowance account during the year were as follows:

	2022	2021
At January 1	(118)	(188)
Addition charged to income statement	(16)	(40)
Reversal to income statement	15	55
Amounts written off	40	55
Transfers to disposal groups	76	-
At December 31	**(4)**	**(118)**

22.2 Investments in real estate

	2022	2021
At January 1	2,643	2,385
Additions	41	47
Subsequent expenditure capitalized	1	1
Disposals	(40)	(60)
Transfer from real estate for own use and equipment	-	14
Fair value gains / (losses)	(51)	253
Net exchange differences	3	3
Transfers to disposal groups	(2,545)	-
Other	7	-
At December 31	**59**	**2,643**
Investments in real estate held by:		
Americas	42	39
The Netherlands	-	2,588
Value of Aegon's properties which were appraised in the current year	99%	98%
Appraisals performed by independent external appraisers	95%	98%

Refer to note 45 Commitments and contingencies for a description of non-cancellable lease rights.

	2022	2021 [1)]	2020 [1)]
Rental income reported as part of investment income	4	(1)	12
Direct operating expenses (Including repairs and maintenance expenses):			
- From investment property that generated rental income	5	5	23
- From investment property that did not generate rental income	-	1	1

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

There are no restrictions on the realizability of investment property or the remittance of income and proceeds of disposal.

Refer to note 45 Commitments and contingencies for a summary of contractual obligations to purchase investment property.

23 Investments for account of policyholders

Investments for account of policyholders comprise financial assets at fair value through profit or loss, excluding derivatives, and investments in real estate.

	Note	2022	2021
Shares		15,505	29,539
Debt securities		5,694	19,821
Money market and other short-term investments		1,263	1,482
Deposits with financial institutions		2,360	4,105
Unconsolidated investment funds		154,741	191,950
Other		-	3,493
Total investments for account of policyholders at fair value through profit or loss, excluding derivatives		**179,563**	**250,390**
Investments in real estate	23.1	443	563
Total investments for account of policyholders		**180,006**	**250,953**

The decrease in Investments for account of policyholder in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Refer to note 44 Fair value for a summary of all financial assets and financial liabilities at fair value through profit or loss.

23.1 Investments in real estate for account of policyholders

	2022	2021
At January 1	563	467
Additions	-	54
Subsequent expenditure capitalized	10	6
Disposals	(42)	(43)
Fair value gains / (losses)	(61)	46
Net exchange differences	(27)	32
At December 31	**443**	**563**

The investment properties are leased out under operating leases.

	2022	2021	2020
Rental income reported as part of investment income	34	30	27
Direct operating expenses from investment in real estate for account of policyholders	5	4	8

There are no restrictions on the realizability of investment property or the remittance of income and proceeds of disposal.

Refer to note 45 Commitments and contingencies for a summary of contractual obligations to purchase investment property.

24 Derivatives

	Derivative asset		Derivative liability	
	2022	2021	**2022**	2021
Derivatives for general account				
Derivatives not designated in a hedge	2,381	8,138	4,162	8,920
Derivatives designated as fair value hedges	4	224	4	673
Derivatives designated as cash flow hedges	204	346	1,108	948
Derivatives desginated as Net foreign investment hedges	118	73	104	59
	2,707	**8,780**	**5,379**	**10,600**
Derivatives for account of policyholders				
Derivatives not designated in a hedge	53	46	715	39
Total derivatives [1]	**2,760**	**8,827**	**6,094**	**10,639**
Of which:				
Current	352	723	1,607	2,803

1 Refer to note 44 Fair value for a summary of all financial assets and financial liabilities at fair value through profit or loss.

The decrease in Derivatives in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The derivatives are measured at fair value through profit or loss in accordance with IAS 39. For more details on fair value measurement of derivatives refer to note 44 Fair value.

Use of derivatives

Derivatives not designated in a hedge - general account

	Derivative asset		Derivative liability	
Derivatives not designated in a hedge - general account	**2022**	2021	**2022**	2021
Derivatives held as an economic hedge	2,378	8,121	3,198	5,334
Bifurcated embedded derivatives	3	17	964	3,586
Total	**2,381**	**8,138**	**4,162**	**8,920**

Aegon utilizes derivative instruments as a part of its asset liability risk management practices. The derivatives held for risk management purposes are classified as economic hedges to the extent that they do not qualify for hedge accounting, or that Aegon has elected not to apply hedge accounting. The economic hedges of certain exposures relate to an existing asset, liability or future reinvestment risk. In all cases, these are in accordance with internal risk guidelines and are closely monitored for continuing compliance.

Bifurcated embedded derivatives that are not closely related to the host contracts have been bifurcated and recorded at fair value in the consolidated statement of financial position. These bifurcated embedded derivatives are embedded in various institutional products, modified coinsurance and unit-linked insurance contracts in the form of guarantees for minimum benefits. Please refer to note 36 Guarantees in insurance contracts for more disclosures about these guarantees.

Credit Default Swaps

Aegon has entered into free-standing credit derivative transactions. The positions outstanding at the end of the year were:

	2022		2021	
Credit derivative disclosure by quality	Notional	Fair value	Notional	Fair value
AAA	5	-	14	-
AA	177	2	173	3
A	964	9	926	14
BBB	3,446	18	2,925	50
BB	144	(1)	263	1
B or lower	86	(0)	148	2
Total	**4,820**	**28**	**4,449**	**70**

Certain derivatives are used to add risk by selling protection in the form of single name and index based credit default swaps. This involves the purchase of high quality, low risk assets and the sale of credit derivatives. The table above provides a breakdown in credit quality of these credit derivatives. The credit ratings relate to the underlying exposures of these credit derivatives.

Derivatives designated as fair value hedges

Aegon's fair value hedges includes interest rate swaps, swaptions, equity and fixed income total return swaps, equity options, equity futures, bond futures and variance swaps that are used to protect against changes in the fair value of interest rate and equity sensitive instruments or liabilities. Gains and losses on derivatives designated under fair value hedge accounting are recognized in the income statement. The effective portion of the fair value change on the hedged item is also recognized in the income statement. As a result, only the net accounting ineffectiveness has an impact on the net result.

Aegon has entered into interest rate swap agreements that effectively convert certain fixed-rate assets and liabilities to a floating-rate basis (generally to six months or less LIBOR). These hedges are used for portfolio management to better match assets to liabilities or to protect the value of the hedged item from interest rate movements. These agreements involve the payment or receipt of fixed-rate interest amounts in exchange for floating-rate interest amounts over the life of the agreement without the exchange of the underlying principal amounts. Some of the arrangements use forward starting swaps to better match the duration of assets and liabilities.

Aegon has entered into cross-currency interest rate swap agreements that effectively convert certain foreign currency fixed-rate and floating-rate assets and liabilities to US dollar floating-rate assets and liabilities. These agreements involve the exchange of the underlying principal amounts.

For the years ended December 31, 2022, 2021 and 2020, the gains and (losses) related to the ineffectiveness portion of designated fair value hedges Aegon recognized are as follows:

	2022	2021 1)	2020 1)
Gains (losses) related to the ineffectiveness portion of designated fair value hedges	4	3	2

1 Amounts for 2021 and 2020 have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Derivatives designated as cash flow hedges

Aegon has entered primarily into interest rate swap agreements that effectively convert certain variable-rate assets and liabilities to a fixed-rate basis in order to match the cash flows of the assets and liabilities within Aegon's portfolio more closely. These agreements involve the payment or receipt of variable-rate interest amounts in exchange for fixed-rate interest amounts over the life of the agreement without the exchange of the underlying principal amounts. Aegon hedges its exposure to the variability of future cash flows from the interest rate movements for terms up to 22 years for hedges converting existing floating-rate assets and liabilities to fixed-rate assets.

Aegon uses forward starting interest rate swap agreements to hedge the variability in future cash flows associated with the forecasted purchase of fixed-income assets. These agreements reduce the impact of future interest rate changes on the forecasted transaction. Fair value adjustments for these interest rate swaps are deferred and recorded in equity until the occurrence of the forecasted transaction at which time the interest rate swaps will be terminated. The accumulated gain or loss in equity will be amortized into investment income as the acquired asset affects income. Aegon hedges its exposure to the variability of future cash flows from interest rate movements for terms up to 21 years. The cash flows from these hedging instruments are expected to affect the profit and loss for approximately the next 40 years. For the year ended December 31, 2022, the contracts for which cash flow hedge accounting was terminated resulted in deferred gains of EUR 12 million (2021: EUR 60 million) that are recognized directly in equity to be reclassified into net result during the period when the cash flows occur of the underlying hedged items. During the year ended December 31, 2022, none of Aegon's cash flow hedges were discontinued as it was highly probable that the original forecasted transactions would occur by the end of the originally specified time period documented at the inception of the hedging relationship. Aegon projects investment needs many years into the future in order to support the insurance liabilities and pay all contractual obligations arising from the policies in force today.

In addition, Aegon also makes use of cross currency swaps to convert variable or fixed foreign currency cash flows into fixed cash flows in local currencies. The cash flows from these hedging instruments are expected to occur over the next 34 years. These agreements involve the exchange of the underlying principal amounts.

Hedge ineffectiveness and reclassification of gains (losses)	2022	2021	2020
Hedge ineffectiveness on cash flow hedges	(3)	1	-
Gains (losses) reclassified from equity into the income statement	(102)	(38)	74
Expected deferred gain (loss) to be reclassified from equity into net result during the next 12 months	116	113	92

The periods when the cash flows are expected to occur are as follows:

	< 1 year	1 - 5 years	5 - 10 years	> 10 years	2022 Total
Cash inflows	598	2,572	1,887	6,331	11,388
Cash outflows	-	4	-	-	4
Net cash flows	**598**	**2,569**	**1,887**	**6,331**	**11,384**

	< 1 year	1 - 5 years	5 - 10 years	> 10 years	2021 Total
Cash inflows	535	2,158	1,640	5,868	10,201
Cash outflows	-	4	-	-	4
Net cash flows	**535**	**2,154**	**1,640**	**5,868**	**10,197**

Effect of uncertainty of IBOR reform on derivatives designated as fair value and cash flows hedges

The future of IBORs (Interbank Offered Rates) such as EURIBOR, EONIA and LIBOR has been a major topic on the global agenda since the G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of leading interest rate benchmarks in 2013. The FSB proposed new standards to reform interest rate benchmarks and the use of transaction-based input data instead of non-transactional/panel input data. In the EU this is adopted in the new Benchmark Regulation (BMR) which stipulates that from January 2020 only BMR compliant benchmarks may be used within the EU.

In order to prepare for the IBOR transition all Aegon units have written transition plans containing among others project solutions and actions, timelines and ownership to ensure timely preparation and implementation. We are currently implementing the actions as described in the transition plans.

In July 2020 the discount rates of EUR cleared derivatives switched from EONIA to €STR which impacted the valuation of derivatives for which compensation was exchanged. All EUR Credit Support Annex ('CSA') which have positions outstanding have been amended from EONIA to €STR discounting. In the US, the cleared market has switched discount rates from Fed Funds to Secured Overnight Funding Rate ('SOFR') in October 2020. The switch in discount rates is expected to lead to increased liquidity in the new risk free rates.

The majority of the fair value and cash flow hedges are directly exposed to changes in benchmark rates (predominantly EURIBOR and USD LIBOR). There are no plans for the discontinuation of EURIBOR and appropriate fallback language has been implemented via the International Swaps and Derivatives ('ISDA') fallback protocol and rulebook changes by the clearing houses. The relevant USD LIBOR benchmark rates are expected to remain available for existing contracts until mid 2023 and these derivatives will either be actively transitioned to SOFR before the 2023 deadline or via the ISDA fallback protocol. The total notional of financial instruments designated as fair value or cash flow hedges with a USD LIBOR reference that have a maturity date beyond June 30, 2023 amount to EUR 3,121 million (2021: EUR 3,439 million).

Aegon applies the reliefs offered in IAS 39 to ensure that this uncertainty does not result in the early termination of hedge accounting, whilst also assuming for measurement purposes that, owing to the general principle of equivalence, transitions to alternative rates will not result in significant contract modifications.

Net foreign investment hedges

Aegon funds its investments in insurance subsidiaries with a mixture of debt and equity. Aegon aims to denominate debt funding in the same currency as the functional currency of the investment. Investments outside the Eurozone, the United States and the United Kingdom are funded in euros. When the debt funding of investments is not in the functional currency of the investment, Aegon uses derivatives to swap the currency exposure of the debt instrument to the appropriate functional currency. This policy will ensure that total capital will reflect currency movements without distorting debt to shareholders' equity ratios. Aegon utilizes various financial instruments as designated hedging instruments of its foreign investments. These instruments include long-term and short-term borrowings, short-term debts to credit institutions, cross currency swap contracts and forward foreign exchange contracts.

25 Investments in joint ventures and associates

	Joint ventures		Associates	
	2022	2021	**2022**	2021
At January 1	1,743	1,376	1,289	1,264
Additions	30	61	40	12
Disposals	(67)	-	(8)	-
Share in net result	286	265	4	112
Share in changes in equity (note 30.6)	(63)	25	3	(6)
Impairment reversals / (charges)	-	-	(9)	3
Dividends	(79)	(88)	(58)	(39)
Net exchange difference	(25)	45	(1)	2
Transfer to / (from) other headings	-	58	-	(58)
Transfer to disposal groups	(382)	-	(1,096)	-
At December 31	**1,443**	**1,743**	**165**	**1,289**

The decrease in Investments in joint ventures and associates in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The disposal of joint ventures in 2022 relates to the divestment of Aegon's 50% stake in the Spanish insurance joint venture with Liberbank to Unicaja Banco, refer to note 48 Companies and businesses acquired and divested.

In 2021, Aegon amended its agreement related to the investment in MAG Seguros and injected EUR 40 million in the undertaking. Following the amendment the investment required reclassification from Investments in associates to Investments in joint ventures as the level of influence was affected. The transfer to / (from) other headings in 2021 reflect the carrying amount of the investment of EUR 58 million prior to the capital injection of EUR 40 million.

With the exception of a limited number of immaterial venture capital entities, all joint ventures and associates are unlisted and are accounted for using the equity method and are considered to be non-current. The investments in joint ventures and associates include interest in insurance companies that are required to maintain a minimum solvency margin based on local directives. Such restrictions can affect the ability of these joint ventures and associates to transfer funds in the form of cash dividends, or repayment of loans or advances, and therefore, there can be no assurance that these restrictions will not become a limitation in the future. Refer to note 45 Commitments and contingencies for any commitments and contingencies related to investments in joint ventures. There are no unrecognized shares of losses in joint ventures and associates. The financial statements of the principal joint ventures and associates have the same reporting date as the Group. Refer to note 49 Group companies for a listing of the investments in joint ventures and associates and the Group's percentage holding.

Summarized financial information of joint ventures

The summarized financial information presented in the following table presents the joint ventures on a 100% basis. Aegon considers its investments in Santander Vida Seguros y Reaseguros S.A. ('Santander Spain Life') and Aegon Industrial Fund Management Co.Ltd. ('AIFMC') as material joint ventures and are therefore presented separately.

	Santander Spain Life		AIFMC		Other Joint ventures	
	2022	2021	**2022**	2021	**2022**	2021
Summarized statement of financial position						
Cash and cash equivalents	23	20	392	351	99	157
Other current assets	155	130	836	810	725	697
Total current assets	**178**	**150**	**1,229**	**1,161**	**824**	**854**
Non-current assets	1,109	1,134	200	204	5,349	5,574
Total assets	**1,287**	**1,284**	**1,429**	**1,364**	**6,173**	**6,428**
Current financial liabilities excluding trade payables and other provisions	-	-	-	-	-	7
Other current liabilities	148	126	526	613	543	501
Total current liabilities	**148**	**126**	**526**	**613**	**544**	**509**
Non-current financial liabilities excluding trade payables and other provisions	-	-	-	-	67	183
Other non-current liabilities	504	510	-	-	4,447	3,921
Total non-current financial liabilities	**504**	**510**	**-**	**-**	**4,515**	**4,104**
Total liabilities	**652**	**636**	**526**	**613**	**5,059**	**4,613**
Net assets	**635**	**648**	**903**	**752**	**1,114**	**1,816**
Summarized statement of comprehensive income						
Revenue	288	247	644	858	2,374	1,866
Results from financial transactions	-	-	-	-	(2)	51
Depreciation and amortization	(30)	(25)	(4)	(3)	(27)	(21)
Interest income	2	2	9	8	104	25
Interest expense	-	-	(0)	-	(7)	(13)
Profit or loss	71	61	330	386	260	247
Income tax (expense) or result	(16)	(12)	(92)	(109)	(56)	(40)
Post-tax profit or (loss)	**55**	**48**	**238**	**277**	**205**	**208**
Other comprehensive income	(37)	(2)	-	-	(86)	53
Total comprehensive income	**18**	**47**	**238**	**277**	**118**	**260**
Dividends received	30	-	-	-	54	18

An overview of the summarized financial information of the carrying amount of the joint ventures is as follows:

	Santander Spain Life		AIFMC		Other Joint ventures	
	2022	2021	**2022**	2021	**2022**	2021
Net assets of joint venture as presented above	635	648	903	752	1,114	1,816
Net assets of joint venture excluding goodwill	556	568	960	751	1,019	1,681
Group share of net assets of joint venture, excluding goodwill	283	290	471	368	513	857
Goodwill on acquisition	80	80	1	1	95	148
Carrying amount	**363**	**369**	**471**	**369**	**608**	**1,005**

Aegon's group share of net assets of joint ventures, as presented in the table above, is less than Aegon's share of the net assets as presented in the summarized financial information on a 100% basis, due to the inclusion of third parties in the joint ventures.

The following table includes the summarized financial information of the joint ventures based on the Group's relative holding.

	Santander Spain Life		AIFMC		Other Joint ventures	
	2022	2021	**2022**	2021	**2022**	2021
Post-tax profit or loss	28	25	116	136	104	104
Other comprehensive income	(19)	(1)	-	-	(44)	26
Total comprehensive income	**9**	**24**	**116**	**136**	**61**	**131**

Summarized financial information of associates

The summarized financial information of associates presented below is based on the Group's relative holding.

	Associates	
	2022	2021[1]
Post-tax profit or loss	(11)	(15)
Other comprehensive income	1	(5)
Total comprehensive income	**(10)**	**(20)**
Carrying amount	165	1,289

1 Amounts for 2021 related to post-tax profit or loss, other comprehensive income and total comprehensive income have been re-presented to reflect the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

26 Reinsurance assets

Assets arising from reinsurance contracts related to:	**2022**	2021
Life insurance general account	19,595	19,409
Non-life insurance	1,255	1,245
Investment contracts	334	338
At December 31	**21,184**	**20,992**
Current	8	16
Non-current	21,176	20,976

Amounts due from reinsurers in respect of claims already paid by the Group are included in note 28 Other assets and receivables.

Movements during the year in reinsurance assets relating to life insurance:	Life insurance general account
At January 1, 2022	19,409
Gross premium and deposits – existing and new business	1,635
Unwind of discount / interest credited	1,115
Insurance liabilities released	(3,562)
Fund charges released	(252)
Changes to valuation of expected future benefits	(138)
Net exchange differences	1,201
Transfer to/from insurance contracts	(2)
Transfers to disposal groups	(0)
Other movements	190
At December 31, 2022	**19,595**
At January 1, 2021	17,421
Gross premium and deposits – existing and new business	1,825
Unwind of discount / interest credited	828
Insurance liabilities released	(1,890)
Fund charges released	(83)
Changes to valuation of expected future benefits	(38)
Net exchange differences	1,342
Transfer to/from insurance contracts	2
Other movements	1
At December 31, 2021	**19,409**

Movements during the year in reinsurance assets relating to non-life insurance:	2022	2021
At January 1	1,245	1,144
Gross premium and deposits – existing and new business	125	129
Unwind of discount / interest credited	91	83
Insurance liabilities released	(130)	(113)
Changes in unearned premiums	(68)	(75)
Incurred related to current year	124	91
Incurred related to prior years	43	49
Release for claims settled current year	(35)	(29)
Release for claims settled prior years	(118)	(108)
Change in IBNR	(9)	1
Net exchange differences	78	84
Disposal of a business	(4)	-
Transfers to disposal groups	(78)	-
Other movements	(9)	(11)
At December 31	**1,255**	**1,245**

Assets arising from reinsurance contracts related to:	2022	2021
Normal course of business	7,582	7,809
Exit of a business	13,602	13,183
At December 31	**21,184**	**20,992**

27 Deferred expenses

	2022	2021
DPAC for insurance contracts and investment contracts with discretionary participation features	11,777	9,303
Deferred cost of reinsurance	651	766
Deferred transaction costs for investment management services	458	434
At December 31	**12,886**	**10,503**
Current	719	683
Non-current	12,167	9,820

	2022			2021		
	DPAC	Deferred costs of reinsurance	Deferred transaction costs	DPAC	Deferred costs of reinsurance	Deferred transaction costs
At January 1	9,303	766	434	8,253	141	404
Costs deferred during the year	683	59	28	636	619	25
Amortization through income statement	(793)	(93)	(29)	(899)	(32)	(26)
Shadow accounting adjustments	2,136	85	-	699	17	-
Net exchange differences	483	34	25	621	21	30
Transfers to disposal groups	(29)	(212)	-	-	-	-
Other	(7)	12	-	(7)	-	-
At December 31	**11,777**	**651**	**458**	**9,303**	**766**	**434**

The decrease in deferred cost on reinsurance in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The increase in deferred cost on reinsurance in 2021 is mainly the result of an EUR 480 million reinsurance agreement between Transamerica and a third party to reinsure a portfolio of universal life secondary guarantee policies. Furthermore, in the Netherlands a reinsurance agreement protecting against longevity risk was closed with Reinsurance Group of America (RGA) leading to a deferred cost of reinsurance of EUR 115 million.

28 Other assets and receivables

	Note	2022	2021
Real estate held for own use and equipment	28.1	324	455
Receivables	28.2	8,880	5,622
Accrued income	28.3	843	1,366
Right-of-use assets	28.4	158	199
At December 31		**10,204**	**7,642**

28.1 Real estate held for own use and equipment

Total real estate held for own use and equipment	2022	2021
General account real estate held for own use	73	185
Equipment	251	270
At December 31	**324**	**455**

General account real estate held for own use	2022	2021
Net book value		
At January 1	185	209
Additions	-	-
Capitalized subsequent expenditure	1	7
Disposals	(32)	-
Transfer to investments in real estate	(5)	(14)
Unrealized gains/(losses) through equity	(1)	(4)
Realized gains/(losses) through income statement	(0)	-
Depreciation through income statement	(4)	(5)
Impairment losses	(0)	(13)
Net exchange differences	4	5
Transfers from disposal groups	(76)	-
Other	1	-
At December 31	**73**	**185**
Gross carrying value	95	218
Accumulated depreciation and impairment losses	(23)	(33)
Net book value	**73**	**185**
General account real estate held for own use:		
Carrying amount under a historical cost model	72	165
% of real estate appraised in the current year	7%	50%
% of appraisals performed by independent external appraisers	100%	100%

The decrease in Real estate held for own use and equipment in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

General account real estate held for own use has not been pledged as security for liabilities, nor are there any restrictions on title. Depreciation expenses are recorded in Commissions and expenses in the income statement. The useful lives of buildings range between 40 and 50 years.

Equipment	2022	2021
Net book value		
At January 1	270	263
Additions	72	69
Disposals	(5)	(2)
Depreciation through income statement	(71)	(71)
Impairment losses	(2)	(4)
Net exchange differences	13	16
Transfers to disposal groups	(27)	-
Other	2	(1)
At December 31	**251**	**270**
Gross carrying value	636	679
Accumulated depreciation and impairment losses	(386)	(409)
Net book value	**251**	**270**

None of the equipment is held for lease (2021: none). Equipment has not been pledged as security for liabilities, nor are there any restrictions on title. Depreciation expenses have been recorded in Commissions and expenses in the income statement. Equipment is generally depreciated over a period of three to five years.

28.2 Receivables

	2022	2021
Loans to associates	8	8
Receivables from policyholders	647	691
Receivables from brokers and agents	376	310
Receivables from reinsurers	723	750
Cash outstanding from assets sold	134	160
Trade receivables	881	1,393
Cash collateral	3,372	314
Income tax receivable	277	229
Other	2,597	1,885
Provision for doubtful debts	(134)	(120)
At December 31	**8,880**	**5,622**
Current	8,866	5,600
Non-current	13	21

With the exception of receivables from reinsurers, the receivables balances presented above are mostly not externally rated.

The increase in cash collateral at December 31, 2022 compared to December 31, 2021 is mainly the result of increased interest rates in 2022.

The movements in the provision for doubtful debts during the year were as follows:

	2022	2021
At January 1	(120)	(88)
Additions charged to earnings	(19)	(33)
Unused amounts reversed through the income statement	3	5
Disposal of business	3	-
Used during the year	2	3
Transfers to disposal groups	4	-
Net exchange differences	(6)	(6)
At December 31	**(134)**	**(120)**

28.3 Accrued income

	2022	2021
Accrued interest	842	1,363
Other	1	3
At December 31	**843**	**1,366**
Current	842	1,366
Non-current	-	-

28.4 Right-of-use assets

	Real estate for own use	Equipment	Other	Total
Net book value				
At January 1, 2022	182	14	3	199
Additions	24	10	1	34
Disposals	(8)	-	-	(8)
Modification of lease contracts	3	-	-	3
Depreciation through income statement	(29)	(10)	(1)	(41)
Transfers from disposal groups	(28)	-	-	(28)
Net exchange differences	(2)	1	(0)	(2)
Other	2	(0)	(1)	1
At December 31, 2022	**143**	**14**	**1**	**158**
Gross carrying value	256	35	4	295
Accumulated depreciation and impairment losses	(113)	(21)	(3)	(138)
Net book value 2022	**143**	**14**	**1**	**158**
Net book value				
At January 1, 2021	193	15	3	211
Additions	12	9	2	23
Disposals	(14)	(0)	-	(14)
Modification of lease contracts	17	-	-	17
Depreciation through income statement	(36)	(11)	(2)	(49)
Net exchange differences	10	1	(1)	10
At December 31, 2021	**182**	**14**	**3**	**199**
Gross carrying value	287	43	8	339
Accumulated depreciation and impairment losses	(105)	(29)	(6)	(140)
Net book value 2021	**182**	**14**	**3**	**199**

Right-of-use assets are mainly held by Aegon UK and Aegon Americas and they are mainly office buildings held for own use.

For information on the Lease liabilities and respective maturity analysis, please refer to note 41 Other liabilities and note 4 Financial risks, respectively.

29 Intangible assets

	Goodwill	VOBA	Future servicing rights	Software	Other	Total
Net book value						
At January 1, 2022	391	750	65	83	44	1,333
Additions	-	-	-	20	6	26
Amortization through income statement	-	(97)	(9)	(16)	(5)	(127)
Impairment losses	-	-	-	-	-	-
Shadow accounting adjustments	-	126	-	-	-	126
Business combinations, disposals and other changes	11	-	(1)	(26)	16	(0)
Net exchange differences	10	44	-	(3)	(4)	47
Transfers to disposal groups	(97)	-	-	(37)	(32)	(165)
At December 31, 2022	**316**	**821**	**56**	**21**	**25**	**1,240**
Gross carrying value	487	7,231	347	85	128	8,278
Accumulated amortization, depreciation and impairment losses	(171)	(6,409)	(291)	(64)	(102)	(7,038)
Net book value 2022	**316**	**821**	**56**	**21**	**25**	**1,240**
Net book value						
At January 1, 2021	375	815	71	79	45	1,386
Additions	-	-	-	25	3	29
Amortization through income statement	-	(163)	(8)	(20)	(4)	(194)
Impairment losses	-	-	-	(7)	(1)	(8)
Shadow accounting adjustments	-	41	-	-	-	41
Capital expenditure	-	-	-	14	-	14
Business combinations, disposals and other changes	-	-	-	(7)	1	(6)
Net exchange differences	16	57	1	(1)	(1)	72
At December 31, 2021	**391**	**750**	**65**	**83**	**44**	**1,333**
Gross carrying value	561	6,923	350	408	185	8,427
Accumulated amortization, depreciation and impairment losses	(169)	(6,174)	(285)	(325)	(141)	(7,094)
Net book value 2021	**391**	**750**	**65**	**83**	**44**	**1,333**

The decrease in Intangible assets in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Amortization and depreciation through income statement is included in Commissions and expenses. None of the intangible assets have titles that are restricted or have been pledged as security for liabilities.

With the exception of goodwill, all intangible assets have a finite useful life and are amortized accordingly. VOBA and future servicing rights are amortized over the term of the related insurance contracts, which can vary significantly depending on the maturity of the acquired portfolio. The amortization is based on either the expected future premiums, revenues or the expected gross profit margins, which for the most significant blocks of business ranges between 50 and 80 years. Future servicing rights are amortized over a period of 10 to 30 years of which 12 years remain at December 31, 2022 (2021: 13 years). Software is generally depreciated over an average period of 3 to 5 years (no changes compared to 2021).

Goodwill

The goodwill balance has been allocated across the cash-generating units which are expected to benefit from the synergies inherent in the goodwill. Goodwill is tested for impairment both annually and when there are specific indicators of a potential impairment. The recoverable amount is the higher of the value in use and fair value less costs of disposal for a cash-generating unit. The operating assumptions used in all the calculations are best estimate assumptions and based on historical data where available.

The economic assumptions used in all the calculations are based on observable market data and projections of future trends. All the cash-generating units tested showed that the recoverable amount was higher than their carrying values, including goodwill. A reasonably possible change in any key assumption is not expected to cause the carrying value of the cash-generating units to exceed its recoverable amount.

A geographical summary of the cash-generating units to which the goodwill is allocated is as follows:

Goodwill	2022	2021
Americas	208	181
The Netherlands	-	97
United Kingdom	54	57
International	18	23
Asset Management	35	33
At December 31	**316**	**391**

Within the Americas, Transamerica's goodwill is allocated to groups of cash-generating units including variable annuities, fixed annuities and the retirement plans cash-generating unit. Transamerica uses the value in use concept to determine the recoverable amount and it is calculated annually in the fourth quarter. Transamerica reviewed the recoverable amount of the annuities and retirement plan cash-generating units under the Economic Available Capital (EAC) approach. This approach measures the difference between the market value of assets assigned to a block of business and the market value of liabilities. The EAC is reflective of market conditions where a pre-tax benchmark discount rate ranged from approximately 3.13% to 3.65% from the one month to 30-year tenors. Based on the value in use tests, Transamerica's goodwill for the group of annuities cash-generating units (2022: EUR 133 million: 2021: EUR 125 million) remains unchanged from prior year except for the impact of currency translation adjustments. Transmerica's goodwill for the retirement plans cash generating unit increased in 2022 due to the TAG Resources, LLC (TAG) acquisition bringing the total goodwill allocated to the retirement plans cash generating unit to EUR 75 million (2021: EUR 56 million).

30 Shareholders' equity

Issued share capital and reserves attributable to shareholders of Aegon N.V.

	Note	2022	2021	2020
Share capital - par value	30.1	319	321	320
Share premium	30.2	6,853	7,033	7,160
Total share capital		**7,172**	**7,354**	**7,480**
Retained earnings		9,989	12,635	11,124
Treasury shares	30.3	(676)	(273)	(181)
Total retained earnings		**9,313**	**12,362**	**10,943**
Revaluation reserves [1)]	30.4	(4,477)	6,442	7,480
Remeasurement of defined benefit plans [2)]	30.5	(1,565)	(2,199)	(2,534)
Other reserves [3)]	30.6	997	325	(553)
Total shareholders' equity		**11,440**	**24,282**	**22,815**

1 Included in the 2022 Revaluation reserves is an amount of EUR (676) million relating to Aegon the Netherlands classification as discontinued operations, refer to note 51 Discontinued operations

2 Included in the 2022 Remeasurement of defined benefit plans is an amount of EUR (624) million relating to Aegon the Netherlands classification as discontinued operations, refer to note 51 Discontinued operations

3 Included in the 2022 Other reserves is an amount of EUR 14 million relating to Aegon the Netherlands classification as discontinued operations, refer to note 51 Discontinued operations

Share capital transactions relating to common shares	2022 Number of shares (thousands)	2021 Number of shares (thousands)	2020 Number of shares (thousands)
Transactions in 2022:			
Final dividend 2021 [1]	(18,676)		
Share buyback program (final dividend 2021)	24,364		
Interim dividend 2022 [1]	(21,365)		
Share buyback program (interim dividend 2022)	29,833		
Transactions in 2021:			
Final dividend 2020 [1]		(15,274)	
Share buyback program (final dividend 2020)		19,452	
Interim dividend 2021 [1]		(17,314)	
Share buyback program (interim dividend 2021)		21,532	
Transactions in 2020:			
Interim dividend 2020 [1]			(22,947)
Share buyback program (interim dividend 2020)			24,029

1 Dividend distribution paid from treasury shares (note 30.3)

In 2023, Aegon executed a program to repurchase 8,516,263 common shares for an amount of EUR 42.5 million to meet its obligations resulting from the share-based compensation plans for senior management. Between January 6, 2023 and January 30, 2023, these common shares were repurchased at an average price of EUR 5.00 per share.

30.1 Share capital - par value

	2022	2021	2020
Common shares	253	253	252
Common shares B	66	68	69
At December 31	**319**	**321**	**320**

Common shares	2022	2021	2020
Authorized share capital	720	720	720
Number of authorized shares (in million)	6,000	6,000	6,000
Par value in cents per share	12	12	12

Common shares B	2022	2021	2020
Authorized share capital	360	360	360
Number of authorized shares (in million)	3,000	3,000	3,000
Par value in cents per share	12	12	12

	Common shares		Common shares B	
	Number of shares (thousands)	Total amount	Number of shares (thousands)	Total amount
At January 1, 2020	**2,105,139**	**253**	**585,022**	**70**
Shares withdrawn	(9,491)	(1)	(13,227)	(2)
Dividend	2,466	-	-	-
At December 31, 2020	**2,098,114**	**252**	**571,795**	**69**
Shares withdrawn	(2,466)	(0)	(2,956)	(0)
Dividend	10,665	1	-	-
At December 31, 2021	**2,106,313**	**253**	**568,839**	**68**
Shares withdrawn	(10,665)	(1)	(22,643)	(3)
Dividend	13,782	2	-	-
At December 31, 2022	**2,109,430**	**253**	**546,196**	**66**

The common shares and common shares B withdrawn in 2022 are the result of the cancellation of 10,664,951 and 22,643,360 shares, respectively, following the repurchase by the Company in connection with the share buyback program. This share buy back program was executed following the 2021 interim dividend distribution in order to reduce the number of own shares, which are not used to cover obligations arising from share-based incentive plans or other obligations.

The table below represents weighted average number of common shares including treasury shares attributable to Aegon N.V.:

	Weighted average number of common shares (thousands)	Weighted average number of common shares B (thousands)
2020	**2,101,749**	**579,312**
2021	**2,101,231**	**570,629**
2022	**2,107,315**	**559,906**

All issued common shares and common shares B each have a nominal value of EUR 0.12 and are fully paid up. Repayment of capital can only be initiated by the Executive Board, is subject to approval of the Supervisory Board and must be resolved by the General Meeting of Shareholders. Moreover, repayment on common shares B needs approval of the related shareholders. Refer to 'Other information' for further information on dividend rights.

Vereniging Aegon, based in The Hague, the Netherlands, holds all of the issued and outstanding common shares B.

Under the terms of the 1983 Amended Merger Agreement, dated May 2013, Vereniging Aegon has a call option relating to common shares B. Vereniging Aegon may exercise its call option at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to keep or restore its total stake at 32.6%, irrespective of the circumstances which cause the total shareholding to be or become lower than 32.6%. Refer to note 50 Related party transactions for transactions between Aegon N.V. and Vereniging Aegon.

30.2 Share premium

	2022	2021	2020
At January 1	7,033	7,160	7,213
Share dividend	(180)	(127)	(54)
At December 31	**6,853**	**7,033**	**7,160**
Share premium relating to:			
- Common shares	5,200	5,380	5,507
- Common shares B	1,653	1,653	1,653
Total share premium	**6,853**	**7,033**	**7,160**

The share premium account reflects the balance of paid-in amounts above par value at issuance of new shares less the amounts charged for share dividends.

30.3 Treasury shares

On the reporting date, Aegon N.V. and its subsidiaries held 146,606,837 (2021: 71,780,196) of its own common shares and 51,762,840 (2021: 30,588,800) own common shares B with a par value of EUR 0.12 each.

Movements in the number of treasury common shares held by Aegon N.V. were as follows:

	2022		2021		2020	
	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount
At January 1	70,958	262	52,686	171	65,540	269
Transactions in 2022:						
Purchase: 1 transaction, average price EUR 4.92	10,158	50				
Sale: 3 transactions, average price EUR 2.46	(4,708)	(12)				
Sale: 1 transaction, average price EUR 3.12	(18,676)	(58)				
Purchase: 1 transaction, average price EUR 4.38	24,364	107				
Share withdrawn: 1 transaction, average price EUR 3.70	(10,665)	(39)				
Sale: 1 transaction, average price EUR 3.91	(21,365)	(84)				
Purchase: 1 transaction, average price EUR 4.49	29,833	134				
Purchase: 3 transactions, average price EUR 4.58	65,921	302				
Transactions in 2021:						
Sale: transactions, average price 3.90			(4,139)	(16)		
Shares withdrawn: 1 transaction average price 3.89			(2,466)	(10)		
Sale: 1 transaction, average price 3.89			(15,274)	(59)		
Purchase: 1 transaction average price 3.70			35,933	133		
Sale: 1 transaction, average price 3.02			(17,314)	(52)		
Purchase: 1 transaction average price 4.46			21,532	96		
Transactions in 2020:						
Sale: transactions, average price 4.52					(4,445)	(20)
Shares withdrawn: 1 transaction average price 4.52					(9,491)	(43)
Sale: 1 transaction, average price 4.13					(22,947)	(95)
Purchase: 1 transaction average price 2.46					24,029	59
At December 31	**145,821**	**662**	**70,958**	**262**	**52,686**	**171**

Movements in the number of treasury common shares B held by Aegon N.V. were as follows:

	2022		2021		2020	
	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount
At January 1	30,589	3	12,884	1	25,310	3
Transactions in 2022:						
Share withdrawn: 1 transaction, average price EUR 0.10	(22,643)	(2)				
Purchase: 1 transaction, average price EUR 0.12	43,817	5				
Transactions in 2021:						
Sale: 1 transaction, average price 0.10			(1,983)	-		
Shares withdrawn: 1 transaction average price 0.10			(2,956)	-		
Purchase: 1 transaction average price 0.10			22,643	2		
Transactions in 2020:						
Sale: 1 transaction, average price 0.13					(2,154)	-
Shares withdrawn: 1 transaction average price 0.13					(13,227)	(2)
Purchase: 1 transaction average price 0.08					2,956	-
At December 31	**51,763**	**6**	**30,589**	**3**	**12,884**	**1**

As part of their insurance and investment operations, subsidiaries within the Group also hold Aegon N.V. common shares, both for their own account and for account of policyholders. These shares have been treated as treasury shares and are (de) recognized at the consideration paid or received.

	2022		2021		2020	
	Number of shares (thousands)	Total amount	Number of shares (thousands)	Total amount	Number of shares (thousands)	Total amount
Common shares						
Held by Aegon N.V.	145,821	662	70,958	262	52,686	171
Held by subsidiaries	785	8	822	8	1,062	9
Common shares B						
Held by Aegon N.V.	51,763	6	30,589	3	12,884	1
At December 31	**198,369**	**676**	**102,369**	**273**	**66,632**	**181**

	Weighted average number of treasury shares, including treasury shares held by subsidiaries (thousands)	Weighted average number of treasury shares B (thousands)
2020	**58,224**	**18,386**
2021	**57,989**	**11,621**
2022	**97,807**	**23,696**

30.4 Revaluation reserves

	Available-for-sale investments	Real estate held for own use	Cash flow hedging reserve	Total
At January 1, 2022	5,309	32	1,100	6,442
Gross revaluation	(21,586)	(1)	(66)	(21,653)
Shadow accounting adjustment	6,407	-	-	6,407
Net (gains) / losses transferred to income statement	742	(16)	(126)	600
Disposal of a business	14	-	-	14
Foreign currency translation differences	413	(0)	74	487
Tax effect	3,178	-	42	3,219
Transfers to disposal groups	-	-	-	-
Other	7	-	-	7
At December 31, 2022	**(5,516)**	**15**	**1,024**	**(4,477)**
At January 1, 2021	6,248	35	1,197	7,480
Gross revaluation	(3,930)	(4)	(122)	(4,057)
Shadow accounting adjustment	2,759	-	-	2,759
Net (gains) / losses transferred to income statement	(450)	-	(106)	(556)
Foreign currency translation differences	362	1	84	447
Tax effect	322	1	47	370
Other	(1)	-	-	(1)
At December 31, 2021	**5,309**	**32**	**1,100**	**6,442**
At January 1, 2020	4,352	19	1,502	5,873
Gross revaluation	5,728	20	(141)	5,607
Shadow accounting adjustment	(2,738)	-	-	(2,738)
Net (gains) / losses transferred to income statement	13	-	(106)	(94)
Net (gains) / losses transferred to retained earnings	-	-	-	-
Foreign currency translation differences	(443)	(2)	(111)	(556)
Tax effect	(664)	(2)	54	(612)
At December 31, 2020	**6,248**	**35**	**1,197**	**7,480**

The revaluation accounts for both available-for-sale investments and for real estate held for own use include unrealized gains and losses on these investments, net of tax. Upon sale, the amounts realized are recognized in the income statement (for available-for-sale investments) or transferred to retained earnings (for real estate held for own use). Upon impairment, unrealized losses are recognized in the income statement.

The closing balances of the revaluation reserve for available-for-sale investments relate to the following instruments:

	2022	2021	2020
Shares	18	49	46
Debt securities	(5,511)	5,276	6,218
Other	(22)	(15)	(17)
Revaluation reserve for available-for-sale investments	**(5,516)**	**5,309**	**6,248**

The cash flow hedging reserve includes (un)realized gains and losses on the effective portions of hedging instruments, net of tax. The amounts are recognized in the income statement at the moment of realization of the hedged position to offset the gain or loss from the hedged cash flow. No amounts have been released from equity to be included in the initial measurement of non-financial assets or liabilities.

30.5 Remeasurement of defined benefit plans

	2022	2021	2020
At January 1	(2,199)	(2,534)	(2,397)
Remeasurements of defined benefit plans	904	501	(360)
Tax effect	(250)	(102)	140
Net exchange differences	(20)	(65)	83
Total remeasurement of defined benefit plans	**(1,565)**	**(2,199)**	**(2,534)**

30.6 Other reserves

	Foreign currency translation reserve	Net foreign investment hedging reserve	Equity movements of joint ventures and associates	Total
At January 1, 2022	596	(338)	67	325
Movement in foreign currency translation and net foreign investment hedging reserves	710	(116)	-	594
Disposal of a business	102	67	(18)	150
Tax effect	(28)	16	-	(12)
Equity movements of joint ventures	-	-	(63)	(63)
Equity movements of associates	-	-	3	3
Transfers to disposal groups	-	-	-	-
At December 31, 2022	**1,379**	**(371)**	**(11)**	**997**
At January 1, 2021	(403)	(199)	48	(554)
Movement in foreign currency translation and net foreign investment hedging reserves	1,013	(165)	-	848
Disposal of a business	10	(2)	-	8
Tax effect	(24)	27	-	3
Equity movements of joint ventures	-	-	25	25
Equity movements of associates	-	-	(6)	(6)
At December 31, 2021	**596**	**(338)**	**67**	**325**
At January 1, 2020	799	(374)	31	456
Movement in foreign currency translation and net foreign investment hedging reserves	(1,209)	195	-	(1,015)
Disposal of a business	(5)	-	(2)	(7)
Tax effect	12	(19)	-	(7)
Equity movements of joint ventures	-	-	12	12
Equity movements of associates	-	-	7	7
At December 31, 2020	**(402)**	**(199)**	**48**	**(553)**

The foreign currency translation reserve includes the currency results from investments in non-euro denominated subsidiaries. The amounts are released to the income statement upon the sale of the subsidiary.

The net foreign investment hedging reserve is made up of gains and losses on the effective portions of hedging instruments, net of tax. The amounts are recognized in the income statement at the moment of realization of the hedged position to offset the gain or loss from the net foreign investment.

The equity movements of joint ventures and associates reflect Aegon's share of changes recognized directly in the joint venture's and associate's equity.

31 Other equity instruments

	Perpetual contingent convertible securities	Junior perpetual capital securities	Perpetual cumulative subordinated bonds	Long Term Incentive Plans [1]	Total
At January 1, 2022	500	1,352	454	57	2,363
Shares granted	-	-	-	32	32
Shares vested	-	-	-	(23)	(23)
Securities redeemed	-	(429)	-	-	(429)
At December 31, 2022	**500**	**923**	**454**	**66**	**1,943**
At January 1, 2021	500	1,564	454	50	2,569
Shares granted	-	-	-	27	27
Shares vested	-	-	-	(21)	(21)
Securities redeemed	-	(212)	-	-	(212)
At December 31, 2021	**500**	**1,352**	**454**	**57**	**2,363**
At January 1, 2020	500	1,564	454	53	2,571
Shares granted	-	-	-	22	22
Shares vested	-	-	-	(25)	(25)
At December 31, 2020	**500**	**1,564**	**454**	**50**	**2,569**

1 Long Term Incentive Plans include the shares granted to personnel which are not yet vested.

Perpetual contingent convertible securities	Coupon rate	Coupon date	Year of next call	2022	2021	2020
EUR 500 million	5.625%[1]	Semi-annually, April 15	2029	500	500	500
At December 31				**500**	**500**	**500**

1 The coupon is fixed at 5.625% until the first call date and reset thereafter to a 5 year mid swap plus a margin of 5.207%.

The securities have been issued at par and have subordination provisions, rank junior to all other liabilities and senior to shareholders' equity only. The conditions of the securities contain certain provisions for optional and required coupon payment cancelation. Although the securities have no stated maturity, Aegon has the right to call the securities for redemption at par for the first time between April 15, 2029 and October 15, 2029 and every reset date (October 15, with five year intervals) thereafter. Upon breach of certain regulatory capital requirement levels, the securities convert into common shares.

Junior perpetual capital securities	Coupon rate	Coupon date	Year of next call	2022	2021	2020
USD 250 million	floating LIBOR rate [1]	Quarterly, December 15	Called in 2021	-	-	212
USD 500 million	floating CMS rate [2]	Quarterly, July 15	2023	402	402	402
EUR 950 million	floating DSL rate [3]	Quarterly, July 15	2023	521	950	950
At December 31				**923**	**1,352**	**1,564**

1 The coupon of the USD 250 million junior perpetual capital securities was reset each quarter based on the then prevailing three-month LIBOR yield plus a spread of 87.5 basis points, with a minimum of 4%.
2 The coupon of the USD 500 million junior perpetual capital securities is reset each quarter based on the then prevailing ten-year US dollar interest rate swap yield plus a spread of ten basis points, with a maximum of 8.5%.
3 The coupon of the EUR 950 million junior perpetual capital securities is reset each quarter based on the then prevailing ten-year Dutch government bond yield plus a spread of ten basis points, with a maximum of 8%.

The interest rate exposure on some of these securities has been swapped to a three-month LIBOR and/or EURIBOR based yield.

On April 5, 2022 Aegon completed a tender offer buying back EUR 429 million of perpetual capital securities, part of the EUR 950 million notes issued in 2004. Aegon bought back the securities at a purchase price of 90%. The gain realized on this tender offer amounts to EUR 43 million before tax and is recognized in retained earnings in 2022.

With effect on September 15, 2021, Aegon has exercised its right to redeem USD 250 million floating rate perpetual capital securities with a minimum coupon of 4% issued in 2005. The securities had no stated maturity, however Aegon had the right to call the securities for redemption and exercised this right with effect on September 15, 2021.

The securities have been issued at par. The securities have subordination provisions, rank junior to all other liabilities and senior to shareholders' equity only. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and, in situations under Aegon's control, mandatory coupon payment events. Although the securities have no stated maturity, Aegon has the right to call the securities for redemption at par for the first time on the coupon date in the years as specified, or on any coupon payment date thereafter.

Perpetual cumulative subordinated bonds	Coupon rate	Coupon date	Year of next call	2022	2021	2020
EUR 114 million	1.506% [1, 4]	Annually, June 8	2025	114	114	114
EUR 136 million	1.425% [2, 4]	Annually, October 14	2028	136	136	136
EUR 203 million	0.496% [3, 4]	Annually, March 4	2031	203	203	203
At December 31				**454**	**454**	**454**

1 The coupon of the EUR 114 million bonds was originally set at 8% until June 8, 2005. Subsequently, the coupon has been reset at 4.156% until June 8, 2015 and 1.506% until June 8, 2025.
2 The coupon of the EUR 136 million bonds was originally set at 7.25% until October 14, 2008. Subsequently, the coupon has been reset at 5.185% until October 14, 2018 and 1.425% until October 14, 2028.
3 The coupon of the EUR 203 million bonds was originally set at 7.125% until March 4, 2011. Subsequently, the coupon has been reset at 4.26% until March 4, 2021 and 0.496% until March 4, 2031.
4 If the bonds are not called on the respective call dates and after consecutive period of ten years, the coupons will be reset at the then prevailing effective yield of ten-year Dutch government securities plus a spread of 85 basis points.

These bonds have the same subordination provisions as dated subordinated debt. In addition, the conditions of the bonds contain provisions for interest deferral.

Although the bonds have no stated maturity, Aegon has the right to call the bonds for redemption at par for the first time on the coupon date in the year of next call.

32 Subordinated borrowings

Fixed to floating subordinated notes	Coupon rate	Coupon date	Issue / Maturity	Year of next call	2022	2021
EUR 700 million	4% [2]	Annually, April 25	2014/44	2024	699	698
USD 800 million	5.5% [3]	Semi-annually, April 11	2018/48	2028	743	697
Fixed subordinated notes						
USD 925 million [1]	5.1%	Quarterly, March 15	2019/49	2024	852	798
At December 31					**2,295**	**2,194**
Fair value of subordinated borrowings					2,035	2,438

1 Issued by a subsidiary of, and guaranteed by Aegon N.V.
2 The coupon is fixed at 4% until the first call date and floating thereafter with a 3 months Euribor plus a margin of 335bps.
3 The coupon is fixed at 5.5% until the first call date and floating thereafter with a 6 month USD LIBOR plus a margin of 3.539%.

These securities are subordinated and rank senior to the junior perpetual capital securities and the perpetual contingent convertible securities, equally with the perpetual cumulative subordinated bonds and junior to all other liabilities.
The conditions of the securities contain certain provisions for optional and required deferral of interest payments. There have been no defaults or breaches of conditions during the period.

33 Trust pass-through securities

	Coupon rate	Coupon date	Issue / Maturity	Year of next call	2022	2021
USD 225 million [1]	7.65%	Semi-annually, December 1	1996/2026	n.a.	72	82
USD 190 million [1]	7.625%	Semi-annually, November 15	1997/2037	n.a.	46	43
At December 31					**118**	**126**
Fair value of trust pass-through securities					133	139

1 Issued by a subsidiary of, and guaranteed by Aegon N.V.

Trust pass-through securities are securities through which the holder participates in a trust. The assets of these trusts consist of junior subordinated deferrable interest debentures issued by Transamerica Corporation. The trust pass-through securities carry provisions with regard to deferral of distributions for extension periods up to a maximum of 10 consecutive semi-annual periods. The trust pass-through securities are subordinated to all other unsubordinated borrowings and liabilities of Transamerica Corporation.
There were no defaults or breaches of conditions during the period.

34 Insurance contracts

34.1 Underwriting risk

Aegon's earnings depend significantly upon the extent to which actual claims experience differs from the assumptions used in setting the prices for products and establishing the technical liabilities and liabilities for claims. To the extent that actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, income would be reduced. Furthermore, if these higher claims were part of a permanent trend, Aegon may be required to change best estimate assumptions for future claims which could increase the required reserves for these future claims, which could reduce income. In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force have been recorded as assets on the statement of financial position and are being amortized into the income statement over time. If the assumptions relating to the future profitability of these policies (such as future claims, investment income and expenses) are not realized, the amortization of these costs could be accelerated and may even require write offs should there be an expectation of unrecoverability. This could have a materially adverse effect on Aegon's business, results of operations and financial condition.

Sources of underwriting risk include policyholder behavior (such as lapses, surrender of policies or partial withdrawals), policy claims (such as mortality, longevity or morbidity) and expenses. For some product lines, Aegon is at risk if policy lapses increase as sometimes Aegon is unable to fully recover upfront expenses in selling a product despite the presence of commission recoveries or surrender charges and fees. There are also products where Aegon is at risk if lapses decrease, for example where this would result in a higher utilization rate of product guarantees. For mortality and morbidity risk, Aegon sells certain types of policies that are at risk if mortality or morbidity increases, such as term life insurance and accident insurance, Aegon also sells certain types of policies that are at risk if mortality decreases (longevity risk) such as annuity products. Aegon is also at risk if expenses are higher than the expenses assumed beforehand by management and that were priced into the products.

Aegon monitors and manages its underwriting risk by underwriting risk type. Attribution analysis is performed on earnings and reserve movements in order to understand the source of any material variation in actual results from what was expected. Aegon's units also perform experience studies for underwriting risk assumptions, comparing Aegon's experience to industry experience as well as combining Aegon's experience and industry experience based on the depth of the history of each source to Aegon's underwriting assumptions. Where policy charges are flexible in products, Aegon uses these analyses as the basis for modifying these charges, with a view to maintain a balance between policyholder and shareholder interests. Aegon also has the ability to reduce expense levels over time, thus mitigating unfavorable expense variation.

Another way to mitigate underwriting risk is through reinsurance. Aegon uses reinsurance to primarily manage and diversify risk, limit volatility, improve capital positions, limit maximum losses and gain access to reinsurer support. While the objectives and use can vary by region due to local market considerations and product offerings, the use of reinsurance is coordinated and monitored globally.

The key areas where reinsurance is used is to reduce our exposure to mortality and morbidity risk primarily through a combination of quota-share and Excess of Loss reinsurance. Also, Excess of Loss reinsurance is used to limit our exposure to large losses on non-life business.

In order to minimize its reinsurer defaults exposure, Aegon regularly monitors the creditworthiness of its reinsurers, and where appropriate, arranges additional protection through letters of credit, trust agreements and over-collateralization. For certain agreements, funds are withheld for investment rather than relying on the reinsurer to meet investment expectations. Default exposure is further reduced by using multiple reinsurers within certain reinsurance agreements.

External reinsurance counterparties are, in general, major global reinsurers. At the same time, local reinsurers are utilized to ensure a balance for local capacity and diversification.

Sensitivity analysis of net result and shareholders' equity to various underwriting risks is shown in the table that follows. Aegon's best estimate assumptions already include expected future developments and the sensitivities represent an increase or decrease of lapse rates, mortality rates and morbidity rates, compared to Aegon's best estimate assumptions. These underwriting sensitivities were run using a permanent shock applied to all of Aegon's products, exposed to an increase and to a decrease in the rates. The table below indicates that the morbidity sensitivity has the largest impact and in aggregate, Aegon is exposed to a decrease in mortality rates.

Sensitivity analysis of net result and shareholders' equity to changes in various underwriting risks

	2022 [1]		2021 [1]	
Estimated approximate effect	On shareholders' equity	On net result	On shareholders' equity	On net result
20% increase in lapse rates	(1)	1	108	109
20% decrease in lapse rates	(12)	(16)	(110)	(115)
5% increase in mortality rates	(140)	(147)	340	295
5% decrease in mortality rates	(50)	(46)	(434)	(378)
10% increase in morbidity rates	(389)	(394)	(292)	(284)
10% decrease in morbidity rates	108	109	178	175

1 Includes the approximate effects of the disposal group

34.2 Insurance contracts for general account

	2022	2021
Life insurance	75,084	110,691
Non-life insurance		
- Unearned premiums and unexpired risks	6,181	6,548
- Outstanding claims	1,683	2,247
- Incurred but not reported claims	460	816
Incoming reinsurance	3,901	4,120
At December 31	**87,309**	**124,422**

The decrease in Insurance contracts for general account in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

	2022	2021
Non-life insurance:		
- Accident and health insurance	8,324	9,374
- General insurance	-	237
Total non-life insurance	**8,324**	**9,611**

Movements during the year in life insurance:	2022	2021
At January 1	110,691	109,062
Disposals	(576)	-
Portfolio transfers and acquisitions	(18)	(26)
Gross premium and deposits – existing and new business	6,070	6,033
Unwind of discount / interest credited	3,593	4,037
Insurance liabilities released	(10,364)	(9,490)
Changes in valuation of expected future benefits	(2,840)	(1,635)
Loss recognized as a result of liability adequacy testing	(2,239)	(236)
Shadow accounting adjustments	(3,352)	(1,821)
Net exchange differences	4,338	4,713
Transfer (to) / from reinsurance assets	273	36
Transfers to disposal groups	(30,491)	-
Other	-	17
At December 31	**75,084**	**110,691**

Sensitivity analysis of net result and shareholders' equity	Estimated approximate effects on net result	Estimated approximate effects on shareholders' equity
2022 [1]		
Shift up 50 basis points - Bond credit spreads	(237)	(1,463)
Shift down 50 basis points - Bond credit spreads	233	1,567
Shift up 50 basis points - Mortgage spreads	(314)	(280)
Shift down 50 basis points - Mortgage spreads	156	190
Shift up 5 basis points - Liquidity premium	97	129
Shift down 5 basis points - Liquidity premium	(77)	(42)
2021 [1]		
Shift up 50 basis points - Bond credit spreads	(192)	(2,418)
Shift down 50 basis points - Bond credit spreads	169	2,387
Shift up 50 basis points - Mortgage spreads	(444)	(401)
Shift down 50 basis points - Mortgage spreads	452	496
Shift up 5 basis points - Liquidity premium	136	178
Shift down 5 basis points - Liquidity premium	(148)	(104)

[1] Includes the approximate effects of the disposal group

Movements during the year in non-life insurance:	2022	2021
At January 1	9,611	9,118
Disposals	(115)	(25)
Portfolio transfers and acquisitions	-	1
Gross premiums – existing and new business	1,310	1,508
Unwind of discount / interest credited	536	479
Insurance liabilities released	(1,198)	(992)
Changes in valuation of expected future claims	41	(36)
Change in unearned premiums	(488)	(731)
Change in unexpired risks	-	-
Incurred related to current year	642	670
Incurred related to prior years	262	267
Release for claims settled current year	(211)	(269)
Release for claims settled prior years	(822)	(757)
Shadow accounting adjustments	(734)	(153)
Change in IBNR	(98)	(59)
Net exchange differences	550	592
Transfers to disposal groups	(961)	-
Other	-	(1)
At December 31	**8,324**	**9,611**

Movements during the year in incoming reinsurance:	2022	2021
At January 1	4,120	3,965
Gross premium and deposits – existing and new business	1,142	1,276
Unwind of discount / interest credited	199	192
Insurance liabilities released	(1,885)	(1,562)
Changes in valuation of expected future benefits	91	(36)
Shadow accounting adjustments	(30)	(7)
Loss recognized as a result of liability adequacy	(11)	(3)
Net exchange differences	276	296
Other	(2)	(1)
At December 31	**3,901**	**4,120**

34.3 Insurance contracts for account of policyholders

Insurance contracts for account of policyholders	2022	2021
At January 1	149,323	135,441
Disposal of a business	(192)	-
Portfolio transfers and acquisitions	(73)	(547)
Gross premium and deposits - existing and new business	4,831	5,532
Unwind of discount / interest credited	(24,402)	14,994
Insurance liabilities released	(10,190)	(13,199)
Fund charges released	(1,681)	(1,680)
Changes in valuation of expected future benefits	(1,121)	(145)
Transfer (to) / from insurance contracts	(284)	783
Net exchange differences	3,773	8,144
Transfers to disposal groups	(19,577)	-
Other	-	1
At December 31	**100,409**	**149,323**

35 Investment contracts
35.1 Investment contracts for general account

	Without discretionary participation features	With discretionary participation features	Total
At January 1, 2022	21,573	194	21,767
Deposits	22,695	-	22,695
Withdrawals	(23,276)	-	(23,276)
Investment contracts liabilities released	-	(11)	(11)
Interest credited	268	-	268
Net exchange differences	642	(10)	632
Transfer (to)/from other headings	797	-	797
Transfers to disposal groups	(12,179)	-	(12,179)
Other	(35)	-	(35)
At December 31, 2022	**10,485**	**174**	**10,658**
At January 1, 2021	20,889	185	21,075
Deposits	20,947	-	20,947
Withdrawals	(21,936)	-	(21,936)
Investment contracts liabilities released	-	(3)	(3)
Interest credited	256	-	256
Net exchange differences	660	12	672
Transfer (to)/from other headings	780	-	780
Other	(23)	-	(23)
At December 31, 2021	**21,573**	**194**	**21,767**

Investment contracts consist of the following:	2022	2021
Institutional guaranteed products	179	187
Fixed annuities	10,230	9,543
Savings accounts	-	11,586
Investment contracts with discretionary participation features	174	194
Other	76	256
At December 31	**10,658**	**21,767**

The decrease in Investment contracts for general account in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

35.2 Investment contracts for account of policyholders

	Without discretionary participation features	With discretionary participation features	Total
At January 1, 2022	71,242	33,350	104,592
Gross premium and deposits – existing and new business	11,155	677	11,832
Withdrawals	(15,132)	-	(15,132)
Disposal of a business	(182)	-	(182)
Interest credited	(9,691)	(4,007)	(13,698)
Investment contracts liabilities released	-	(3,182)	(3,182)
Fund charges released	(202)	-	(202)
Net exchange differences	382	(1,537)	(1,154)
Transfer (to)/from other headings	(1,396)	-	(1,396)
Transfers to disposal groups	(925)	-	(925)
Other	2	-	2
At December 31, 2022	**55,254**	**25,301**	**80,555**
At January 1, 2021	59,625	31,999	91,624
Gross premium and deposits – existing and new business	11,185	810	11,995
Withdrawals	(10,716)	-	(10,716)
Interest credited	7,572	3,130	10,702
Investment contracts liabilities released	-	(3,815)	(3,815)
Fund charges released	(209)	-	(209)
Net exchange differences	4,256	2,097	6,353
Transfer (to)/from other headings	(473)	(871)	(1,344)
Other	1	-	1
At December 31, 2021	**71,242**	**33,350**	**104,592**

The decrease in Investment contracts for account of policyholders in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

36 Guarantees in insurance contracts

For financial reporting purposes Aegon distinguishes between the following types of minimum guarantees:

a. Financial guarantees: these guarantees are treated as bifurcated embedded derivatives, valued at fair value and presented as derivatives (refer to note 2.9 and note 44 Fair value);
b. Total return annuities: these guarantees are not bifurcated from their host contracts because they are presented and valued at fair value together with the underlying insurance contracts (refer to note 2.19);
c. Life contingent guarantees in the United States: these guarantees are not bifurcated from their host contracts, presented and valued in accordance with insurance accounting together with the underlying insurance contracts (refer to note 2.19); and
d. Minimum investment return guarantees in the Netherlands: these guarantees are not bifurcated from their host contracts, valued at fair value and presented together with the underlying insurance contracts (refer to note 2.19 and note 51).

In addition to the guarantees mentioned above, Aegon has traditional life insurance contracts that include minimum guarantees that are not valued explicitly; however, the adequacy of all insurance liabilities, net of VOBA and DPAC, and including all guarantees, are assessed periodically (refer to note 2.19).

a. Financial guarantees

In the United States, a guaranteed minimum withdrawal benefit (GMWB) is offered directly on some variable annuity products Aegon issues and is also assumed from a ceding company. Variable annuities allow a customer to provide for the future on a tax-deferred basis and to participate in equity or bond market performance. Variable annuities allow a customer to select payout options designed to help meet the customer's need for income upon maturity, including lump sum payment or income for life or for a period of time. This benefit guarantees that a policyholder can withdraw a certain percentage of the account value, starting at a certain age or duration, for either a fixed period or during the life of the policyholder.

In the Netherlands, individual variable unit-linked products have a minimum benefit guarantee if premiums are invested in certain funds. The sum insured at maturity or upon the death of the beneficiary has a minimum guaranteed return (in the range of 3% to 4%) if the premium has been paid for a consecutive period of at least ten years and is invested in a mixed fund and/or fixed-income funds. No guarantees are given if the invested amount is in equity only.

The following table provides information on the liabilities for financial guarantees for minimum benefits, net of present value of the expected future premiums that are received to cover these guarantees:

	2022			2021		
	United States [1]	The Netherlands [2]	Total [3]	United States [1]	The Netherlands [2]	Total [3]
At January 1	1,830	1,413	3,243	2,715	2,032	4,747
Incurred guarantee benefits [4]	(1,251)	(660)	(1,911)	(1,047)	(619)	(1,666)
Paid guarantee benefits	(4)	-	(4)	(2)	-	(2)
Net exchange differences	136	-	136	164	-	164
Transfers to disposal groups	-	(753)	(753)	-	-	-
At December 31	**711**	**-**	**711**	**1,830**	**1,413**	**3,243**
Account value [5]	27,752	-	27,752	34,945	9,748	44,693
Net amount at risk [6]	452	-	452	314	1,538	1,852

1 Guaranteed minimum accumulation and withdrawal benefits.
2 Fund plan and unit-linked guarantees.
3 Balances are included in the derivatives liabilities on the face of the statement of financial position; refer to note 24 Derivatives.
4 Incurred guarantee benefits mainly comprise the effect of guarantees from new contracts, releases related to expired out-of-the-money guarantees and fair value movements during the reporting year.
5 Account value reflects the actual fund value for the policyholders.
6 The net amount at risk represents the sum of the positive differences between the discounted maximum amount payable under the guarantees and the account value.

The decrease of incurred guarantee benefits in 2022 mainly relates to significantly increased interest rates, partly offset by decreased equity markets. The increased interest rates and decreased equity markets also decreased account value in 2022.

Transamerica mitigates the exposure from the elective guaranteed minimum withdrawal benefit rider issued with a ceding company's variable annuity contracts. The rider is essentially a return of premium guarantee, which is payable over a period of at least 14 years from the date that the policyholder elects to start withdrawals. At contract inception, the guaranteed remaining balance is equal to the premium payment. The periodic withdrawal is paid by the ceding company until the account value is insufficient to cover additional withdrawals. Once the account value is exhausted, Aegon pays the periodic withdrawals until the guaranteed remaining balance is exhausted. At December 31, 2022, the reinsured account value was EUR 1.4 billion (2021: EUR 1.8 billion) and the guaranteed remaining balance was EUR 0.8 billion (2021: EUR 0.9 billion).

The GMWB rider Aegon assumed from the ceding company is accounted for as a derivative and is carried in Aegon's statement of financial position at fair value. At December 31, 2022, the contract had a value of EUR 8 million (2021: EUR 39 million). Aegon entered into a derivative program to mitigate the overall exposure to equity market and interest rate risks associated with the reinsurance contract. This program involves selling equity futures contracts and equity total return swap contracts (S&P 500, Midcap, Russell 2000, and the MCSI EAFE index in accordance with Aegon's exposure) to mitigate the effect of equity market movement on the reinsurance contracts and the purchase of interest rate swaps, treasury futures and treasury forwards to mitigate the effect of movements in interest rates on the reinsurance contracts.

Aegon the Netherlands provides guarantees to its customers on expiry date for certain insurance contracts. In order to mitigate the risks related to the guarantees Aegon the Netherlands has setup a hedging program. Aegon the Netherlands does not use reinsurance in order to mitigate risks related to insurance contracts with a guarantee component.

b. Total return annuities

Total Return Annuity (TRA) is an annuity product in the United States which provides customers with a pass-through of the total return on an underlying portfolio of investment securities (typically a mix of corporate and convertible bonds) subject to a cumulative minimum guarantee. Both the assets and liabilities are carried at fair value, however, due to the minimum guarantee not all of the changes in the market value of the asset will be offset in the valuation of the liability. This product exists for the fixed annuity line of business and represents a closed block.

The fixed annuities product balance as of December 31, 2022, amounted to EUR 151 million (2021: EUR 179 million).

c. Life contingent guarantees in the United States

Certain variable insurance contracts in the United States also provide guaranteed minimum death benefits (GMDB) and guaranteed minimum income benefits (GMIB). Under a GMDB, the beneficiaries receive the greater of the account balance or the guaranteed amount upon the death of the insured. The net amount at risk for GMDB contracts is defined as the current GMDB in excess of the capital account balance at the reporting date.

The GMIB feature provides for minimum payments if the contract holder elects to convert to an immediate payout annuity. The guaranteed amount is calculated using the total deposits made by the contract holder, less any withdrawals and sometimes includes a roll-up or step-up feature that increases the value of the guarantee with interest or with increases in the account value.

The additional liability for guaranteed minimum benefits that are not bifurcated are determined each period by estimating the expected value of benefits in excess of the projected account balance and recognizing the excess over the accumulation period based on total expected assessments. The estimates are reviewed regularly and any resulting adjustment to the additional liability is recognized in the income statement. The benefits used in calculating the liabilities are based on the average benefits payable over a range of stochastic scenarios. Where applicable, the calculation of the liability incorporates a percentage of the potential annuitizations that may be elected by the contract holder.

The following table provides information on the liabilities for guarantees for minimum benefits that are included in the valuation of the host contracts:

		2022			2021	
	GMDB [1]	GMIB [2]	**Total** [4]	GMDB [1]	GMIB [2]	Total [4]
At January 1	502	529	1,031	488	638	1,127
Incurred guarantee benefits [5]	344	338	683	27	(127)	(99)
Paid guarantee benefits	(103)	(41)	(144)	(49)	(25)	(75)
Net exchange differences	30	31	61	36	42	79
At December 31	**773**	**857**	**1,630**	**502**	**529**	**1,031**
	GMDB [1],[3]	GMIB [2],[3]		GMDB [1],[3]	GMIB [2],[3]	
Account value [6]	44,488	3,911		56,426	5,186	
Net amount at risk [7]	3,743	933		843	472	
Average attained age of contract holders	72	73		71	72	

1 Guaranteed minimum death benefit in the United States.
2 Guaranteed minimum income benefit in the United States.
3 Note that the variable annuity contracts with guarantees may offer more than one type of guarantee in each contract; therefore, the amounts listed are not mutually exclusive.
4 Balances are included in the insurance liabilities on the face of the statement of financial position; refer to note 34 Insurance contracts.
5 Incurred guarantee benefits mainly comprise the effect of guarantees from new contracts, releases related to expired out-of-the-money guarantees and value changes as a consequence of interest movements during the reporting year.
6 Account value reflects the actual fund value for the policyholders.
7 The net amount at risk is defined as the present value of the minimum guaranteed annuity payments available to the contract holder determined in accordance with the terms of the contract in excess of the current account balance.

d. Minimum investment return guarantees in the Netherlands

The assets and liabilities of Aegon the Netherlands are classified as held for sale, refer to note 51 Discontinued Operations.

Fair value measurement of guarantees in insurance contracts

The fair values of guarantees mentioned above (with the exception of life contingent guarantees in the United States) are calculated as the present value of future expected payments to policyholders less the present value of assessed rider fees attributable to the guarantees. For further details refer to note 44 Fair value.

For equity volatility, Aegon uses a term structure assumption with market-based implied volatility inputs for the first five years and a long-term forward rate assumption of 25% thereafter. The volume of observable option trading from which volatilities are derived generally declines as the contracts' term increases, therefore, the volatility curve grades from implied volatilities for five years to the ultimate rate. The resulting volatility assumption in year 20 for the S&P 500 index (expressed as a spot rate) was 22.7% at December 31, 2022, and 22.3% at December 31, 2021. Correlations of market returns across underlying indices are based on historical market returns and their inter-relationships over a number of years preceding the valuation date. Assumptions regarding policyholder behavior, such as lapses, included in the models are derived in the same way as the assumptions used to measure insurance liabilities.

These assumptions are reviewed at each valuation date, and updated based on historical experience and observable market data, including market transactions such as acquisitions and reinsurance transactions. Disclosure on interest rate risk, including interest rate risk sensitivity is included in note 4 Financial risks.

Aegon utilizes different risk management strategies to mitigate the financial impact of the valuation of these guarantees on the results including asset and liability management and derivative hedging strategies to hedge certain aspects of the market risks embedded in these guarantees.

Guarantees valued at fair value contributed a net loss before tax of EUR 184 million (2021: gain of EUR 63 million) to earnings. The main drivers of this loss before tax are a loss of EUR 6,366 million related to hedges related to the guarantee reserves (2021: EUR 3,855 million gain), a loss of EUR 1,019 million related decreases in equity markets (2021: EUR 1,214 million gain) and a loss of EUR 774 million related to other and DPAC offset (2021: EUR 65 million gain) and a loss of EUR 35 million related to increases in equity volatility (2021: EUR 16 million gain). These losses are partly offset by a fair value gain on increases in risk free rates of EUR 7,653 million (2021: EUR 2,795 million gain) and a gain of EUR 357 million related to widening own credit spread (2021: EUR 19 million loss).

Guarantee reserves decreased by EUR 9,051 million in 2022 (2021: decrease of EUR 2,997 million) to EUR 828 million (2021: EUR 9,878 million).

37 Borrowings

	2022	2021
Capital funding	1,245	1,292
Operational funding	2,806	8,369
At December 31	**4,051**	**9,661**
Current	1,150	824
Non-current	2,901	8,837
Fair value of borrowings	4,114	10,171

The decrease in Borrowings in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Aegon's borrowings are defined separately as capital funding and operational funding. Capital funding includes debt securities that are issued for general corporate purposes and for capitalizing its business units. Capital funding is part of the Company's total capitalization that is used for financing its subsidiaries and the cash held at the holding company. Operational funding includes debt securities that are issued for financing of dedicated pools of assets. These assets are either legally segregated or tracked as separate portfolios.

The difference between the contractually required payment at maturity date and the carrying amount of the borrowings amounted to EUR 7 million positive (2021: EUR 25 million positive).

Capital funding

A detailed composition of capital funding is included in the following table:

(sorted by maturity)	Coupon rate	Coupon date	Issue / Maturity	2022	2021
EUR 500 million Senior Unsecured Notes	1.00%	December 8	2016 / 23	499	499
GBP 250 million Medium-Term Notes	6.125%	December 15	1999 / 31	281	296
GBP 400 million Senior Unsecured Notes	6.625%	Semi-annually	2009 / 39	446	472
Other				19	26
At December 31				**1,245**	**1,292**

These loans are considered senior debt in calculating financial leverage in note 43 Capital management and solvency.

Operational funding

During 2022, the operational funding decreased by EUR 5.6 billion mainly due to result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

	Coupon rate	Coupon date	Issue / Maturity	2022	2021
Revolving Loan Facility Warehouse Mortgage Loans [1]	Floating	Monthly	- / 22	-	592
Revolving Loan Facility Warehouse Mortgage Loans [1]	Floating	Monthly	- / 24	-	494
EUR 875 million "SAECURE 16" RMBS Note [1], [2]	Floating	Quarterly	2018 / 23	-	676
EUR 512 million "SAECURE 18" RMBS Note [1], [3]	Floating	Quarterly	2019 / 25	-	355
EUR 657 million "SAECURE 20" RMBS Note [1], [4]	Floating	Quarterly	2021 / 27	-	625
EUR 500 million Conditional Pass-Through Covered Bond [1], [5]	0.250%	Annual	2016 / 23	-	499
EUR 500 million Conditional Pass-Through Covered Bond [1], [6]	0.375%	Annual	2017 / 24	-	499
EUR 500 million Conditional Pass-Through Covered Bond [1], [7]	0.010%	Annual	2020 / 25	-	506
EUR 500 million Conditional Pass-Through Covered Bond [1], [8]	0.750%	Annual	2017 / 27	-	492
EUR 500 million Conditional Pass-Through Covered Bond [1], [9]	0.375%	Annual	2021 / 36	-	494
FHLB Secured borrowings [1]	Floating	Quarterly	2021 / 24	2,806	2,634
Aegon Bank Senior Non-Preferred debt [1]	0.625%	Annual	2019 / 24	-	499
Other				-	5
At December 31				**2,806**	**8,369**

1 Issued by a subsidiary of Aegon N.V.
2 The first optional redemption date is October 30, 2023; the final legal maturity date is October 30, 2091. Notes are fully collateralized by mortgage loans which are part of Aegon's general account investments.
3 The first optional redemption date is July 28, 2025; the final legal maturity date is April 28, 2092. Notes are fully collateralized by mortgage loans which are part of Aegon's general account investments.
4 The first optional redemption date is October 28, 2027; the final legal maturity date is April 28, 2093. Notes are fully collateralized by mortgage loans which are part of Aegon's general account investments.
5 The maturity date is May 25, 2023; the extended due for payment date is May 25, 2055.
6 The maturity date is November 21, 2024; the extended due for payment date is November 21, 2056.
7 The maturity date is November 16, 2025; the extended due for payment date is November 16, 2057.
8 The maturity date is June 27, 2027; the extended due for payment date is June 27, 2059.
9 The maturity date is June 9, 2036; the extended due for payment date is June 9, 2037.

Other

Undrawn committed borrowing facilities:	2022	2021
Floating-rate		
- Expiring within one year	-	408
- Expiring beyond one year	3,435	2,991
At December 31	**3,435**	**3,399**

There were no defaults or breaches of conditions during the period.

38 Provisions

	2022	2021
At January 1	193	309
Additional provisions	28	91
Disposals	(8)	(6)
Unused amounts reversed through the income statement	(10)	-
Used during the year	(57)	(209)
Net exchange differences	5	9
Transfer to disposal groups	(52)	-
At December 31	**99**	**193**
Current	89	139
Non-current	10	54

The decrease in Provisions in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The provisions as at December 31, 2022 consisted of litigation provisions of EUR 71 million (2021: EUR 93 million) mainly related to a settlement in the US relating to increases in monthly deduction rates on universal life products (refer to note 45 Commitments and contingencies), restructuring provisions of EUR 9 million (2021: EUR 30 million) and other provisions of EUR 19 million (2021: EUR 70 million).

39 Defined benefit plans

	2022	2021
Retirement benefit plans	225	3,547
Other post-employment benefit plans	184	277
Total defined benefit plans	**409**	**3,824**
Retirement benefit plans in surplus	87	119
Total defined benefit assets	**87**	**119**
Retirement benefit plans in deficit	312	3,666
Other post-employment benefit plans in deficit	184	277
Total defined benefit liabilities	**496**	**3,944**

The decrease in Defined benefit plans in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

	2022			2021		
Movements during the year in defined benefit plans	Retirement benefit plans	Other post-employment benefit plans	Total	Retirement benefit plans	Other post-employment benefit plans	Total
At January 1	3,547	277	3,824	4,318	275	4,593
Defined benefit expenses	68	17	85	(8)	16	8
Remeasurements of defined benefit plans	(837)	(67)	(904)	(487)	(14)	(501)
Contributions paid	(38)	-	(38)	(164)	-	(164)
Benefits paid	(117)	(17)	(134)	(110)	(15)	(125)
Net exchange differences	21	15	36	29	16	45
Transfer to disposal groups	(2,421)	(41)	(2,462)	-	-	-
Other	1	-	1	(32)	-	(32)
At December 31	**225**	**184**	**409**	**3,547**	**277**	**3,824**

The amounts recognized in the statement of financial position are determined as follows:

	2022			2021		
	Retirement benefit plans	Other post-employment benefit plans	Total	Retirement benefit plans	Other post-employment benefit plans	Total
Present value of wholly or partly funded obligations	3,098	-	3,098	4,604	-	4,604
Fair value of plan assets	(3,083)	-	(3,083)	(4,717)	-	(4,717)
	15	-	**15**	**(112)**	-	**(112)**
Present value of wholly unfunded obligations	210	184	394	3,660	277	3,937
At December 31	**225**	**184**	**409**	**3,547**	**277**	**3,824**

The fair value of Aegon's own transferable financial instruments included in plan assets and the fair value of other assets used by Aegon included in plan assets was nil in both 2022 and 2021.

	2022			2021		
Defined benefit expenses	Retirement benefit plans	Other post-employment benefit plans	Total	Retirement benefit plans	Other post-employment benefit plans	Total
Current year service cost	32	11	43	48	11	59
Net interest on the net defined benefit liability (asset)	38	6	45	32	5	37
Past service cost	(3)	-	(3)	(88)	-	(88)
Total defined benefit expenses	**68**	**17**	**85**	**(8)**	**16**	**8**

	2020		
	Retirement benefit plans	Other post-employment benefit plans	Total
Current year service cost	52	11	63
Net interest on the net defined benefit liability (asset)	52	7	59
Past service cost	1	-	1
Total defined benefit expenses	**104**	**18**	**122**

Defined benefit expenses are included in 'Commissions and expenses' in the income statement.

Movements during the year of the present value of the defined benefit obligations	**2022**	2021
At January 1	8,541	9,059
Current year service cost	43	59
Interest expense	158	131
Remeasurements of the defined benefit obligations:		
- Actuarial gains and losses arising from changes in demographic assumptions	(3)	(59)
- Actuarial gains and losses arising from changes in financial assumptions	(2,420)	(299)
Past service cost	(3)	(88)
Benefits paid	(529)	(455)
Amounts paid in respect of settlements	-	(140)
Net exchange differences	164	364
Transfer to disposal groups	(2,462)	-
Other	1	(32)
At December 31	**3,491**	**8,541**

Movements during the year in plan assets for retirement benefit plans	2022	2021
At January 1	4,717	4,466
Interest income (based on discount rate)	114	94
Remeasurements of the net defined liability (asset)	(1,518)	144
Contributions by employer	38	164
Benefits paid	(395)	(330)
Amounts paid in respect of settlements	-	(140)
Net exchange differences	127	319
At December 31	**3,083**	**4,717**

	2022				2021			
Breakdown of plan assets for retirement benefit plans	Quoted	Unquoted	Total	in % of total plan assets	Quoted	Unquoted	Total	in % of total plan assets
Equity instruments	-	-	-	0%	-	-	-	0%
Debt instrument	336	154	490	16%	603	387	990	21%
Real estate	-	-	-	0%	-	142	142	3%
Derivatives	-	(218)	(218)	(7%)	-	(3)	(3)	(0%)
Investment funds	-	2,214	2,214	72%	-	3,069	3,069	65%
Structured securities	-	268	268	9%	-	-	-	0%
Other	-	328	328	11%	2	516	518	11%
At December 31	**336**	**2,746**	**3,083**	**100%**	**605**	**4,112**	**4,717**	**100%**

Defined benefit plans are mainly operated by Transamerica, Aegon the Netherlands and Aegon UK. The following sections contain a general description of the plans in each of these subsidiaries and a summary of the principal actuarial assumptions applied in determining the value of defined benefit plans.

Transamerica

Transamerica has defined benefit plans covering substantially all its employees that are qualified under the Internal Revenue Service Code, including all requirements for minimum funding levels. The defined benefit plans are governed by the Board of Directors of Transamerica Corporation. The Board of Directors has the full power and discretion to administer the plan and to apply all of its provisions, including such responsibilities as, but not limited to, developing the investment policy and managing assets for the plan, maintaining required funding levels for the plan, deciding questions related to eligibility and benefit amounts, resolving disputes that may arise from plan participants and for complying with the plan provisions, and legal requirements related to the plan and its operation. The benefits are based on years of service and the employee's eligible annual compensation. The plan provides benefits are based on the employee's eligible annual compensation. The plans provide benefits based on a cash balance formula (which defines the accrued benefit in terms of a stated account balance), depending on the age and service of the plan participant. The defined benefit plans have a deficit of EUR 102 million at December 31, 2022 (2021: EUR 7 million deficit).

Investment strategies are established based on asset and liability studies by actuaries which are updated as they consider appropriate. These studies, along with the investment policy, assist to develop the appropriate investment criteria for the plan, including asset allocation mix, return objectives, investment risk and time horizon, benchmarks and performance standards, and restrictions and prohibitions. The overall goal is to maximize total investment returns to provide sufficient funding for the present and anticipated future benefit obligations within the constraints of a prudent level of portfolio risk and diversification. Aegon believes that the asset allocation is an important factor in determining the long-term performance of the plan. The plan uses multiple asset classes as well as sub-classes to meet the asset allocation and other requirements of the investment policy, which minimizes investment risk. From time to time the actual asset allocation may deviate from the desired asset allocation ranges due to different market performance among the various asset categories. If it is determined that rebalancing is required, future additions and withdrawals will be used to bring the allocation to the desired level.

Transamerica maintains minimum required funding levels as set forth by the Internal Revenue Code. If contributions are required, the funding would be provided from the Company's general account assets. Pension plan contributions were not required for Transamerica in 2022 or 2021. However, with the Transamerica Management Board approval of a proposal from Transamerica Corporation, Transamerica Corporation made a pension plan contribution of EUR 91 million in August 2021 that was over and above the minimum required funding levels as set forth by the Internal Revenue Code. In 2020, Transamerica Corporation did not make a voluntary pension plan contributions.

Transamerica also sponsors supplemental retirement plans to provide senior management with benefits in excess of normal retirement benefits. The plans are unfunded and are not qualified under the Internal Revenue Code. The supplemental retirement plans are governed by either Transamerica Corporation, or the Compensation Committee of the Board of Directors of Transamerica Corporation. Transamerica Corporation, or the Compensation Committee of the Board of Directors has the full power and discretion to apply all of the plan's provisions, including such responsibilities as, but not limited to, interpret the plan provisions, to make factual determinations under the plan, to determine plan benefits, and to comply with any statutory reporting and disclosure requirements. The benefits are based on years of service and the employee's eligible annual compensation. The plans provide benefits based on a traditional final average formula or a cash balance formula (which defines the accrued benefit in terms of a stated account balance), depending on the age and service of the plan participant. The company funds the benefit payments of the supplemental retirement plans from its general account assets. The unfunded amount related to these plans, for which a liability has been recorded, was EUR 197 million (2021: EUR 235 million unfunded).

Transamerica provides health care benefits to retired employees through continuation of coverage primarily in self funded plans, and partly in fully insured plans, which are classified as unfunded per IAS 19 financial guidance. The postretirement health care benefits under the Plans are administered by Transamerica Corporation, which has delegated the claims administration to third-party administrators. Transamerica maintains two plans which provide continuation of coverage for retiree medical benefits. For each plan, Transamerica has the fiduciary responsibility to administer the plan in accordance with its terms, and decides questions related to eligibility and determines plan provisions and benefit amounts.

Under the Employee Retirement Income Security Act (ERISA), Transamerica has the fiduciary responsibility to monitor the quality of services provided by the third-party claims administrator and to replace the third-party administrator if needed. In addition, Transamerica has the fiduciary obligation to interpret the provisions of the plans, and to comply with any statutory reporting and disclosure requirements. Finally, Transamerica reviews the terms of the plans and makes changes to the plans if and when appropriate. Transamerica funds the benefit payments or premium payments of the post-retirement health care plans from its general account assets. The post-retirement health benefit liability amounted to EUR 184 million (2021: EUR 220 million).

The weighted average duration of the defined benefit obligation is 9.8 years (2021: 12.9 years).

The principal actuarial assumptions that apply for the year ended December 31 are as follows:

Actuarial assumptions used to determine defined benefit obligations at year-end	2022	2021
Demographic actuarial assumptions		
Mortality	US mortality table[1)]	US mortality table[1)]
Financial actuarial assumptions		
Discount rate	5.22%/5.14%	2.80%/2.61%
Salary increase rate	4.00%	4.00%
Health care trend rate	6.30%	6.10%

1 2022 assumption -PRI-2012 Employee, Healthy Annuitant and Contingent Survivor Tables (90% white collar/10% blue collar) projected with Scale MP-2021. Comparative figures are as included in the Integrated Annual Report 2021.

The principal actuarial assumptions have an effect on the amounts reported for the defined benefit obligation. A change as indicated in the table below in the principal actuarial assumptions would have the following effects on the defined benefit obligation per year-end:

	Estimated approximate effects on the defined benefit obligation	
	2022	2021
Demographic actuarial assumptions		
10% increase in mortality rates	(50)	(69)
10% decrease in mortality rates	54	77
Financial actuarial assumptions		
100 basis points increase in discount rate	(222)	(357)
100 basis points decrease in discount rate	277	436
100 basis points increase in salary increase rate	4	-
100 basis points decrease in salary increase rate	(3)	-
100 basis points increase in health care trend rate	10	13
100 basis points decrease in health care trend rate	(9)	(12)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

	Target allocation of plan assets for retirement benefit plans for the next annual period is:
Equity instruments	2%-4%
Debt instruments	80%-90%
Other	8%-16%

Aegon the Netherlands

The assets and liabilities of Aegon the Netherlands are classified as held for sale, refer to note 51 Discontinued Operations.

Aegon UK

Aegon UK operated a defined benefit pension scheme providing benefits for staff based on final pensionable salary and years of service. The scheme closed to new entrants a number of years ago and closed to future accrual on March 31, 2013. Aegon UK now offers a defined contribution pension scheme to all employees.

The pension scheme is administered separately from Aegon UK and is governed by Trustees, who are required to act in the best interests of the pension scheme members.

The pension scheme Trustees are required to carry out triennial valuations on the scheme's funding position, with the latest valuation being as at September 30, 2022. As part of this triennial valuation process, a schedule of contributions is agreed between the Trustees and Aegon UK in accordance with UK pensions legislation and guidance issued by the Pensions Regulator in the UK. The schedule of contributions includes deficit reduction contributions to clear any scheme deficit. Under IAS 19, the defined benefit plan has a surplus of EUR 87 million at December 31, 2022 (2021: EUR 119 million surplus). During 2022, EUR 38 million (2021: EUR 73 million) of contributions were paid into the scheme.

The investment strategy for the scheme is determined by the trustees in consultation with Aegon UK. Currently 17% of assets are invested in growth assets (i.e. primarily equities) and 83% are income and liability driven investments where the investments are a portfolio of fixed interest and inflation-linked bonds and related derivatives, selected to broadly match the interest rate and inflation profile of liabilities.

Under the scheme rules, pensions in payment increase in line with the UK Retail Price Index, and deferred benefits increase in line with the UK Consumer Price Index. The pension scheme is therefore exposed to UK inflation changes as well as interest rate risks, investment returns and changes in the life expectancy of pensioners.

The scheme purchased two buy-in policies in the name of the Trustee to cover full scheme benefits for a group of pensioners in 2019 and 2022. The liabilities (and matching assets) calculated on the year end assumptions has been included in the funded position as at December 31, 2022.

The weighted average duration of the defined benefit obligation is 15.3 years (2021: 21.0 years).

The principal actuarial assumptions that apply for the year ended December 31 are as follows:

Actuarial assumptions used to determine defined benefit obligations at year-end	**2022**	2021
Demographic actuarial assumptions		
Mortality	UK mortality table [1]	UK mortality table [2]
Financial actuarial assumptions		
Discount rate	4.96%	1.79%
Price inflation	3.20%	3.34%

1 Club Vita tables based on analysis of Scheme membership CMI 2021 1.5%/1.25% p.a. (males/females)
2 Club Vita tables based on analysis of Scheme membership CMI 2019 1.5%/1.25% p.a. (males/females)

The principal actuarial assumptions have an effect on the amounts reported for the defined benefit obligation. A change as indicated in the table below in the principal actuarial assumptions would have the following effects on the defined benefit obligation per year-end:

	Estimated approximate effects on the defined benefit obligation	
	2022	2021
Demographic actuarial assumptions		
10% increase in mortality rates	(19)	(55)
10% decrease in mortality rates	22	62
Financial actuarial assumptions		
100 basis points increase in discount rate	(130)	(322)
100 basis points decrease in discount rate	164	433
100 basis points increase in price inflation	55	202
100 basis points decrease in price inflation	(113)	(237)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

	Target allocation of plan assets for retirement benefit plans for the next annual period is:
Equity instruments	16.7%
Debt instruments	83.3%

All other operating segments

Businesses included in all other operating segments mostly operate defined contribution plans. Please refer to note 14 Commissions and expenses for the employee expenses regarding these contribution plans.

40 Deferred tax

	2022	2021
Deferred tax assets	1,827	131
Deferred tax liabilities	4	1,722
Total net deferred tax liability / (asset)	**(1,823)**	**1,591**

The change from a net deferred tax liability at December 31, 2021 to a net deferred tax asset at December 31, 2022 is mainly the result of market movements on financial assets and the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Deferred tax assets comprise temporary differences on:	2022	2021
Real estate	(15)	-
Financial assets	737	(7)
Insurance and investment contracts	1,515	(8)
Deferred expenses, VOBA and other intangible assets	(2,350)	(133)
Defined benefit plans	199	3
Tax losses and credits carried forward	1,288	264
Other	454	11
At December 31	**1,827**	**131**

Deferred tax liabilities comprise temporary differences on:	2022	2021
Real estate	-	776
Financial assets	-	1,979
Insurance and investment contracts	-	(1,410)
Deferred expenses, VOBA and other intangible assets	1	1,573
Defined benefit plans	-	(151)
Tax losses and credits carried forward	-	(754)
Other	3	(291)
At December 31	**4**	**1,722**

The following table provides a movement schedule of net deferred tax broken-down by those items for which a deferred tax asset or liability has been recognized.

	Real estate	Financial assets	Insurance and investment contracts	Deferred expenses, VOBA and other intangible assets	Defined benefit plans	Tax losses and credits carried forward	Other	Total
At January 1, 2022	776	1,986	(1,402)	1,706	(154)	(1,018)	(303)	1,591
Charged to income statement	(75)	18	(336)	563	(187)	184	(158)	9
Charged to OCI	(0)	(3,213)	-	-	248	-	1	(2,964)
Net exchange differences	1	180	(72)	88	(12)	(24)	(13)	147
Disposal of a business	(1)	1	3	(5)	-	-	2	(0)
Transfers to disposal groups	(685)	(67)	195	(1)	(94)	-	26	(626)
Transfer (to)/from current income tax	-	-	-	-	-	25	-	25
Transfer (to) /from other headings	-	(95)	97	-	-	-	(3)	(1)
Other	-	-	-	-	-	(1)	(3)	(3)
At December 31, 2022	**15**	**(1,191)**	**(1,515)**	**2,351**	**(199)**	**(833)**	**(450)**	**(1,823)**
At January 1, 2021	663	2,413	(1,533)	1,433	(206)	(823)	(366)	1,580
Charged to income statement	113	(206)	217	162	(32)	(140)	54	167
Charged to OCI	(1)	(359)	-	-	100	-	(1)	(261)
Net exchange differences	1	167	(86)	112	(15)	(56)	(20)	103
Transfer (to)/from current income tax	-	-	-	-	-	2	-	2
Transfer (to)/from other headings	-	(29)	-	-	-	(1)	30	-
At December 31, 2021	**776**	**1,986**	**(1,402)**	**1,706**	**(154)**	**(1,018)**	**(303)**	**1,591**

Transfer to/from current income tax relates to the deferred tax asset for the loss carry forward position of the Dutch fiscal unity.

Deferred tax assets are recognized for tax losses and credits carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. For an amount of gross EUR 1,176 million; an amount of tax EUR 477 million related to tax losses carried forward (2021: gross EUR 1,247 million; tax EUR 301 million) and an amount of tax EUR 595 million related to tax credits carried forward (2021: tax EUR 491 million) the realization of the deferred tax asset is dependent on the projection of future taxable profits.

For the following amounts, arranged by loss carry forward periods, the deferred tax asset is not recognized:

	Gross amounts[1]		Not recognized deferred tax assets	
	2022	2021	**2022**	2021
< 5 years	58	62	16	15
≥ 5 - 10 years	9	24	2	4
≥ 10 - 15 years	-	-	59	55
≥ 15 - 20 years	-	-	-	-
Indefinitely	655	598	169	151
At December 31	**721**	**684**	**247**	**224**

1 The gross value of state tax loss carry forward is not summarized in the disclosure, due to the fact that the United States files in different state jurisdictions with various applicable tax rates and apportionment rules

Deferred corporate income tax assets in respect of deductible temporary differences are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. For the following amounts relating to deductible temporary differences the realization of the deferred corporate income tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

	Gross amounts		Deferred tax assets	
	2022	2021	**2022**	2021
Deferred corporate income tax asset dependent on retaining bonds and similar investments until the earlier of market recovery or maturity	6,265	-	1,306	-
Deferred corporate income tax asset dependent on future taxable profits	27	32	7	8
At December 31	**6,292**	**32**	**1,313**	**8**

For an amount of gross EUR 423 million; tax EUR 109 million related to deferred tax assets for tax losses from the continued operations the recognition is depended on the reversal of taxable temporary differences, refer to note 51 Discontinued operations.

Aegon did not recognize deferred tax assets in respect of deductible temporary differences relating to Financial assets and Other items for the amount of gross EUR 29 million; tax EUR 5 million (2021: gross EUR 30 million; tax EUR 6 million).

In 2021 deferred tax liabilities have not been recognized for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. The unremitted earnings totaled gross EUR 1,770 million; tax EUR 455 million calculated at the enacted rates. In 2022 an amount of gross EUR 1,758 million; tax EUR 454 million was recognized which is accounted for in discontinued operations and the remaining amount of gross EUR 11 million; tax EUR 1 million is no longer accounted for since this related to the divested business of Hungary.

Deferred taxes are non-current by nature and the majority of the deferred tax assets and liabilities will therefore reverse after more than one year after the balance sheet date. For an amount of EUR 109 million deferred tax assets will reverse within one year.

41 Other liabilities

	2022	2021
Payables due to policyholders	860	1,229
Payables due to brokers and agents	489	467
Payables out of reinsurance	823	1,384
Social security and taxes payable	49	145
Income tax payable	10	4
Investment creditors	972	1,103
Cash collateral on derivative transactions	2,483	2,708
Cash collateral on securities lended	2,417	2,171
Cash collateral - other	64	76
Repurchase agreements	107	821
Lease liabilities	210	252
Other creditors	2,301	2,556
At December 31	**10,785**	**12,916**
Current	10,562	12,233
Non-current	223	683

The decrease in Other liabilities in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

The carrying amounts disclosed reasonably approximate the fair values at year-end, given the predominantly current nature of the other liabilities.

42 Accruals

	2022	2021
Accrued interest	129	251
Accrued expenses	244	285
At December 31	**373**	**537**

The carrying amounts disclosed reasonably approximate the fair values as at the year-end.

The decrease in Accruals in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

43 Capital management and solvency

Strategic importance

Aegon's approach towards capital management plays a vital role in supporting the execution of its strategy. The key capital management priority is to ensure adequate capitalization to cover Aegon's obligations towards its policyholders and debtholders while providing sustainable dividends to shareholders. This priority is accomplished by allocating capital to products that offer high growth and return prospects.

Management of capital

Disciplined risk and capital management support Aegon's decisions in deploying the capital that is generated in the Company's businesses and that is provided for by investors. Aegon balances the funding of new business growth with the funding required to ensure that its obligations towards policyholders and debtholders are always adequately met, and providing for a sustainable dividend to shareholders.

Aegon's goal for both its operating units and for the Aegon group as a whole is to maintain a strong financial position and to be able to sustain losses from extreme business and market conditions. Aegon's Enterprise Risk Management (ERM) framework ensures that the Aegon Group and its operating companies are adequately capitalized and that obligations towards policyholders are always adequately met. Embedded in this larger framework is Aegon's capital management policy, which is based on adequate capitalization of the operating units, Cash Capital at Holding and leverage.

Aegon manages capital in the operating units to their respective operating levels, sufficient to absorb moderate shocks and pay sustainable remittances to the Group, and above their minimum dividend payment levels. Cash Capital at Holding is maintained within an operating range of EUR 0.5 - 1.5 billion and covers holding expenses, near-term dividends, and contingencies, such as potential recapitalization of units. In 2022, Aegon achieved its goal to reduce its gross financial leverage to a range of EUR 5.0 billion to EUR 5.5 billion, as announced during the December 2020 Capital Markets Day. The range was based on a euro/US dollar exchange rate of 1.20, and at this constant rate the gross financial leverage was EUR 5.4 billion per December 31, 2022. Following the transaction with a.s.r. announced on October 27, 2022, Aegon intends to further reduce its gross financial leverage by up to EUR 700 million.

The frequent monitoring of actual and forecasted capitalization levels of its underlying businesses is an important element in Aegon's capital framework in order to actively steer and manage towards maintaining adequate capitalization levels. Group operating capital generation contributed favorably and more than offset dividend payments.

Capital ratios of Aegon's main operating units

	December 31, 2022 [1)]	December 31, 2021
US RBC ratio	425%	426%
NL Life Solvency II ratio	210%	186%
Scottish Equitable Plc (UK) Solvency II ratio	169%	167%

1 The capital ratios are estimates and are not final until filed with the respective supervisory authority.

The estimated RBC ratio in the United States decreased from 426% on December 31, 2021, to 425% on December 31, 2022, and remained above the operating level of 400%. The impact from the negative impact of market variances (mainly negative equity variances) and remittances was partly offset by strong capital generation and one-time items.

The estimated Solvency II ratio of NL Life increased from 186% on December 31, 2021, to 210% on December 31, 2022, which is above the operating level of 150%. The increase reflects the positive impact of model and assumption changes, which included the favorable impact of a higher factor applied when calculating the loss absorbing capacity of deferred taxes (LAC-DT). Lower capital requirements, including from the sale of fixed income investments to protect the liquidity position in the context of rising interest rates also contributed favorably. Market movements contributed unfavorably and included the impact of higher mortgage spreads. Operating capital generation more than offset the impact of remittances to the Holding.

The estimated Solvency II ratio for Scottish Equitable Plc increased from 167% on December 31, 2021, to 169% on December 31, 2022, and remained above the operating level of 150%. The increase includes the positive impact from market movements, reducing required capital, while model and assumption updates had an unfavorable impact. Operating capital generation more than offset the impact of remittances paid.

The ability of Aegon's operating units, principally insurance companies, to pay remittances to the holding company is constrained by the requirement for these operating units to remain adequately capitalized to the levels set by local insurance regulations and governed by local insurance supervisory authorities. Based on the capitalization level of the operating units, local insurance supervisors are able to restrict and/or prohibit the transfer of remittances to the holding company. In addition, the ability of operating units to pay remittances to the holding company can be constrained by the requirement for these operating units to hold sufficient shareholders' equity as determined by law. The capitalization level and shareholders' equity of the operating units can be impacted by various factors (e.g. general economic conditions, capital market risks, underwriting risk factors, changes in government regulations, and legal and arbitrational proceedings). To mitigate the impact of such factors on the ability of operating units to transfer funds, Aegon establishes an operating level of capital in each of the units, 150% SCR for Solvency II units and 400% RBC CAL in the US, which includes additional capital in excess of regulatory capital requirements. Aegon manages capital in the units to this operating level over-the-cycle.

Cash Capital at Holding

Cash Capital at Holding increased from EUR 1.3 billion on December 31, 2021 to EUR 1.6 billion on December 31, 2022, driven by free cash flows from the operating units and proceeds from divestitures. Free cash flows were used to pay dividends to Aegon's shareholders and to support operating units through capital injections. Proceeds from divestitures included the sale of Aegon's Hungarian business and Turkish business to Vienna Insurance Group as well as the sale of Aegon's stake in the joint venture with Liberbank to Unicaja Banco. These proceeds were used to reduce leverage and provide additional shareholder returns through a EUR 300 million share buyback program.

Aegon Group Solvency Ratio

To calculate its Group Solvency Ratio, Aegon applies a combination of the Group consolidation methods available under Solvency II: the Accounting Consolidation (AC) and Deduction & Aggregation (D&A) based methods. Solvency II capital requirements are mainly used for the European Economic Area (EEA)-based insurance and reinsurance entities, applying the AC method. Local requirements are used for insurance and reinsurance entities in (provisionally) equivalent third-country jurisdictions. Aegon's UK insurance subsidiaries have been included in the Group Solvency II calculation in accordance with Solvency II standards, including Aegon's approved Partial Internal Model. For more details, reference is made to the section "Regulation and Supervision".

The Group Solvency II ratio is calculated as the ratio between the Eligible Own Funds and the Solvency Capital Requirement (SCR). The Eligible Own Funds equal to the Available Own Funds after applying any Own Funds eligibility restrictions.

The Group SCR is calculated based on Solvency II Partial Internal Model (PIM), which includes the SCR of AC entities, the D&A entities and the Other Financial Sector entities (including Aegon Bank). The SCR amount (or 100% Solvency II ratio) reflects a level of Eligible Own Funds that enables insurance and reinsurance entities to absorb significant losses (1-in-200 year events) and gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. On December 31, 2022, Aegon's estimated capital position was:

	December 31, 2022 [1)]	December 31, 2021
Group Own Funds	16,332	19,431
Group SCR	7,844	9,226
Group Solvency II ratio	208%	211%

1 The Solvency II ratios are estimates and are not final until filed with the respective supervisory authority.

Aegon Group Eligible Own Funds amounted to EUR 16,332 million on December 31, 2022 (2021: EUR 19,431 million). The decrease of EUR 3,099 million in Own Funds since December 31, 2021, was mostly driven by negative market impacts and external dividends (23 cents per share: EUR 460 million), two share buy back announcements (1Q 2022 and 1Q 2023): EUR 500 million, deleveraging: EUR 386 million and a reduction of eligible own funds due to tiering restrictions: EUR 194 million. There was a partial offset from the proceeds from divestitures completed in 2022.

Aegon's Group PIM SCR amounted to EUR 7,844 million on December 31, 2022 (2021: EUR 9,226 million). The SCR decreased by EUR 1,382 million since December 31, 2021. This decrease was mainly the result from the release of required capital of in force business, the impact from management actions, model and assumption changes and market impacts. This was partially offset by the need to set up SCR for new business. As a result of the above changes in Eligible Own Funds and PIM SCR, the Group Solvency II ratio decreased by 3%-points to 208% in 2022.

Minimum regulatory requirements

Insurance laws and regulations in local regulatory jurisdictions often contain minimum regulatory capital requirements. For insurance companies in the European Union, Solvency II formally defines a lower capital requirement, being the Minimum Capital Requirement (MCR). An irreparable breach of the MCR would lead to a withdrawal of the Company's insurance license. Similarly, for the US insurance entities the withdrawal of the insurance license is triggered by a breach of the 100% Authorized Control Level (ACL), which is set at 50% of the Company Action Level (CAL).

With the introduction of Solvency II for EEA countries, Aegon views the higher capital requirement, 100% of the SCR, as the level around which EU supervisors will formally require management to provide regulatory recovery plans. For the US insurance entities this is viewed at 100% CAL.

During 2022, the Aegon Group and the regulated entities within the Aegon Group that are subject to regulatory capital requirements on a solo-level continued to comply with the solvency requirements.

Capital quality

Aegon's capital consists of 3 Tiers as an indication of its quality, with Tier 1 capital ranking the highest. The Available Own Funds is an estimate, has not been filed with the regulator and is subject to supervisory review. It is to be noted that the Group Own Funds do not include any contingent liability potentially arising from unit-linked products sold, issued or advised on by Aegon in the Netherlands in the past as the potential liability cannot be reliably quantified at this point.

The below table provides the composition of Aegon's Available Own Funds across Tiers:

	2022		2021	
Available Own Funds	**Available Own Funds**	**Percentage total**	**Available Own Funds**	**Percentage total**
Tier 1 (Unrestricted Tier 1 + Restricted Tier 1)	13,585	82%	16,409	84%
Unrestricted Tier 1	11,762	71%	14,044	72%
Restricted Tier 1	1,822	11%	2,364	12%
Junior Perpetual Capital Securities	993	6%	1,391	7%
Perpetual Cumulative Securities	387	2%	459	2%
Perpetual Contingent Convertible Securities	442	3%	515	3%
Tier 2	2,195	13%	2,348	12%
Subordinated notes issued by AFC	770	5%	832	4%
Subordinated liabilities Aegon NV	720	4%	767	4%
Grandfathered subordinated notes	705	4%	750	4%
Tier 3	746	5%	675	3%
Total Available Own Funds	**16,525**		**19,431**	

On December 31, 2022, Tier 1 capital amounted to EUR 13,585 million (2021: EUR 16,409), which includes EUR 1,822 million (2021: EUR 2,364 million) restricted Tier 1 capital. Restricted Tier 1 capital consists of Aegon's junior perpetual capital securities (2022: EUR 993 million, 2021: EUR 1,391 million), perpetual cumulative subordinated bonds (2022: EUR 387 million; 2021: EUR 459 million), and perpetual contingent convertible security (2022: EUR 442 million; 2021: EUR 515 million). Both junior perpetual capital securities and perpetual cumulative subordinated bonds are grandfathered. The reduction in junior perpetual capital securities is driven by the partial redemption of the EUR 950 million perpetual instrument. Perpetual contingent convertible securities are Solvency II compliant liabilities which were issued in 2019. Restricted Tier 1 capital is subject to eligibility restrictions to qualify as Eligible Own Funds.

On December 31, 2022, Tier 2 capital amounted to EUR 2,195 million (2021: 2,348 million). This consists of the subordinated notes issued by Aegon Funding Company LLC (AFC) in 2019 (2022: EUR 770 million; 2021: EUR 832 million), the Solvency II compliant subordinated liabilities that were issued during 2018 (2022: EUR 720 million; 2021: EUR 767 million), and grandfathered subordinated notes (2022: EUR 705 million; 2021: EUR 750 million). Tier 2 capital is subject to eligibility restrictions to qualify as Eligible Own Funds.

The grandfathered restricted Tier 1 and Tier 2 capital instruments are grandfathered such that they are considered as capital under the Solvency II framework until December 31, 2025. For the terms and conditions of these grandfathered instruments refer to note 31 Other equity instruments and note 32 Subordinated borrowings.

It is to be noted that the difference between the amounts mentioned above for junior perpetual capital securities and perpetual cumulative subordinated bonds, and those in note 31 Other equity instruments and note 32 Subordinated borrowings, stem from valuation differences between Solvency II (market value) and EU-IFRS rules (refer to related accounting policies in note 2, paragraphs 2.17 and 2.18).

Tier 3 capital as of December 31, 2022 is comprised of deferred tax assets balances related to Solvency II entities.

EU-IFRS equity compares to Solvency II Own Funds as follows:

	2022	2021
IFRS Shareholders' Equity	11,440	24,282
IFRS adjustments for Other Equity instruments and non controlling interests	2,119	2,559
IFRS Group Equity	13,559	26,841
Solvency II revaluations & reclassifications	2,120	(9,564)
Transferability restrictions [1)]	(1,771)	(1,772)
Excess of Assets over Liabilities	**13,908**	**15,504**
Availability adjustments	2,715	4,020
Tiering restriction	(194)	-
Fungibility adjustments	(98)	(93)
Eligible Own Funds	**16,332**	**19,431**

1 This includes the transferability restriction related to the RBC CAL conversion methodology.

The Solvency II revaluations and reclassification of EUR 2,120 million positive (2021: EUR 9,564 million negative) mainly stem from the difference in valuation and presentation between EU-IFRS and Solvency II frameworks. The Solvency II revaluations and reclassification can be grouped into four categories:

- Items that are not recognized under Solvency II. The most relevant examples of this category for Aegon include Goodwill, deferred policy acquisition costs (DPAC) and other intangible assets (EUR 1,692 million negative, 2021: EUR 2,263 million negative);
- Items that have a different valuation treatment between EU-IFRS and Solvency II. Solvency II is a market consistent framework hence all assets and liabilities are to be presented at fair value while EU-IFRS also includes other valuation treatments in addition to fair value. The most relevant examples of this category for Aegon Group include loans and mortgages, reinsurance recoverables, and technical provisions. The revaluation difference stemming from this category amounted to EUR 3,356 million positive (2021: EUR 3,197 million positive) compared to the EU-IFRS Statement of Financial Position;
- The Net Asset Value of subsidiaries that are included under the D&A method (on provisional equivalence or Standard Formula basis) in the Group Solvency II results. The revaluation difference stemming from this category amounted to EUR 3,134 million positive (2021: EUR 7,331 million negative) compared to the EU-IFRS Statement of Financial Position;
- Reclassification of subordinated liabilities of EUR 2,678 million negative (2021: EUR 3,168 negative).

The transferability restrictions reflect the restrictions on Tier 1 unrestricted Own Funds as a consequence of the RBC CAL conversion methodology as described above.

The availability adjustments are changes to the availability of Own Funds of Aegon Group in accordance with Solvency II requirements. Examples include the adjustments for subordinated liabilities, ring-fenced fund, treasury shares and foreseeable dividend.

Finally, the fungibility restrictions limit the availability of Own Funds on Aegon Group level as prescribed by Supervisory Authorities. These limitations refer to charitable trusts in the Americas for which the local Supervisory Authority could limit the upstream of capital to the Group and therefore are excluded for Solvency II purposes.

Capital leverage

Aegon's total capitalization reflects the capital employed in the business units and consists of shareholders' capital and total gross financial leverage. Aegon assesses its gross financial leverage position based on various leverage metrics, including the gross financial leverage ratio, which is calculated by dividing total financial leverage by total capitalization. Aegon defines total financial leverage as debt or debt-like funding issued for general corporate purposes and for capitalizing Aegon's business units. Total financial leverage includes hybrid instruments, in addition to both subordinated and senior debt. Aegon's total capitalization comprises the following components:

- Shareholders' equity excluding revaluation reserves based on IFRS as adopted by the EU;
- Non-controlling interests and Long Term Incentive Plans not yet vested; and
- Total financial leverage.

The following table shows the composition of Aegon's total capitalization, the calculation of the gross financial leverage ratio and its fixed charge coverage:

	Note	2022	2021
Total shareholders' equity - based on IFRS as adopted by the EU	30	11,440	24,282
Non-controlling interests and Long Term Incentive Plans not yet vested	31, SOFP [2]	242	253
Revaluation reserves	30	4,477	(6,442)
Adjusted shareholders' equity		**16,159**	**18,093**
Perpetual contingent convertible securities	31	500	500
Junior perpetual capital securities	31	923	1,352
Perpetual cumulative subordinated bonds	31	454	454
Fixed floating subordinated notes	32	1,442	1,396
Fixed subordinated notes	32	852	798
Trust pass-through securities	33	118	126
Currency revaluation other equity instruments [1]		66	16
Hybrid leverage		**4,356**	**4,642**
Senior debt [3]	37	1,265	1,290
Senior leverage		**1,265**	**1,290**
Total gross financial leverage		**5,621**	**5,932**
Total capitalization		**21,780**	**24,008**
Gross financial leverage ratio		**25.8%**	**24.7%**
Fixed Charge Coverage		**9.2 x**	**9.3 x**

1 Other equity instruments that are denominated in foreign currencies are, for purpose of calculating hybrid leverage, revalued to the period-end exchange rate.
2 Non-controlling interests are disclosed in the statement of financial position.
3 Senior debt for the gross financial leverage calculation also contains swaps for an amount of EUR (20) million (2021: EUR (2) million).

Aegon N.V. is subject to legal restrictions with regard to the amount of dividends it can pay to its shareholders. Under Dutch law, the amount that is available to pay dividends consists of total shareholders' equity less the issued and outstanding capital and the reserves required by law. The legal reserves in respect of the foreign currency translation reserve (FCTR), group companies and the revaluation reserves, cannot be freely distributed. In case of negative balances for individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts. Total distributable items under Dutch law amounted to EUR 5,363 million as at December 31, 2022 (2021: EUR 14,093 million). The following table shows the composition of the total distributable items:

Distributable items	2022	2021
Equity attributable to shareholders	11,440	24,282
Non-distributable items:		
Share capital	(319)	(321)
Legal reserves [1]	(5,758)	(9,868)
At December 31	**5,363**	**14,093**

1 The legal reserves in respect of the foreign currency translation reserve (FCTR), group companies and the positive revaluations in the revaluation reserves, cannot be freely distributed.

Besides the distributable items under Dutch law, a second restriction on the possibility to distribute dividends stems from Solvency II (Dutch Supervision act).

Distributable reserves	2022	2021
Reserves available for financial surpervision purposes	16,332	19,431
Solvency requirement under the Financial Supervision Act	7,844	9,226
Total distributable reserves on the basis of solvency requirements	**8,488**	**10,205**

The freely distributable reserves is the minimum of distributable items under Dutch law and the freely distributable capital on the basis of solvency requirements and amounted to EUR 5,363 million as at December 31, 2022 (2021: EUR 10,205 million).

44 Fair value

The estimated fair values of Aegon's assets and liabilities correspond with the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, Aegon uses quoted market prices in active markets to determine the fair value of investments and derivatives. In the absence of an active market, the fair value of investments in financial assets is estimated by using other market observable data, such as corroborated external quotes and present value or other valuation techniques. An active market is one in which transactions are taking place regularly on an arm's length basis. Fair value is not determined based upon a forced liquidation or distressed sale.

Valuation techniques are used when Aegon determines the market is inactive or quoted market prices are not available for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). Therefore, unobservable inputs reflect Aegon's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available.

Aegon employs an oversight structure over valuation of financial instruments that includes appropriate segregation of duties. Senior management, independent of the investing functions, is responsible for the oversight of control and valuation policies and for reporting the results of these policies. For fair values determined by reference to external quotation or evidenced pricing parameters, independent price determination or validation is utilized to corroborate those inputs. Further details of the validation processes are set out below.

Valuation of assets and liabilities is based on a pricing hierarchy, in order to maintain a controlled process that will systematically promote the use of prices from sources in which Aegon has the most confidence, where the least amount of manual intervention exists and to embed consistency in the selection of price sources. Depending on asset type the pricing hierarchy consists of a waterfall that starts with making use of market prices from indices and follows with making use of third-party pricing services or brokers.

Fair value hierarchy

The table below provides an analysis of assets and liabilities recorded at fair value on a recurring basis by level of the fair value hierarchy. The decrease in assets and liabilities in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

	Level I	Level II	Level III	Total 2022
Assets carried at fair value				
Available-for-sale				
Shares	22	42	131	195
Debt securities	6,624	46,254	215	53,093
Money market and other short-term instruments	3,639	1,874	1	5,514
Other investments at fair value	-	180	660	840
	10,284	**48,351**	**1,008**	**59,643**
Fair value through profit or loss				
Shares	144	49	-	193
Debt securities	12	541	1	554
Money market and other short-term instruments	42	57	-	99
Other investments at fair value	1	358	3,363	3,722
Investments for account of policyholders [1)]	87,358	91,799	402	179,559
Derivatives	33	2,717	11	2,760
Investments in real estate	-	-	59	59
Investments in real estate for policyholders	-	-	443	443
	87,590	**95,520**	**4,279**	**187,389**
Revalued amounts				
Real estate held for own use	-	-	73	73
	-	**-**	**73**	**73**
Total assets at fair value	**97,874**	**143,870**	**5,360**	**247,104**
Liabilities carried at fair value	-	-	-	-
Investment contracts for account of policyholders [2)]	-	55,228	26	55,254
Derivatives	51	5,202	840	6,094
Total liabilities at fair value	**51**	**60,430**	**867**	**61,348**

1 The investments for account of policyholders include investments carried at fair value through profit or loss.
2 The investment contracts for account of policyholders represents only those investment contracts carried at fair value.

	Level I	Level II	Level III	Total 2021
Assets carried at fair value				
Available-for-sale				
Shares	84	75	191	350
Debt securities	25,166	68,131	603	93,899
Money market and other short-term instruments	1,204	3,586	-	4,790
Other investments at fair value	-	246	599	844
	26,453	**72,038**	**1,393**	**99,884**
Fair value through profit or loss				
Shares	85	237	1,343	1,665
Debt securities	130	3,161	5	3,296
Money market and other short-term instruments	18	102	-	120
Other investments at fair value	2	389	3,010	3,401
Investments for account of policyholders [1]	129,794	119,653	943	250,390
Derivatives	150	8,676	1	8,827
Investments in real estate	-	-	2,643	2,643
Investments in real estate for policyholders	-	-	563	563
	130,178	**132,219**	**8,507**	**270,904**
Revalued amounts				
Real estate held for own use	-	-	185	185
	-	**-**	**185**	**185**
Total assets at fair value	**156,631**	**204,256**	**10,086**	**370,974**
Liabilities carried at fair value				
Investment contracts for account of policyholders [2]	-	71,249	(6)	71,242
Derivatives	39	7,162	3,437	10,639
Total liabilities at fair value	**39**	**78,411**	**3,431**	**81,881**

1 The investments for account of policyholders include investments carried at fair value through profit or loss.
2 The investment contracts for account of policyholders represents only those investment contracts carried at fair value.

Significant transfers between Level I, Level II and Level III

Aegon's policy is to record transfers of assets and liabilities between Level I, Level II and Level III at their fair values as of the beginning of each reporting period.

The table below shows transfers between Level I and Level II for financial assets and financial liabilities recorded at fair value on a recurring basis.

	Total 2022 [1]		Total 2021	
	Transfers Level I to Level II	Transfers Level II to Level I	Transfers Level I to Level II	Transfers Level II to Level I
Assets carried at fair value				
Available-for-sale				
Debt securities	23	5	44	32
Money markets and other short-term instruments	-	721	-	-
	23	**726**	**44**	**32**
Fair value through profit or loss				
Shares	10	128	-	-
Money markets and other short-term instruments	-	13	-	-
Investments for account of policyholders	-	40	-	-
	10	**181**	**-**	**-**
Total assets at fair value	**34**	**907**	**44**	**32**
	-	-		
Total Liabilities carried at fair value	**-**	**-**	**-**	**-**

1 2022 excludes the assets and liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Transfers are identified based on transaction volume and frequency, which are indicative of an active market.

Movements in Level III financial instruments measured at fair value

The following table summarizes the change of all assets and liabilities measured at estimated fair value on a recurring basis using significant unobservable inputs (Level III), including realized and unrealized gains (losses) of all assets and liabilities and unrealized gains (losses) of all assets and liabilities still held at the end of the respective period.

Assets carried at fair value	At January 1, 2022	Disposal of a business	Total gains / losses in income statement [1]	Total gains / losses in OCI [2]	Purchases	Sales	Settlements	Net exchange difference	Reclassification	Transfers from levels I and II	Transfers to levels I and II	Transfers to disposal groups	At December 31, 2022	Total unrealized gains and (losses) for the period recorded in the P&L for instruments held at December 31, 2022 [3]
Available-for-sale														
Shares	191	(0)	(1)	(35)	(4)	(10)	-	12	-	-	-	(21)	131	-
Debt securities	603	-	(1)	(88)	124	(34)	(21)	26	-	43	(384)	(54)	215	-
Money markets and other short-term instruments	-	-	(0)	1	-	-	-	(0)	-	-	-	-	1	-
Other investments at fair value	599	-	(142)	22	168	(12)	(14)	39	-	-	-	-	660	-
	1,393	**(0)**	**(145)**	**(100)**	**289**	**(56)**	**(34)**	**77**	**-**	**43**	**(384)**	**(75)**	**1,008**	**-**
Fair value through profit or loss														
Shares	1,343	-	170	-	190	(345)	-	-	-	-	-	(1,357)	-	-
Debt securities	5	-	(1)	-	44	(3)	-	-	-	-	-	(44)	1	(1)
Other investments at fair value	3,010	-	361	-	444	(578)	-	190	-	-	-	(64)	3,363	-
Investments for account of policyholders	943	-	41	(0)	(515)	873	-	(10)	-	2	-	(932)	402	(55)
Derivatives	1	-	10	-	-	-	-	(0)	-	-	-	-	11	10
Investments in real estate	2,643	-	(51)	-	42	(40)	-	3	7	-	-	(2,545)	59	1
Investments in real estate for policyholders	563	-	(61)	-	10	(42)	-	(27)	-	-	-	-	443	(69)
	8,507	**-**	**470**	**(0)**	**215**	**(135)**	**-**	**155**	**7**	**2**	**-**	**(4,942)**	**4,279**	**(114)**
Revalued amounts														
Real estate held for own use	185	(23)	(3)	-	(1)	(8)	-	4	(5)	-	-	(76)	73	(0)
	185	**(23)**	**(3)**	**-**	**(1)**	**(8)**	**-**	**4**	**(5)**	**-**	**-**	**(76)**	**73**	**(0)**
Total assets at fair value	**10,086**	**(24)**	**322**	**(99)**	**503**	**(199)**	**(34)**	**235**	**2**	**45**	**(384)**	**(5,092)**	**5,360**	**(115)**
Liabilities carried at fair value														
Investment contracts for account of policyholders	(6)	-	(26)	-	(559)	720	-	2	-	1	-	(105)	26	-
Derivatives	3,437	-	(1,986)	-	-	(7)	-	150	-	-	-	(754)	840	-
	3,431	**-**	**(2,012)**	**-**	**(559)**	**713**	**-**	**152**	**-**	**1**	**-**	**(859)**	**867**	**-**

1 Includes impairments and movements related to fair value hedges. Gains and losses are recorded in the line item Results from financial transactions of the income statement.
2 Total gains and losses are recorded in line items: Gains / (losses) on revaluation of available-for-sale investments, (Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments and Changes in revaluation reserve real estate held for own use of the statement of other comprehensive income.
3 Total gains / (losses) for the period during which the financial instrument was in Level III.

Assets carried at fair value	At January 1, 2021	Total gains / losses in income statement [1]	Total gains / losses in OCI [2]	Purchases	Sales	Settlements	Net exchange difference	Reclassification	Transfers from levels I and II	Transfers to levels I and II	At December 31, 2021	Total unrealized gains and (losses) for the period recorded in the P&L for instruments held at December 31, 2021 [3]
Available-for-sale												
Shares	173	1	3	30	(26)	(0)	11	-	-	-	191	-
Debt securities	467	(1)	6	228	(29)	(46)	22	-	203	(246)	603	-
Money markets and other short-term instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other investments at fair value	581	(113)	7	111	(24)	(6)	43	-	-	-	599	-
	1,221	**(114)**	**16**	**368**	**(80)**	**(52)**	**77**	**-**	**203**	**(246)**	**1,393**	**-**
Fair value through profit or loss												
Shares	1,329	150	-	179	(316)	1	1	-	-	-	1,343	147
Debt securities	242	(1)	-	124	(361)	(0)	-	-	-	-	5	1
Other investments at fair value	2,173	796	-	492	(638)	-	186	-	-	-	3,010	(1)
Investments for account of policyholders	1,012	206	(0)	(198)	(93)	-	22	-	-	(7)	943	162
Derivatives	22	(17)	-	-	(4)	-	-	-	-	-	1	(10)
Investments in real estate	2,385	253	-	48	(60)	-	3	14	-	-	2,643	253
Investments in real estate for policyholders	467	46	-	60	(43)	-	32	-	-	-	563	66
	7,631	**1,433**	**(0)**	**705**	**(1,514)**	**-**	**245**	**14**	**-**	**(7)**	**8,507**	**618**
Revalued amounts												
Real estate held for own use	209	(16)	(4)	6	-	(0)	5	(14)	-	-	185	1
	209	**(16)**	**(4)**	**6**	**-**	**(0)**	**5**	**(14)**	**-**	**-**	**185**	**1**
Total assets at fair value	**9,061**	**1,303**	**12**	**1,079**	**(1,594)**	**(52)**	**326**	**-**	**203**	**(253)**	**10,086**	**619**
Liabilities carried at fair value												
Investment contracts for account of policyholders	(12)	(1)	-	(361)	366	-	2	-	-	-	(6)	3
Derivatives	4,902	(1,627)	-	-	(14)	-	176	-	-	-	3,437	607
	4,890	**(1,628)**	**-**	**(361)**	**352**	**-**	**178**	**-**	**-**	**-**	**3,431**	**610**

1 Includes impairments and movements related to fair value hedges. Gains and losses are recorded in the line item Results from financial transactions of the income statement.
2 Total gains and losses are recorded in line items: Gains / (losses) on revaluation of available-for-sale investments, (Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments and Changes in revaluation reserve real estate held for own use of the statement of other comprehensive income.
3 Total gains / (losses) for the period during which the financial instrument was in Level III.

During 2022, Aegon transferred certain financial instruments from Level I and II to Level III of the fair value hierarchy. The reason for the change in level was that the market liquidity for these securities decreased, which led to a change in market observability of prices. Prior to transfer, the fair value for the Level II securities was determined using observable market transactions or corroborated broker quotes respectively for the same or similar instruments. Since the transfer, all such assets have been valued using valuation models incorporating significant non market-observable inputs or uncorroborated broker quotes.

Similarly, during 2022, Aegon transferred certain financial instruments from Level III to Level I and II of the fair value hierarchy. The change in level was mainly the result of a return of activity in the market for these securities and that for these securities the fair value could be determined using observable market transactions or corroborated broker quotes for the same or similar instruments.

Valuation techniques and significant unobservable inputs

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level III financial instruments.

	Valuation technique [1]	Significant unobservable input [2]	December 31, 2022 [4]	Range (weighted average)	December 31, 2021	Range (weighted average)
Assets carried at fair value						
Available-for-sale						
Shares						
	Net asset value	n.a.	126	n.a.	166	n.a.
	Other	n.a.	5	n.a.	25	n.a.
			131		**191**	
Debt securities						
	Broker quote	n.a.	66	n.a.	493	n.a.
	Discounted cash flow	Constant Prepayment Rate	2	40.53%	5	21.43%
	Discounted cash flow	Constant Prepayment Rate	-	-	22	9.95%
	Other	n.a.	148	n.a.	82	n.a.
			216		**603**	
Other investments at fair value						
Tax credit investments	Discounted cash flow	Discount rate	610	7.10%	541	7.09%
Investment funds	Net asset value	n.a.	2	n.a.	3	n.a.
Other	Other	n.a.	48	n.a.	56	n.a.
			660		**599**	
At December 31			**1,008**		**1,393**	
Fair value through profit or loss						
Shares	Other	n.a.	-	n.a.	1,343	n.a.
Debt securities	Other	n.a.	-	n.a.	5	n.a.
Debt securities	Discounted cash flow	Constant prepayment rate	-	7.80%	-	n.a.
			1		**1,348**	
Other investments at fair value						
Investment funds	Net asset value	n.a.	3,363	n.a.	2,944	n.a.
Other	Other	n.a.	-	n.a.	66	n.a.
			3,363		**3,010**	
Total assets at fair value [3]			**4,372**		**5,750**	
Liabilities carried at fair value						
Derivatives						
Embedded derivatives in insurance contracts	Discounted cash flow	Own credit spread	836	0.45%	3,437	0.23%
Other	Discounted cash flow	Other	4	n.a	-	-
Total liabilities at fair value			**840**	**-**	**3,437**	

1 Other in the table above (column Valuation technique) includes investments for which the fair value is uncorroborated and no broker quote is received.
2 Not applicable (n.a.) has been included when the unobservable inputs are not developed by the Group and are not reasonably available. Refer to the section Fair value measurement in this note for a detailed description of Aegon's methods of determining fair value and the valuation techniques.
3 Investments for account of policyholders are excluded from the table above and from the disclosure regarding reasonably possible alternative assumptions. Policyholder assets, and their returns, belong to policyholders and do not impact Aegon's net result or equity. The effect on total assets is offset by the effect on total liabilities.
4 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

For reference purposes, the valuation techniques included in the table above are described in more detail on the following pages.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

Own credit spread, as included in the discount rate for embedded derivatives in insurance contracts, is considered as a significant unobservable input. It is estimated that changing the other significant unobservable inputs to reflect reasonable possible alternatives in valuation would have no significant impact for the Group.

An increase in own credit spread results in lower valuation, while a decrease results in a higher valuation of the embedded derivatives.

The table below presents the impact on a fair value measurement of a change in the own credit spread by 5 basis points included in the discount rate.

	December 31, 2022 [1]	Effect of reasonably possible alternative assumptions (+/-)		December 31, 2021	Effect of reasonably possible alternative assumptions (+/-)	
		Increase	Decrease		Increase	Decrease
Financial liabilities carried at fair value						
Embedded derivatives in insurance contracts	836	16	(16)	3,437	39	(39)

1 2022 excludes the liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Fair value information about assets and liabilities not measured at fair value

The following table presents the carrying values and estimated fair values of assets and liabilities, excluding assets and liabilities which are carried at fair value on a recurring basis.

2022	Carrying amount December 31, 2022 [1]	Estimated fair value hierarchy			Total estimated fair value December 31, 2022 [1]
		Level I	Level II	Level III	
Assets					
Mortgage loans - held at amortized cost	10,441	-	1	9,244	9,245
Private loans - held at amortized cost	27	-	15	-	15
Other loans - held at amortized cost	2,088	39	2,049	-	2,088
Liabilities					
Subordinated borrowings - held at amortized cost	2,295	1,372	663	-	2,035
Trust pass-through securities - held at amortized cost	118	-	133	-	133
Borrowings – held at amortized cost	4,051	1,289	2,825	-	4,114
Investment contracts - held at amortized cost	10,485	-	-	9,410	9,410

1 2022 excludes the assets and liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

2021	Carrying amount December 31, 2021	Estimated fair value hierarchy			Total estimated fair value December 31, 2021
		Level I	Level II	Level III	
Assets					
Mortgage loans - held at amortized cost	40,624	-	1	44,366	44,366
Private loans - held at amortized cost	4,883	-	34	5,457	5,491
Other loans - held at amortized cost	1,949	21	1,923	5	1,949
Liabilities					
Subordinated borrowings - held at amortized cost	2,194	1,567	872	-	2,438
Trust pass-through securities - held at amortized cost	126	-	139	-	139
Borrowings – held at amortized cost	9,661	1,735	2,662	5,773	10,171
Investment contracts - held at amortized cost	21,573	-	-	20,861	20,861

Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, short-term receivables and accrued interest receivable, short-term liabilities, and accrued liabilities. These instruments are not included in the table above.

Fair value measurement

The description of Aegon's methods of determining fair value and the valuation techniques are described on the following pages.

Shares

When available, Aegon uses quoted market prices in active markets to determine the fair value of its investments in shares. For Level III unquoted shares, the net asset value can be considered the best approximation to the fair value. Net asset value is the value of an entity's assets minus the value of its liabilities and may be the same as the book value or the equity value of the entity.

Also for unquoted shares, the fair value may be estimated using other methods, such as observations of the price/earnings or price/cash flow ratios of quoted companies considered comparable to the companies being valued. Valuations are adjusted to account for company-specific issues and the lack of liquidity inherent in an unquoted investment. Adjustments for lack of liquidity are generally based on available market evidence. In addition, a variety of other factors are reviewed by management, including, but not limited to, current operating performance, changes in market outlook and the third-party financing environment.

Available-for-sale shares include shares in a Federal Home Loan Bank (FHLB) for an amount of EUR 124 million (2021: EUR 112 million), which are reported as part of the line-item Net asset value. A FHLB has implicit financial support from the United States government. The redemption value of the shares is fixed at par and they can only be redeemed by the FHLB.

Debt securities

The fair values of debt securities are determined by management after taking into consideration several sources of data. When available, Aegon uses quoted market prices in active markets to determine the fair value of its debt securities. As stated previously, Aegon's valuation policy utilizes a pricing hierarchy which dictates that publicly available prices are initially sought from indices and third-party pricing services. In the event that pricing is not available from these sources, those securities are submitted to brokers to obtain quotes, the majority of which are non-binding. As part of the pricing process, Aegon assesses the appropriateness of each quote (i.e. as to whether the quote is based on observable market transactions or not) to determine the most appropriate estimate of fair value.

When broker quotes are not available, securities are priced using internal cash flow modeling techniques. These valuation methodologies commonly use the following inputs: reported trades, bids, offers, issuer spreads, benchmark yields, estimated prepayment speeds, issue specific credit adjustments, indicative quotes from market makers and/or estimated cash flows.

To understand the valuation methodologies used by third-party pricing services Aegon reviews and monitors the applicable methodology documents of the third-party pricing services. Any changes to their methodologies are noted and reviewed for reasonableness. In addition, Aegon performs in-depth reviews of prices received from third-party pricing services on a sample basis. The objective for such reviews is to demonstrate that Aegon can corroborate detailed information such as assumptions, inputs and methodologies used in pricing individual securities against documented pricing methodologies. Only third-party pricing services and brokers with a substantial presence in the market and with appropriate experience and expertise are used.

Third-party pricing services will often determine prices using recently reported trades for identical or similar securities. The third-party pricing service makes adjustments for the elapsed time from the trade date to the reporting date to take into account available market information. Lacking recently reported trades, third-party pricing services and brokers will use modeling techniques to determine a security price where expected future cash flows are developed based on the performance of the underlying collateral and discounted using an estimated market rate.

Periodically, Aegon performs an analysis of the inputs obtained from third-party pricing services and brokers to ensure that the inputs are reasonable and produce a reasonable estimate of fair value. Aegon's asset specialists and investment valuation specialists consider both qualitative and quantitative factors as part of this analysis. Several examples of analytical procedures performed include, but are not limited to, recent transactional activity for similar debt securities, review of pricing statistics and trends and consideration of recent relevant market events. Other controls and procedures over pricing received from indices, third-party pricing services, or brokers include validation checks such as exception reports which highlight significant price changes, stale prices or unpriced securities. Additionally, Aegon performs back testing on a sample basis. Back testing involves selecting a sample of securities trades and comparing the prices in those transactions to prices used for financial reporting. Significant variances between the price used for financial reporting and the transaction price are investigated to explain the cause of the difference.

Credit ratings are also an important consideration in the valuation of securities and are included in the internal process for determining Aegon's view of the risk associated with each security. However, Aegon does not rely solely on external credit ratings and there is an internal process, based on market observable inputs, for determining Aegon's view of the risks associated with each security.

Aegon's portfolio of private placement securities (held at fair value under the classification of available-for-sale or fair value through profit or loss) is valued using a matrix pricing methodology. The pricing matrix is obtained from a third-party service provider and indicates current spreads for securities based on weighted average life, credit rating, and industry sector. Each month, Aegon's asset specialists review the matrix to ensure the spreads are reasonable by comparing them to observed spreads for similar bonds traded in the market. Other inputs to the valuation include coupon rate, the current interest rate curve used for discounting and a liquidity premium to account for the illiquid nature of these securities. The liquidity premiums are determined based upon the pricing of recent transactions in the private placements market; comparing the value of the privately offered security to a similar public security. The impact of the liquidity premium for private placement securities to the overall valuation is insignificant.

Aegon's portfolio of debt securities can be subdivided into Residential mortgage-backed securities (RMBS), Commercial mortgage-backed securities (CMBS), Asset-backed securities (ABS), Corporate bonds and Government debt. Below relevant details of the valuation methodologies for these specific types of debt securities are described.

Residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities

Valuations of RMBS, CMBS and ABS are monitored and reviewed on a monthly basis. Valuations per asset type are based on a pricing hierarchy which uses a waterfall approach that starts with market prices from indices and follows with third-party pricing services or brokers. The pricing hierarchy is dependent on the possibilities of corroboration of the market prices. If no market prices are available, Aegon uses internal models to determine fair value. Significant inputs included in the internal models are generally determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles. Market standard models may be used to model the specific collateral composition and cash flow structure of each transaction. The most significant unobservable input is the liquidity premium which is embedded in the discount rate.

Aegon the Netherlands has mandated Aegon Asset Management to invest in RMBS transactions. Aegon Asset Management uses its own proprietary cash flow tools to analyze and stress test RMBS transactions. The key input parameters are default rates and loss given default assumptions, which are established based on historical pool characteristics and current loan level data.

Corporate bonds

Valuations of corporate bonds are monitored and reviewed on a monthly basis. The pricing hierarchy is dependent on the possibility of corroboration of market prices when available. If no market prices are available, valuations are determined by a discounted cash flow methodology using an internally calculated yield. The yield is comprised of a credit spread over a given benchmark. In all cases the benchmark is an observable input. The credit spread contains both observable and unobservable inputs. Aegon starts by taking an observable credit spread from a similar bond of the given issuer, and then adjust this spread based on unobservable inputs. These unobservable inputs may include subordination, liquidity and maturity differences. During 2022, there were no corporate bonds that met the policy threshold to be internally modeled.

Government debt

When available, Aegon uses quoted market prices in active markets to determine the fair value of its government debt investments. When Aegon cannot make use of quoted market prices, market prices from indices or quotes from third-party pricing services or brokers are used.

Money market and other short-term investments and deposits with financial institutions

The fair value of assets maturing within a year is assumed to be approximated by their carrying amount adjusted for credit risk where appropriate. Credit risk adjustments are based on market observable credit spreads if available, or management's estimate if not market observable.

Tax credit investments

The Level III fair value of tax credit investments is determined by using a discounted cash flow valuation technique. This valuation technique takes into consideration projections of future capital contributions and distributions, as well as future tax credits and the tax benefits of future operating losses. The present value of these cash flows is calculated by applying a discount rate. In general, the discount rate is determined based on the cash outflows for the investments and the cash inflows from the tax credits and/or tax benefits (and the timing of these cash flows). These inputs are unobservable in the market place. The discount rate used in valuation of tax credit investments remained stable at 7.1% (December 31, 2021: 7.1%).

Investment funds: Real estate funds, private equity funds and hedge funds

The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. Aegon reviews the valuations each month and performs analytical procedures and trending analyses to ensure the fair values are appropriate. The net asset value is considered the best valuation method that approximates the fair value of the funds.

Mortgage loans, policy loans and private loans *(held at amortized cost)*

For private loans, fixed interest mortgage loans and other loans originated by the Group, the fair value used for disclosure purposes is estimated by discounting expected future cash flows using a current market rate applicable to financial instruments with similar yield and maturity characteristics. For fixed interest mortgage loans, the market rate is adjusted for expenses, prepayment rates, lapse assumptions (unobservable inputs), liquidity and credit risk (market observable inputs). An increase in expense spread, prepayment rates and/or prepayment assumptions, would decrease the fair value of the mortgage loan portfolio.

The fair value of floating interest rate mortgage loans, policy loans and private placements used for disclosure purposes is assumed to be approximated by their carrying amount, adjusted for changes in credit risk. Credit risk adjustments are based on market observable credit spreads if available, or management's estimate if not market observable.

Derivatives

Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modeling, are applied. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available. Models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices.

Fair values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices in active markets. Fair values for over-the-counter (OTC) derivative financial instruments represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using pricing models based on the net present value of estimated future cash flows, directly observed prices from exchange-traded derivatives, other OTC trades, or external pricing services. Most valuations are derived from swap and volatility matrices, which are constructed for applicable indices and currencies using current market data from many industry standard sources. Option pricing is based on industry standard valuation models and current market levels, where applicable. The pricing of complex or illiquid instruments is based on internal models or an independent third party. For long-dated illiquid contracts, extrapolation methods are applied to observed market data in order to estimate inputs and assumptions that are not directly observable. To value OTC derivatives, management uses observed market information, other trades in the market and dealer prices.

Some OTC derivatives are so-called longevity derivatives. The payout of longevity derivatives is linked to publicly available mortality tables. The derivatives are measured using the present value of the best estimate of expected payouts of the derivative plus a risk margin. The best estimate of expected payouts is determined using best estimate of mortality developments. Aegon determined the risk margin by stressing the best estimate mortality developments to quantify the risk and applying a cost-of-capital methodology. Depending on the duration of the longevity swaps either the projected mortality development or discount rate are the most significant unobservable inputs.

Aegon normally mitigates counterparty credit risk in derivative contracts by entering into collateral agreements where practical and in ISDA master netting agreements for each of the Group's legal entities to facilitate Aegon's right to offset credit risk exposure. Changes in the fair value of derivatives attributable to changes in counterparty credit risk were not significant.

Embedded derivatives in insurance contracts including guarantees

Bifurcated guarantees for minimum benefits in insurance and investment contracts are carried at fair value. These guarantees include Guaranteed minimum withdrawal benefits (GMWB) in the United States and United Kingdom which are offered on some variable annuity products and are also assumed from a ceding company; minimum investment return guarantees on insurance products offered in the Netherlands, including group pension and traditional products; variable annuities sold in Europe.

Since the price of these guarantees is not quoted in any market, the fair values of these guarantees are based on discounted cash flows calculated as the present value of future expected payments to policyholders less the present value of assessed rider fees attributable to the guarantees. Given the complexity and long-term nature of these guarantees which are unlike instruments available in financial markets, their fair values are determined by using stochastic models under a variety of market return scenarios. A variety of factors are considered, including own credit spread, expected market rates of return, equity and interest rate volatility, correlations of market returns, discount rates and actuarial assumptions. The most significant unobservable factor is own credit spread. The weighted average own credit spread used in the valuations of embedded derivatives in insurance contracts increased to 0.45% (2021: 0.23%).

The expected returns are based on risk-free rates. Aegon added a premium to reflect the credit spread as required. The credit spread is set by using the Credit default swap (CDS) spreads of a reference portfolio of life insurance companies (including Aegon), adjusted to reflect the subordination of senior debt holders at the holding company level to the position of policyholders at the operating company level (who have priority in payments over other creditors). Aegon's assumptions are set by region to reflect differences in the valuation of the guarantee embedded in the insurance contracts.

Aegon extrapolates yield curves beyond market observable maturities. The discount rates converge linearly in 10 years to an Ultimate Forward Rate. In the Netherlands, the ultimate forward rate is 3.65% from the last liquid point. The US ultimate forward rate extrapolates linearly beyond 30 years using an average of forward interest rates implied by the market between 20 years and 30 years. In the US, the ultimate forward rate is 3.50% from the last liquid point. The uniform last liquid point for all Aegon's major currencies (EUR, USD and GBP) is set at 30 years.

Since many of the assumptions are unobservable and are considered to be significant inputs to the liability valuation, the liability included in future policy benefits has been reflected within Level III of the fair value hierarchy. Refer to note 36 Guarantees in insurance contracts for more details about Aegon's guarantees.

Real estate

Valuations of Level III investments in real estate and real estate held for own use are conducted in full by independent external appraisers at least every three to five years and reviewed at least once a year by qualified internal appraisers to ensure the value correctly reflects the fair value at the reporting date. Appraisals are different for each specific local market, but are based on market guidelines such as International Valuation Standards, Uniform Standards of Professional Appraisal Practice or guidelines issued by the Investment Property Databank. Valuations are mostly based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. If such information is not available, other valuation methods are applied, considering the value that the property's net earning power will support, the value indicated by recent sales of comparable properties and the current cost of reproducing or replacing the property. Discount rates used in the valuation of real estate reflect the risk embedded in the projected cash flows for the asset being valued. Capitalization rates represent the income rate for a real estate property that reflects the relationship between a single year's net operating income expectancy and the total property price or value. For property held for own use, appraisers consider the present value of the future rental income cash flows that could be achieved had the real estate been rented to a third party.

Trust pass-through securities and subordinated borrowings

Trust pass-through securities and subordinated borrowings are either carried at fair value (if they are designated as financial liabilities at fair value through profit or loss) or amortized cost (with fair value being disclosed in the notes to the consolidated financial statements). For the determination of the fair value of these instruments, the level hierarchy as described by EU-IFRS is used. The preferred method of obtaining the fair value of the fair value option bonds is the quoted price (Level I). In case markets are less liquid or the quoted prices are not available, Aegon's valuation policy utilizes a pricing hierarchy which dictates that publicly available prices are initially sought from indices and third-party pricing services. The US trust pass-through securities and subordinated borrowings are classified as Level II of the fair value hierarchy.

Investment contracts

Investment contracts issued by Aegon are either carried at fair value (if they are designated as financial liabilities at fair value through profit or loss) or amortized cost (with fair value being disclosed in the notes to the consolidated financial statements). These contracts are not quoted in active markets and their fair values are determined by using valuation techniques, such as discounted cash flow methods and stochastic modeling or in relation to the unit price of the underlying assets. All models are validated and calibrated. A variety of factors are considered, including time value, volatility, policyholder behavior, servicing costs and fair values of similar instruments.

Similar to embedded derivatives in insurance contracts, certain investment products are not quoted in active markets and their fair values are determined by using valuation techniques. Because of the dynamic and complex nature of these cash flows, stochastic or similar techniques under a variety of market return scenarios are often used. A variety of factors are considered, including expected market rates of return, market volatility, correlations of market returns, discount rates and actuarial assumptions.

The expected returns are based on risk-free rates, such as the current Secured Overnight Financing Rate (SOFR) swap rates and associated forward rates, the Overnight Index Swap (OIS) curve or the current rates on local government bonds. London Interbank Offered Rate (LIBOR) was replaced with SOFR in the second quarter of 2022. Market volatility assumptions for each underlying index are based on observed market implied volatility data and/or observed market performance. Correlations of market returns for various underlying indices are based on observed market returns and their inter-relationships over a number of years preceding the valuation date. Current risk-free spot rates are used to determine the present value of expected future cash flows produced in the stochastic projection process.

Assumptions on customer behavior, such as lapses, included in the models are derived in the same way as the assumptions used to measure insurance liabilities.

Summary of total financial assets and financial liabilities at fair value through profit or loss

The table that follows summarizes the carrying amounts of financial assets and financial liabilities that are classified as at fair value through profit or loss, with appropriate distinction between those financial assets and financial liabilities held for trading and those that, upon initial recognition, were designated as at fair value through profit or loss.

	2022 [1]		2021	
	Trading	Designated	Trading	Designated
Investments for general account	41	4,527	41	8,440
Investments for account of policyholders	-	179,563	-	250,390
Derivatives with positive values not designated as hedges	2,434	-	8,184	-
Total financial assets at fair value through profit or loss	**2,475**	**184,089**	**8,225**	**258,830**
Investment contracts for account of policyholders	-	55,254	-	71,242
Derivatives with negative values not designated as hedges	4,877	-	8,959	-
Total financial liabilities at fair value through profit or loss	**4,877**	**55,254**	**8,959**	**71,242**

1 2022 excludes the assets and liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Investments for general account

The Group manages certain portfolios on a total return basis which have been designated at fair value through profit or loss. This includes portfolios of investments in limited partnerships and limited liability companies (primarily hedge funds and private equity funds) for which the performance is assessed internally on a total return basis. In addition, some investments for general account that include an embedded derivative that would otherwise have required bifurcation, such as convertible instruments, preferred shares and credit linked notes, have been designated at fair value through profit or loss.

Aegon has certain insurance and investment liabilities that are carried at fair value with changes in the fair value recognized in the income statement. The Group has elected to designate the investments backing those liabilities at fair value through profit or loss, as a classification of available-for-sale would result in accumulation of unrealized gains and losses in a revaluation reserve within equity whilst changes to the liability would be reflected in net result (accounting mismatch).

Investments for account of policyholders

Investments held for account of policyholders comprise assets that are linked to various insurance and investment contracts for which the financial risks are borne by the customer. Under the Group's accounting policies these insurance and investment liabilities are measured at the fair value of the linked assets with changes in the fair value recognized in the income statement. To avoid an accounting mismatch the linked assets have been designated as at fair value through profit or loss.

In addition, the investment for account of policyholders include with profit assets, where Aegon manages these assets together with related liabilities on a fair value basis in accordance with a documented policy of asset and liability management. In accordance with the Group's accounting policies, these assets have been designated as at fair value through profit or loss.

Investment contracts for account of policyholders

With the exception of the financial liabilities with discretionary participating features that are not subject to the classification and measurement requirements for financial instruments, all investment contracts for account of policyholders that are carried at fair value or at the fair value of the linked assets are included in the table above.

Derivatives

With the exception of derivatives designated as a hedging instrument, all derivatives held for general account and held for account of policyholders are included in the table above.

Borrowings

Borrowings designated as at fair value through profit or loss includes financial instruments that are managed on a fair value basis together with related financial assets and financial derivatives (refer to note 37 Borrowings).

Gains and losses on financial assets and financial liabilities classified at fair value through profit or loss

Gains and losses recognized in the income statement on financial assets and financial liabilities classified as at fair value through profit or loss can be summarized as follows:

	2022 [1]		2021	
	Trading	Designated	Trading	Designated
Net gains and (losses)	469	(35,054)	(2,930)	25,591

1 2022 excludes the disposal group, which is separately disclosed in note 51 Discontinued operations.

No loans and receivables were designated at fair value through profit or loss.

Changes in the fair value of investment contracts for account of policyholders designated at fair value through profit or loss were not attributable to changes in Aegon's credit spread. There are also no differences between the carrying amounts of these financial liabilities and the contractual amounts payable at maturity (net of surrender penalties).

Refer to note 37 Borrowings for the impact of Aegon's own credit spread on the fair value of the borrowings designated at fair value through profit or loss.

45 Commitments and contingencies

Investments contracted

In the normal course of business, the Group has committed itself through purchase and sale transactions of investments, mostly to be executed in the course of 2023. The amounts represent the future outflow and inflow, respectively, of cash related to these investment transactions that are not reflected in the consolidated statement of financial position.

	2022		2021	
	Purchase	Sale	Purchase	Sale
Real estate	-	1	129	6
Mortgage loans	468	-	1,163	67
Private loans	150	-	311	-
Other	1,408	-	1,358	-

Aegon has committed itself, through certain subsidiaries, to invest in real estate, private loans, mortgage loans and receivables and investment funds.

Real estate commitments represent the committed pipeline of investments in real estate projects. The sale of real estate relates to properties that are under contract to be sold as per December 31. Mortgage loan commitments represent undrawn mortgage loan facilities provided and outstanding proposals on mortgages. The sale of mortgage loans relates to pre-announced redemptions on mortgage loans. Private loans represent deals on Aegon's portfolio of private placement securities that Aegon has committed to, but which have not yet settled and funded. Other commitments include future purchases of interests in investment funds and limited partnerships.

Future lease payments

	< 1 year amounts	1 < 2 years amounts	2 < 3 years amounts	3 < 4 years amounts	4 < 5 years amounts	> 5 years amounts
2022						
Operating lease rights	10	9	7	7	6	17
2021						
Operating lease rights	8	8	6	5	5	21

The operating lease rights relate to non-cancellable commercial property leases.

Other commitments and contingencies

	2022	2021
Guarantees	611	506
Standby letters of credit	-	12
Share of contingent liabilities incurred in relation to interests in joint ventures	-	7
Other guarantees	8	11
Other commitments and contingent liabilities	-	-

Guarantees include those guarantees associated with the sale of investments in low-income housing tax credit partnerships in the United States, which can be called upon if there is a deficiency in the tax benefits delivered to the investor or if Aegon is in default under a material provision of the contract. Standby letters of credit amounts reflected above are the liquidity commitment notional amounts. In addition to the guarantees shown in the table, guarantees have been given for fulfillment of contractual obligations such as investment mandates related to investment funds.

Contractual obligations

In March 2019, affiliates of Transamerica Corporation and Long Term Care Group (LTCG), entered into a series of agreements to which Transamerica transferred to LTCG the administration and claims management of its long term care insurance business line, enabling Transamerica to accelerate the enhancement of its digital capabilities and modernize its long term care insurance platform. Over the course of the multi-year contract, Transamerica will pay approximately USD 390 million to LTCG. These fees represent compensation for administering Transamerica's long term care product line including policyholder service, claims processing and care management. The agreement also contains a termination clause in which Transamerica – subject to certain limitations – agrees to compensate LTCG, on a specified schedule, for early termination.

In April 2018, affiliates of Transamerica Corporation entered into a series of agreements with affiliates of Tata Consultancy Services Limited (TCS) to administer the Company's US life insurance, voluntary benefits, and annuity business lines. The intent of the relationship is for Transamerica to accelerate the enhancement of its digital capabilities and the modernization of its platforms to service its customers in all lines of business. Over the course of the multi-year contract, Transamerica could pay more than USD 2 billion to TCS. These fees represent compensation for administering Transamerica's over 10 million policies and are driven by both new business and policies already in force. Included in this agreement were transition and conversion charges which were nil at the end of 2022. There continue to be ongoing administrative, IT and finance service fees which are contingent on TCS meeting specified milestones in the underlying agreement with Transamerica. The agreement also contains termination clauses which in certain conditions and subject to certain limitations, could require Transamerica to compensate TCS, on a specified schedule, for early termination.

In November 2018, Aegon UK announced an extended partnership with Atos BPS Ltd (Atos) to service and administer its Traditional Products Business (non-Platform customers). The agreement is a 15-year contract under which Aegon UK pays Atos to administer around 1.4 million customers, which took effect on June 1, 2019 as planned. At year-end 2022, outstanding transition and conversion charges are estimated to amount to approximately GBP 10 million, which are expected to be recorded over the next year, with fixed payments to Atos defined in the agreement and subject to completion of milestones which have been agreed with Aegon UK.

On October 31, 2017, Aegon the Netherlands sold its shares in Unirobe Meeùs Groep (UMG) for EUR 295 million to Aon Groep Nederland. Under the share purchase agreement between Aegon Nederland and the buyer, Aegon the Netherlands indemnifies and holds the buyer and its group (including UMG) harmless for and against any damage suffered or incurred which is the result of the Unit Linked Insurances Claims until 2027 with respect to Unit Linked Policies in the portfolio of UMG prior to January 1, 2017. The aggregate liability for Aegon the Netherlands is maximized at an amount equal to the purchase price.

An Aegon N.V. indirect US life subsidiary has a net worth maintenance agreement with its subsidiary Transamerica Life (Bermuda) Ltd, pursuant to which Transamerica Life Insurance Company, a US life insurance subsidiary, will provide capital sufficient to maintain a S&P 'AA' financial strength rating and capital sufficient to comply with the requirements of the countries in which its branches are located.

Aegon N.V. has guaranteed and is severally liable for the following:
- Due and punctual payment of payables under letter of credit agreements applied for by Aegon N.V. as co-applicant with its captive insurance companies that are subsidiaries of Transamerica Corporation and Commonwealth General Corporation. At December 31, 2022, the letter of credit arrangements utilized by captives to provide collateral to affiliates amounted to EUR 511 million (2021: EUR 1,157 million); as of that date no amounts had been drawn, or were due under these facilities;
- Due and punctual payment of payables by the consolidated group companies Transamerica Corporation, Aegon Funding Company LLC and Commonwealth General Corporation with respect to fixed subordinated notes, bonds, capital trust pass-through securities and notes issued under commercial paper programs amounting to EUR 1,042 million (2021: EUR 987 million); and
- Due and punctual payment of any amounts owed to third parties by the consolidated group company Aegon Derivatives N.V. in connection with derivative transactions. Aegon Derivatives N.V. enters into derivative transactions with counterparties with which ISDA master netting agreements, including collateral support annex agreements, have been agreed. Net (credit) exposure on derivative transactions with these counterparties was therefore limited as of December 31, 2022.

Legal and arbitration proceedings, regulatory investigations and actions

Aegon faces significant risks of litigation as well as regulatory exams and investigations and actions relating to its and its subsidiaries' businesses. Aegon is also subject to compliance with regulations applicable to it as a corporate entity.

Due to the geographic spread of its business, Aegon Group may be subject to tax audits or litigation in various jurisdictions. Although uncertainties are provided for adequately in the tax position, the ultimate outcome of tax audits or litigation may result in an outcome that differs from the amounts provided for.

Insurance companies and their affiliated regulated entities are routinely subject to litigation, investigation and regulatory activity by various governmental and enforcement authorities, individual claimants and policyholder advocate groups in the jurisdictions in which Aegon does business, including the United States, the Netherlands, Poland and the United Kingdom. These actions may involve issues including, but not limited to, employment or distribution relationships; operational and internal controls and processes; investment returns; sales practices; transparency and adequacy of product disclosures including regarding initial costs, ongoing costs, and costs due on policy surrender as well as changes to costs over time; environmental and climate change related matters; competition and antitrust matters; data privacy; information security; intellectual property; and anti-money laundering, anti-bribery and economic sanctions compliance.

Government and regulatory investigations may result in the institution of administrative, injunctive or other proceedings and/or the imposition of monetary fines, penalties and/or disgorgement as well as other remedies, sanctions, damages and restitutionary amounts. Regulators may also seek changes to the way Aegon operates. In some cases, Aegon subsidiaries have modified business practices in response to inquiries.

Customers of certain Aegon products bear significant investment risks with respect to those products, which are affected by fluctuations in equity markets as well as interest rate movements. When investment returns disappoint, are volatile or change due to changes in the market or other relevant conditions, customers may threaten or bring litigation against Aegon. Disputes and investigations initiated by governmental entities and private parties may lead to orders or settlements including payments or changes to business practices even if Aegon believes the underlying claims are without merit.

The existence of potential claims may remain unknown for long periods of time after the events giving rise to such claims. Determining the likelihood of exposure to Aegon and the extent of any such exposure may not be possible for long periods of time after Aegon becomes aware of such potential claims. Litigation exposure may develop over long periods of time; once litigation is initiated, it may be protracted and subject to multiple levels of appeal, which can lead to significant costs of defense, adverse publicity and other constraints.

In some jurisdictions, plaintiffs may seek recovery of very large or indeterminate amounts under claims of bad faith, which can result in tort, punitive and/or statutory damages. Damages alleged may not be quantifiable or supportable, or may have no relationship to economic losses or final awards. As a result, Aegon cannot predict the effect of litigation, investigations or other actions on its business.

Separate from financial loss, litigation, regulatory action, legislative changes or changes in public opinion may require Aegon to change its business practices, which could have a material adverse impact on Aegon's businesses, results of operations, cash flows and financial position.

Proceedings in which Aegon is involved

Several US insurers, including Aegon subsidiaries, have been named in class actions as well as individual litigation relating to increases in monthly deduction rates (MDR) on universal life products. Plaintiffs generally allege that the increases were made to recoup past losses rather than to cover the future costs of providing insurance coverage. Aegon's subsidiary in the US has settled two such class actions that had been venued in the US District Court for the Central District of California. The settlement in the first of these cases, approved in January 2019, arose from increases implemented in 2015-2016. Over 99% of affected policyholders participated in that settlement. While less than 1% of policyholders opted out of the settlement, they represented approximately 43% of the value of the settlement fund. In a second case, Aegon's subsidiary agreed to settle a class action lawsuit arising out of MDR increases in 2017 and 2018. The court approved that settlement in September 2020. Opt-outs in this case represented less than 7% of the value of the settlement fund. The settlement fund was reduced proportionally for opt outs. In 2022, settlements were reached with some of the opt-out parties from both settled class actions. The remaining opt-out cases and disputes are ongoing, and Aegon continues to hold a provision for the remaining opt-outs from the settlements that were approved by the court in 2019 and 2020. If this provision for these cases proves to be insufficient, then these matters could have an adverse effect on Aegon's business, results of operations, and financial position. A third case was filed in October 2022 which relates to MDR increases in 2022 and 2023, Aegon's subsidiary has filed a motion to change venue. At this time, Aegon is unable to estimate the range or potential maximum liability.

Transamerica subsidiaries may face employment-related lawsuits from time to time. For example, several Transamerica subsidiaries are defendants in a class action alleging that the business model at issue improperly characterizes distributors as independent contractors instead of employees. Depending on the outcome, these lawsuits, along with similar claims against Transamerica subsidiaries and other companies and regulatory action could result in significant settlements or judgments, and could necessitate a change in the distribution model, which would be costly and could have a material impact on the financial results for that part of the Transamerica business.

A former subsidiary of Transamerica Corporation was involved in a contractual dispute with a Nigerian travel broker that arose in 1976. That dispute was resolved in Delaware court for USD 235 thousand plus interest in 2010. The plaintiff took the Delaware judgment relating to the 1976 dispute to a Nigerian court and alleged that it was entitled to approximately the same damages for 1977 through 1984 despite the absence of any contract relating to those years. The Nigerian trial court issued a judgment in favor of the plaintiff of the alleged actual damages as well as pre-judgment interest of approximately USD 120 million. On appeal this decision was reversed on procedural grounds and remanded back to the trial court which ruled to dismiss the case; however, the Plaintiff appealed the trial court's ruling. The appellate hearing which was originally scheduled for March 2022, as well as the hearing that was scheduled for January 12, 2023, on the request for substitution of Plaintiff's son were both cancelled by the court and neither has been rescheduled. Aegon has no material assets located in Nigeria.

In Poland, owners of unit-linked policies continue to file claims in civil court against Aegon over fees payable upon purchase or surrender of the product. Plaintiffs claim that these fees are not contractually supported. Aegon faces a significant number of these cases. For reasons of commercial necessity as well as at the instigation of the regulatory authorities, Aegon decided to modify the fee structure. As of 2023, a provision of EUR 6 million remains, which represents management's best estimate of the exposure. The final amount may vary based on regulatory developments and the outcome of litigation.

In the Netherlands, unit linked products (beleggingsverzekeringen) have been controversial and the target of litigation since at least 2005. Allegations include excessive cost, unfair terms, inadequate disclosure, and failure to perform as illustrated. Consumer groups have formed to address these issues and initiate mass claims against insurers. Regulators as well as the Dutch Parliament have been involved ever since, with the principal goal of achieving an equitable resolution. Aegon has made improvements across its product lines, including after settlements reached in 2009 with Stichting Woekerpolis and Stichting Verliespolis. Aegon also decided to reduce future policy costs for the large majority of its unit-linked portfolio. Some of the unit linked products are still involved in ongoing litigation. In September 2014, consumer interest group Vereniging Woekerpolis.nl filed a claim against Aegon in court. The claim related to a range of unit linked products that Aegon sold in the past, including Aegon products involved in the earlier litigation. The claim challenges a variety of elements of these products, on multiple legal grounds, including allegations made previously. In June 2017 (and revised in December 2017), the court issued a verdict which upheld the principle that disclosures must be evaluated according to the standards at the time when the relevant products were placed in-force. Most of the claims of Vereniging Woekerpolis.nl were dismissed under this standard, although the court found that Aegon did not adequately disclose certain charges on a limited set of policies. The district court did not decide on the reasonableness of the cost levels and whether the previous compensation arrangements provide sufficient compensation. This court decision has been appealed by both parties. The Court of Appeal has stayed the proceedings during the preliminary proceedings at the Supreme Court in another class action of Vereniging Woekerpolis.nl against another insurance company. On February 11, 2022 the Supreme Court ruled in these preliminary proceedings. The answers to the preliminary questions of the court regarding transparency and consent about costs and cost levels are a (re)confirmation of the EU Court ruling in a previous case against another insurance company. The legal debate will now continue at the level of the Court of Appeal. Aegon expects the uncertainty about the possible impact to continue for the foreseeable future. Developments in similar cases against other Dutch insurers currently before regulators and courts may also affect Aegon. At this time, Aegon is unable to estimate the range or potential maximum liability. There can be no assurances that these matters, in the aggregate, will not ultimately result in a material adverse effect on Aegon's business, results of operations and financial position.

Securities leasing products (aandelenlease producten) have also been the subject of litigation in the Netherlands. Although sales of securities leasing products ended more than a decade ago, litigation relating to these products has resurfaced. In December 2020 Aegon Bank N.V. reached an agreement in principle on a settlement with Leaseproces B.V. for claims regarding Vliegwiel and Sprintplan customers represented by Leaseproces. On June 4, 2021 Aegon and Leaseproces B.V. announced it had finalized its agreement to settle these claims. In September 2021, the parties announced that more than 90% of customers had agreed to the settlement, by which the last remaining threshold was met. Subsequently, most claims have been paid during the fourth quarter 2021, with a small amount remaining at year-end. As part of the settlement agreement, the accountant will now be instructed to perform an audit on the cash flows between Aegon-Leaseproces-clients. There are currently only two individual court cases pending regarding Sprintplan. The Court of Appeal denied all claims against Aegon in the first case and the other case is still pending. There can be no assurances that Aegon is able to resolve these cases in the way it expects and that this matter will not ultimately result in a material adverse effect on Aegon's business, results of operations and financial position.

In 2019 Optas N.V., a life insurance company owned by Aegon merged with Aegon Levensverzekering N.V. following approval of the merger by DNB. A number of policyholders filed complaints against DNB's decision to approve the merger and appealed this decision at the administrative Court after DNB persisted in its approval. On February 13, 2023, the administrative Court annulled DNB's decision to approve the merger as the court is of the opinion that in the interest of policyholders, among other things, DNB should have required Aegon to individually inform all policyholders in writing regarding the merger and the possibility to oppose the merger. As at March 8, 2023 no appeal has been filed against the administrative Court's decision. The decision is open to appeal until March 27, 2023. The Financial Markets Supervision act provides that the annulment of DNB's approval from an administrative law perspective in itself does not affect the legality of the merger from a civil law perspective. This has been confirmed by a ruling of the civil Court in a civil case opposing the merger brought against Aegon by three policyholders. The policyholders were unsuccessful in first instance and the case is now under appeal. Although Aegon does not expect the pending litigation at the administrative Court and the civil Court to have a material, if any, impact there can be no assurances that these matters will not ultimately result in a material adverse effect on Aegon's business, results of operations and financial position.

46 Transfers of financial assets

Transfers of financial assets occur when Aegon transfers contractual rights to receive cash flows of financial assets or when Aegon retains the contractual rights to receive the cash flows of the transferred financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in that arrangement.

In the normal course of business Aegon is involved in the following transactions:

- Transferred financial assets that are not derecognized in their entirety:
  - Securities lending; whereby Aegon legally (but not economically) transfers assets and receives cash and non-cash collateral. The transferred assets are not derecognized. The obligation to repay the cash collateral is recognized as a liability. The non-cash collateral is not recognized in the statement of financial position; and
  - Repurchase activities; whereby Aegon receives cash for the transferred assets. The financial assets are legally (but not economically) transferred, but are not derecognized. The obligation to repay the cash received is recognized as a liability.
- Transferred financial assets that are derecognized in their entirety and Aegon does not have a continuing involvement (normal sale);
- Transferred financial assets that are derecognized in their entirety, but where Aegon has a continuing involvement;
- Collateral accepted in the case of securities lending, reverse repurchase agreement and derivative transactions; and
- Collateral pledged in the case of (contingent) liabilities, repurchase agreements, securities borrowing and derivative transactions.

The following disclosures provide details for transferred financial assets that are not derecognized in their entirety, transferred financial asset that are derecognized in their entirety, but where Aegon has a continuing involvement and assets accepted and pledged as collateral.

46.1 Transferred financial assets that have not been derecognized in their entirety

The following table reflects the carrying amount of financial assets that have been transferred to another party in such a way that part or all of the transferred financial assets do not qualify for derecognition. Furthermore, it reflects the carrying amounts of the associated liabilities.

	2022 [1]			
	Available-for-sale financial assets		Financial assets at fair value through profit or loss	
	Shares	Debt securities	Debt securities	Investments for account of policy-holders
Carrying amount of transferred assets	-	2,200	16	72
Carrying amount of associated liabilities	-	2,513	17	-

1 2022 excludes the assets and liabilities of the disposal group, which are separately disclosed in note 51 Discontinued operations.

	2021			
	Available-for-sale financial assets		Financial assets at fair value through profit or loss	
	Shares	Debt securities	Debt securities	Investments for account of policyholders
Carrying amount of transferred assets	34	3,705	12	96
Carrying amount of associated liabilities	37	3,941	18	-

Securities lending and repurchase activities

The table above includes financial assets that have been transferred to another party under securities lending and repurchase activities.

Aegon retains substantially all risks and rewards of those transferred assets, this includes credit risk, settlement risk, country risk and market risk. The assets are transferred in return for cash collateral or other financial assets. Non-cash collateral is not recognized in the statement of financial position. Cash collateral is recorded on the statement of financial position as an asset and an offsetting liability is established for the same amount as Aegon is obligated to return this amount upon termination of the lending arrangement. Cash collateral is usually invested in pre-designated high quality investments. The sum of cash and non-cash collateral is typically greater than the market value of the related securities loaned. Refer to note 46.3 Assets accepted and note 46.4 Assets pledged for an analysis of collateral accepted and pledged in relation to securities lending and repurchase agreements.

46.2 Transferred financial assets that are derecognized in their entirety, but where Aegon has continuing involvement

Aegon has no transferred financial assets with continuing involvement that are derecognized in their entirety as per year-end 2022 and as per year-end 2021.

46.3 Assets accepted

Aegon receives collateral related to securities lending, reverse repurchase activities and derivative transactions. Non-cash collateral is not recognized in the statement of financial position. To the extent that cash is paid for reverse repurchase agreements, a receivable is recognized for the corresponding amount.

The following tables present the fair value of the assets received in relation to securities lending and reverse repurchase activities:

Securities lending	2022 [1)]	2021
Carrying amount of transferred financial assets	2,190	3,083
Fair value of cash collateral received	2,417	2,171
Fair value of non-cash collateral received	74	1,102
Net exposure	**(301)**	**(190)**
Non-cash collateral that can be sold or repledged in the absence of default	-	1,004
Non-cash collateral that has been sold or transferred	-	-

[1] 2022 excludes the disposal group, which is separately disclosed in note 51 Discontinued operations.

Reverse repurchase agreements	2022 [1)]	2021
Cash paid for reverse repurchase agreements	312	1,004
Fair value of non-cash collateral received	335	1,025
Net exposure	**(23)**	**(21)**
Non-cash collateral that can be sold or repledged in the absence of default	-	695
Non-cash collateral that has been sold or transferred	-	-

[1] 2022 excludes the disposal group, which is separately disclosed in note 51 Discontinued operations.

The above items are conducted under terms that are usual and customary to standard securities lending activities, as well as requirements determined by exchanges where the bank acts as intermediary.

In addition, Aegon can receive collateral related to derivative transactions that it enters into. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by Aegon or its counterparty. Transactions requiring Aegon or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. Refer to the credit risk section in note 4 Financial risks for details on collateral received for derivative transactions.

46.4 Assets pledged

Aegon pledges assets that are on its statement of financial position in securities borrowing transactions, in repurchase transactions, in derivative transactions and against long-term borrowings. In addition, in order to trade derivatives on the various exchanges, Aegon posts margin as collateral.

These transactions are conducted under terms that are usual and customary to standard long-term borrowing, derivative and securities borrowing activities, as well as requirements determined by exchanges where the bank acts as intermediary.

Non-cash financial assets that are borrowed or purchased under agreement to resell are not recognized in the statement of financial position.

To the extent that cash collateral is paid, a receivable is recognized for the corresponding amount. If other non-cash financial assets are given as collateral, these are not derecognized.

The following tables present the carrying amount of collateral pledged and the corresponding amounts.

Assets pledged for general account and contingent liabilities	2022 [1)]	2021
General account (contingent) liabilities	3,520	3,410
Collateral pledged	5,745	4,594
Net exposure	**(2,225)**	**(1,183)**
Non-cash collateral that can be sold or repledged by the counterparty	-	-

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

Assets pledged for repurchase agreements	2022 [1)]	2021
Cash received on repurchase agreements	107	821
Collateral pledged (transferred financial assets)	99	764
Net exposure	**8**	**57**

1 2022 excludes the assets of the disposal group, which are separately disclosed in note 51 Discontinued operations.

In order to trade derivatives on the various exchanges, Aegon posts margin as collateral. The amount of collateral pledged for derivative transactions was EUR 4.7 billion (2021: EUR 2.3 billion).

47 Offsetting, enforceable master netting arrangements and similar agreements

The following table only includes financial positions for which there is a recognized corresponding position that could be offset under a legally enforceable master netting arrangement or similar agreement. Aegon also enters into collateralized (reverse) repo or security lending and borrowing transaction, for which the collateral is not recognized on the balance sheet. For further information on the financial positions resulting from such transactions please refer to note 46. The table provides details relating to the effect, or potential effect, of netting arrangements, including rights to set-off, associated with the entity's recognized financial assets and recognized financial liabilities.

				Related amounts not set off in the statements of financial position		
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received (excluding surplus collateral)	Net amount
2022						
Derivatives	2,733	-	2,733	2,589	111	34
At December 31	**2,733**	**-**	**2,733**	**2,589**	**111**	**34**
2021						
Derivatives	8,811	-	8,811	6,045	2,519	247
At December 31	**8,811**	**-**	**8,811**	**6,045**	**2,519**	**247**

				Related amounts not set off in the statements of financial position		
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral pledged (excluding surplus collateral)	Net amount
2022						
Derivatives	5,115	-	5,115	3,359	1,668	89
At December 31	**5,115**	**-**	**5,115**	**3,359**	**1,668**	**89**
2021						
Derivatives	7,043	-	7,043	6,768	224	52
At December 31	**7,043**	**-**	**7,043**	**6,768**	**224**	**52**

The decrease in derivative assets and liabilities in 2022 is mainly the result of the classification of Aegon the Netherlands as held for sale and discontinued operations, refer to note 51 Discontinued operations.

Financial assets and liabilities are offset in the statement of financial position when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously. As shown in the second column there are no financial assets and liabilities offset in 2022 and 2021.

The line Derivatives includes derivatives for general account and for account of policyholder.

Aegon mitigates credit risk in derivative contracts by entering into collateral agreements, where practical, and in ISDA master netting agreements for each of the Aegon's legal entities to facilitate Aegon's right to offset credit risk exposure. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by Aegon or its counterparty. Transactions requiring Aegon or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. These transactions are conducted under terms that are usual and customary to standard long-term borrowing, derivative, securities lending and securities borrowing activities, as well as requirements determined by exchanges where the bank acts as intermediary.

48 Companies and businesses acquired and divested

Companies and businesses acquired

2022

On February 28, 2022, Transamerica acquired 100% equity interest in TAG Resources, LLC (TAG). TAG aggregates small to mid-market employer retirement plans (pooled-plan space) and provides administration and fiduciary oversight services as a third-party administrator for such plans, including providing plan design, consulting, and compliance to plan sponsors. The total consideration transferred amounted to EUR 33 million. Based on the purchase price allocation, the fair value of net assets amounted to EUR 17 million, resulting in goodwill of EUR 16 million. The acquisition does not have a material impact on Aegon's capital position or results.

2021

There were no significant acquisitions in 2021.

2020

On July 30, 2020, Aegon announced the completion of the expansion of its partnership with Santander in Spain. This follows the agreement signed on July 3, 2018 between Aegon and Banco Santander to expand their life and non-life insurance partnership, following Banco Santander's acquisition of Banco Popular. Aegon's insurance joint ventures with Banco Santander in Spain completed the acquisition of the in force term life policies previously sold through Banco Popular branches as well as the right to write new term life and selected lines of non-life policies through the former Banco Popular branches now owned by Banco Santander. The transaction was closed following satisfaction of all closing conditions, including the termination of existing alliances of Banco Popular. For its 51% stake in the expansion of the joint venture with Banco Santander, Aegon paid an upfront amount of EUR 187 million – lower than the EUR 215 million communicated in July 2018 mainly due to the results of the in-force portfolio which accrued to Santander till closing. Furthermore, the previously agreed contingent payment of up to EUR 75 million is due in 2024, subject to the performance of the partnership.

Companies and businesses divested

2022

On October 27, 2022, Aegon announced it has reached an agreement with a.s.r. to combine its Dutch pension, life and non-life insurance, banking, and mortgage origination activities with a.s.r. Aegon will receive EUR 2.2 billion in gross cash proceeds, and a 29.99% strategic stake in a.s.r., with associated governance rights. On January 17, 2023, Aegon N.V.'s Extraordinary Meeting of Shareholders (EGM) has approved the decision. Furthermore, the works council of Aegon has rendered a positive advice in relation to the proposed transaction. The transaction is subject to customary conditions, including regulatory and antitrust approvals, and is expected to close in the second half of 2023. As at December 31, 2022, the assets and liabilities of Aegon the Netherlands are classified as held for sale and discontinued operations, please refer to note 51 Discontinued operations for more information.

On October 14, 2022, Aegon completed the divestment of its 50% stake in the Spanish insurance joint venture with Liberbank to Unicaja Banco. As announced on May 23, 2022, the sale follows the change of control in Liberbank after its merger with Unicaja Banco in 2021. The net proceeds of the transaction amount to EUR 176 million. Aegon Spain intends to upstream the net proceeds to the Group. The book gain on the transaction is EUR 87 million and is recorded in Aegon's 2022 results.

On March 23, 2022, and on April 21, 2022, Aegon completed the divestment of its Hungarian and Turkish businesses to Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG). At December 31, 2021, the total assets of the Hungarian and Turkish businesses were EUR 1.4 billion, mainly including investments, and the total liabilities were EUR 1.2 billion, mainly including insurance contracts. The gross proceeds of the transactions amount to EUR 700 million, of which EUR 96 million is cash on hand at the Hungarian and Turkish businesses and dividends. As a result of the transactions, the Group Solvency II ratio improved by approximately 7 percentage points. The book gain amounted to EUR 288 million, which includes a loss of EUR 177 million related to the recycling of the foreign currency translation reserve and revaluation reserve though the income statement. As a result of this transaction, IFRS equity has increased by EUR 465 million. The completion of this sale is part of the full closing of the sale of Aegon's insurance, pension, and asset management businesses in Central and Eastern Europe to VIG for EUR 830 million, as announced in November 2020. The sale of Aegon Poland and Aegon Romania is subject to regulatory approval and expected to close in the first half of 2023.

2021
On February 28, 2021, Aegon successfully completed the divestment of Stonebridge, a UK-based provider of accident insurance products to Global Premium Holdings group, part of Embignell group. Under the terms of the agreement, Aegon sold Stonebridge for a consideration of approximately GBP 60 million (EUR 65 million), consisting of the purchase price and dividends related to the transaction. This excludes a contingent consideration of up to GBP 10 million. The transaction had no material impact on Aegon's capital position and results.

2020
On January 29, 2020, Aegon completed the sale of its 50% stake in the variable annuity joint ventures in Japan. The sale was announced on May 17, 2019. The total cash proceeds are EUR 153 million (JPY 18.75 billion). The divestment had no material impact on Aegon's capital position and led to an IFRS gain of EUR 53 million. This divestment had no material impact on operating result going forward.

49 Group companies
Subsidiaries
The principal subsidiaries of the parent company Aegon N.V. are listed by geographical segment. All are wholly owned, directly or indirectly, unless stated otherwise, and are involved in insurance or reinsurance business, pensions, asset management or services related to these activities. The voting power in these subsidiaries held by Aegon is equal to the shareholdings.

Americas
- Transamerica Corporation, Wilmington, Delaware (United States)
- Transamerica Casualty Insurance Company, Cedar Rapids, Iowa (United States)
- Transamerica Financial Life Insurance Company, Harrison, New York (United States)
- Transamerica Life Insurance Company, Cedar Rapids, Iowa (United States)

The Netherlands (classified as disposal group)
- Aegon Bank N.V., The Hague
- Aegon Cappital B.V., Groningen
- Aegon Hypotheken B.V., The Hague
- Aegon Levensverzekering N.V., The Hague
- Aegon Schadeverzekering N.V., The Hague
- Aegon Spaarkas N.V., The Hague
- Nedasco B.V., Amersfoort
- Robidus Groep B.V., Zaandam
- TKP Pensioen B.V., Groningen

United Kingdom
- Aegon Investment Solutions Ltd., Edinburgh
- Aegon Investments Ltd., London
- Scottish Equitable plc, Edinburgh
- Cofunds Limited, London

International
- Aegon Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna, Warsaw (Aegon Poland Life)
- Aegon Powszechne Towarzystwo Emerytaine Spólka Akcyjna, Warsaw (Aegon Poland Pension Fund Management Co.)
- Aegon Pensii Societate de Administrare a Fondurilor de Pensii Private S.A., Cluj (Aegon Romania Pension Administrator Co.)
- Aegon España S.A.U. de Seguros y Reaseguros, Madrid (Spain)
- Transamerica Life (Bermuda) Ltd., Hamilton (Bermuda)

Asset Management
- Aegon USA Investment Management, LLC, Cedar Rapids (United States)
- Aegon USA Realty Advisors, LLC, Des Moines (United States)
- Aegon Asset Management Holding B.V., The Hague (The Netherlands)
- Aegon Investment Management B.V, The Hague (The Netherlands)
- Aegon Asset Management UK plc, Edinburgh (United Kingdom)

The legally required list of participations as set forth in articles 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register in The Hague. Aegon N.V. has issued a statement of liability as meant in article 403 of Book 2 of the Dutch Civil Code for its subsidiary company Aegon Derivatives N.V.

Joint ventures
The principal joint ventures are listed by geographical segment. The voting powers in these joint ventures is equal to the shareholdings, unless stated otherwise.

The Netherlands (classified as disposal group)
- AMVEST Vastgoed, Utrecht (50%)
- AMVEST Living & Care Fund, Utrecht (50%)
- AMVEST Development Fund, Amsterdam (50%)

International
- Santander Generales Seguros y Reaseguros, S.A., Madrid (Spain) (51%)
- Santander Vida Seguros y Reaseguros, S.A., Madrid (Spain) (51%)
- Aegon Santander Portugal Não Vida – Companhia de Seguros S.A., Lisbon (Portugal) (51%)
- Aegon Santander Portugal Vida – Companhia de Seguros de Vida S.A., Lisbon (Portugal) (51%)
- Aegon THTF Life Insurance Co., Ltd., Shanghai (China) (50%)
- Mongeral Aegon, Seguros e Previdencia S.A., Rio de Janeiro (Brazil) (54.9%, voting rights 50%)
- Sicoob Seguradode de Vida e Previdência S.A., Rio de Janeiro (Brazil) (28%)

Asset Management
- Aegon Industrial Fund Management Co., Ltd, Shanghai (China) (49%)

Refer to note 25 Investments in joint ventures and associates for further details on these investments.

Investments in associates
The principal investments in associates are listed by geographical segment. The voting powers in these associates is equal to the shareholdings, unless stated otherwise.

The Netherlands (classified as disposal group)
- AMVEST Residential Core Fund, Amsterdam (29%)
- N.V. Levensverzekeringmaatschappij 'De Hoop', The Hague (33%)
- OB Capital Cooperatief U.A., Amsterdam (95%)

International
- Aegon Life Insurance Co. ltd (India) (49%; Aegon does not have joint control of the company)

Asset Management
- La Banque Postale Asset Management, Paris (France) (25%)

Refer to note 25 Investments in joint ventures and associates for further details on these investments.

50 Related party transactions

In the normal course of business, Aegon enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of Aegon include, amongst others, its associates, joint ventures, key management personnel and the defined benefit and contribution plans. Transactions between related parties have taken place on an arm's length basis. Transactions between Aegon and its subsidiaries that are deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Related party transactions include, among others, transactions between Aegon N.V. and Vereniging Aegon.

On December 15, 2022, Aegon repurchased 43,817,400 common shares B from Vereniging Aegon for the amount of EUR 5,113,578.21 based on 1/40th of the Value Weight Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to bring the aggregate holding of voting shares by Vereniging Aegon in Aegon more in line with its special cause voting rights of 32.6% following the completion of the Share Buy Back Programs, initiated by Aegon in April 2022 following the completion of the sale of the Hungarian business and initiated in July and October 2022 to neutralize the dilutive effect of the distribution of the final dividend 2021 and the interim dividend 2022 in stock.

On November 21, 2022, the members of Vereniging Aegon voted to instruct the board of Vereniging Aegon, subject to the board's fiduciary duties, to vote all of Vereniging Aegon's common shares and common shares B (based on one vote per 40 common shares B) at Aegon N.V.'s next extraordinary general meeting in favor of Aegon N.V. selling its business operations in the Netherlands to ASR Nederland N.V. for cash consideration and a 29.99% share interest in ASR Nederland N.V (the "Transaction"). Following such vote of the members of Vereniging Aegon, the board of Vereniging Aegon is obligated, pursuant to the terms of a voting undertaking agreement, dated October 27, 2022, between Aegon N.V. and Vereniging Aegon, and subject to the board's fiduciary duties, to vote all of such shares in favor of the Transaction.

On December 15, 2021, Aegon repurchased 22,643,360 common shares B from Vereniging Aegon for the amount of EUR 2,285,621 based on 1/40th of the Value Weight Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to align the aggregate holding of voting shares by Vereniging Aegon in Aegon with its special cause voting rights of 32.6%.

On June 3, 2021, Vereniging Aegon exercised its options rights to purchase in aggregate 1,983,360 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by the issuance of shares on June 3, 2021, in connection with the Long Term Incentive Plans for senior management.

On December 11, 2020 Aegon N.V. repurchased 2,955,600 common shares B from Vereniging Aegon for the amount of EUR 228,911.22 based on 1/40th of the Value Weighted Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to align the aggregate shareholding of Vereniging Aegon in Aegon N.V. with its special cause voting rights of 32.6%.

On May 15, 2020, Vereniging Aegon exercised its options rights to purchase in aggregate 2,154,000 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused the issuance of shares on May 15, 2020, in connection with the Long Term Incentive Plans for senior management.

Remuneration of members of the Supervisory Board, Executive Board and Key Management

The following table includes the expenses for remuneration, with amounts reflective of time spent on the Board.

Remuneration expenses

	2022	2021	2020
Supervisory Board [1]	1.3	0.9	0.8
Executive Board	5.2	4.9	5.9
Key Management	27.7	27.5	24.8
In fixed compensation	16.0	16.8	14.2
In cash based variable compensation	4.0	3.6	3.3
In share based variable compensation	3.5	3.2	2.9
In pension contributions	3.0	2.8	3.2
In other benefits	1.2	1.1	1.2

1 Based on a Decree of the Dutch State Secretary of Finance which came into force as from May 7, 2021, the Supervisory Board fees were not subject to Dutch VAT anymore, retroactively as from June 13, 2019. Therefore, Aegon has not paid Dutch VAT anymore on the fees of the Supervisory Board Members as from Q2 2021. Additionally, Aegon reclaimed VAT for the period Q1 2020 - Q1 2021, except for its Supervisory Board members based in the Netherlands for practical reasons.

Fixed compensation of Key Management included severance payments in 2021 of EUR 2.2 million. Key Management consisted of all members of the Supervisory Board, Executive Board and Management Board (see the chapter Composition of the Boards for more details).

Additional information on the remuneration and share-based compensation of members of the Executive Board and the remuneration of the Supervisory Board is disclosed in the Remuneration report.

Interests in Aegon N.V. held by active members of the Executive Board

Shares held in Aegon at December 31, 2022 by Mr. Friese amount to 72,081 (2021: 56,554) and by Mr. Rider to 120,962 (2021: 103,699). The shares held in Aegon mentioned above do not exceed 1% of total outstanding share capital at the reporting date. At the reporting date no loans with Aegon or outstanding balances such as guarantees or advanced payments exist for either Mr. Friese or Mr. Rider.

Common shares held by Supervisory Board members

Shares held in Aegon at December 31	2022	2021
Ben J. Noteboom	23,500	23,500
Dona D. Young	13,260	13,260
Total	**36,760**	**36,760**

Shares held by Supervisory Board members are only disclosed for the period for which they have been part of the Supervisory Board. At the reporting date no loans with Aegon or outstanding balances such as guarantees or advanced payments exist for the members of the Supervisory Board.

51 Discontinued operations

On October 27, 2022, Aegon announced it has reached an agreement with a.s.r. to combine its Dutch pension, life and non-life insurance, banking, and mortgage origination activities with ASR Nederland N.V. ('a.s.r'). Aegon will receive EUR 2.2 billion in gross cash proceeds, and a 29.99% strategic stake in a.s.r., with associated governance rights. On January 17, 2023, the Extraordinary General Meeting of shareholders ("EGM") of Aegon N.V. has approved the proposed transaction. Furthermore, the works council of Aegon has rendered a positive advice in relation to the proposed transaction. The transaction is subject to customary conditions, including regulatory and antitrust approvals, and is expected to close in the second half of 2023.

Per December 31, 2022 Aegon the Netherlands has been reported as held for sale and discontinued operations. This note includes the disclosures related to Aegon the Netherlands qualified as held for sale and discontinued operations.

Income statement of discontinued operations

Amounts in EUR millions	2022	2021	2020
Discontinued operations			
Premium income	1,569	1,713	1,994
Investment income	1,725	2,074	2,062
Fee and commission income	346	331	283
Other revenues	-	-	-
Total revenues	**3,640**	**4,118**	**4,339**
Income from reinsurance ceded	38	26	(100)
Results from financial transactions	(10,713)	(867)	3,716
Other income	23	27	6
Total income	**(7,011)**	**3,304**	**7,960**
Premiums paid to reinsurers	112	99	63
Policyholder claims and benefits	(8,824)	1,755	6,140
Profit sharing and rebates	4	7	-
Commissions and expenses	739	698	730
Impairment charges / (reversals)	(0)	(2)	107
Interest charges and related fees	85	89	99
Other charges	10	3	46
Total charges	**(7,874)**	**2,649**	**7,185**
Result from discontinued operations before share in profit / (loss) of joint ventures, associates and tax	**862**	**655**	**775**
Share in profit / (loss) of joint ventures	37	33	19
Share in profit / (loss) of associates	15	127	80
Result before tax from discontinued operations	**914**	**815**	**874**
Income tax (expense) / benefit	(618)	(183)	(197)
Result after tax from discontinued operations	**296**	**632**	**677**
Impairment loss on remeasurement of the disposal group	(1,775)	-	-
Net result from discontinued operations after remeasurement	**(1,479)**	**632**	**677**

Statement of comprehensive income of discontinued operations

Amounts in EUR millions	2022	2021	2020
Net result from discontinued operations	**(1,479)**	**632**	**677**
Items that will not be reclassified to profit or loss:			
Changes in revaluation reserve real estate held for own use	-	1	-
Remeasurements of defined benefit plans	948	156	(285)
Income tax relating to items that will not be reclassified	(245)	(24)	126
Items that may be reclassified subsequently to profit or loss:			
Gains / (losses) on revaluation of available-for-sale investments	(2,110)	155	21
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments	185	(114)	(13)
Equity movements of joint ventures	-	-	-
Equity movements of associates	2	(1)	2
Income tax relating to items that may be reclassified	497	(18)	(27)
Other	-	1	-
Total other comprehensive income / (loss) from discontinued operations	**(723)**	**156**	**(176)**
Total comprehensive income / (loss) from discontinued operations	**(2,202)**	**788**	**501**

Impairment loss

Upon classification as held for sale, the carrying amount of Aegon the Netherlands is compared to the fair value less cost to sell, which is estimated by reference to the fair value of the consideration to which Aegon N.V. is entitled under the terms and conditions of the sales agreement. The fair value less cost to sell is lower than the carrying value and this impairment loss is recognized through a reduction of the carrying value of Aegon the Netherlands. The table below shows the calculated impairment loss.

The impairment loss is recalculated at each reporting date until closing date of the transaction, as both the fair value of the consideration to be received and the carrying value of Aegon the Netherlands are subject to change. The consideration to be received includes a 29.99% stake in a.s.r. and is therefore contingent on the development of the a.s.r. share price. The carrying amount of Aegon the Netherlands will continue to be updated for assets and liabilities which are not included in the measurement scope of IFRS 5. Furthermore, Aegon the Netherlands's carrying amount will be impacted by the adoption of IFRS 9 "Financial instruments" and IFRS 17 "Insurance contracts" per January 1, 2023. As a consequence, the cumulative impairment loss that is recognized at the final disposal date will differ from the estimate calculated below.

The impairment loss takes into account contingent payables and receivables between Aegon N.V. and Aegon the Netherlands that will be recognized prior to the closing date. These are included in the carrying amount of Aegon the Netherlands.

Amounts in EUR millions	2022
Net cash receivable after costs to sell	2,175
Fair value of 29.99% share in a.s.r. [1)]	2,700
Fair value less costs to sell	4,875
Carrying amount of Aegon the Netherlands [2)]	6,960
Fair value less costs to sell minus carrying amount	**(2,085)**
Assets in scope for impairment per December 31, 2022	1,775
Impairment loss recognized in 2022	**1,775**
Impairment to be recognized upon the completion of the sale	**310**

1 Based on the closing price of a.s.r.'s shares on December 31, 2022
2 The carrying amount of Aegon the Netherlands includes contingent payables and receivables between Aegon NV and Aegon NL that will be recognized prior to the closing date

Cashflow from discontinued operations

The table below shows details on cashflow from discontinued operations.

Amounts in EUR millions	2022	2021	2020
Net cash inflow (outflow) from operating activities	4,646	(167)	(5,614)
Net cash inflow (outflow) from investing activities	(4)	31	(23)
Net cash inflow (outflow) from financing activities	(3,275)	(1,835)	1,700
Net cash inflow (outflow) from discontinued operations	**1,367**	**(1,972)**	**(3,937)**

Held for sale assets and liabilities

The below table shows the assets held for sale and liabilities held for sale as at December 31, 2022.

Amounts in EUR millions	2022
Assets	
Cash and cash equivalents	5,085
Investments	54,646
Investments for account of policyholders	19,097
Derivatives	8,394
Investments in joint ventures	-
Investments in associates	-
Reinsurance assets	79
Defined benefit assets	-
Deferred tax assets	-
Deferred expenses	212
Other assets and receivables	1,388
Intangible assets	-
Total assets held for sale	**88,902**
Liabilities	
Insurance contracts	31,480
Insurance contracts for account of policyholders	19,577
Investment contracts	12,179
Investment contracts for account of policyholders	1,396
Derivatives	9,239
Borrowings	5,227
Provisions	52
Defined benefit liabilities	2,462
Deferred gains	-
Deferred tax liabilities	626
Other liabilities	1,665
Accruals	218
Total liabilities held for sale	**84,119**

Shareholders' equity

Included in Group equity is cumulative other comprehensive income of EUR -1,286 million relating to assets and liabilities held for sale as at December 31, 2022.

Assets and liabilities held for sale

The details as per December 31, 2022, on assets and liabilities held for sale are disclosed below. Comparatives related to assets and liabilities held for sale in the consolidated statement of financial position of Aegon N.V. are not re-presented, in line with IFRS 5 requirements. The comparative amounts and additional qualitative information are included in the corresponding notes of this Integrated Annual Report.

Temporary exemption from applying IFRS 9 Financial Instruments

By qualifying for and electing the temporary exemption for IFRS 9, the IFRS 4 amendment requires certain additional disclosures; specifically, Aegon the Netherlands is required to disclose information to enable users of financial statements to compare insurers applying the temporary exemption with entities applying IFRS 9. This information is presented below:

Fair value changes

The table below presents an overview of the fair value of the classes of financial assets as of December 31, 2022, as well as the change in fair value during the reporting period. The asset classes are divided into two categories:

- SPPI: assets of which cash flows represent solely payments of principal and interest (SPPI) on an outstanding principal amount, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis; and
- Other: all financial assets other than those specified in SPPI:
  - with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - that meet the definition of held for trading in IFRS 9; or
  - that are managed and whose performance are evaluated on a fair value basis.

		2022	
Financial assets at fair value		Fair value at the end of the reporting period	Change in fair value during the reporting period
Shares [1]	SPPI	-	-
	Other	119	(7)
Debt securities	SPPI	14,106	(4,098)
	Other	1,413	(166)
Mortgage loans	SPPI	28,477	(5,163)
	Other	-	-
Private loans	SPPI	3,931	(1,081)
	Other	38	-
Other financial assets	SPPI	-	-
	Other	1,368	145
At December 31		**49,452**	**(10,370)**

[1] The SPPI-compliant shares include preferred equity instruments.

Cash and cash equivalents, deposits with financial institutions, and receivables all pass the SPPI test and are held at amortized cost, whereby the amortized cost is assumed to approximate fair value due to the short-term nature of the assets.

Credit Risk

The table below details the credit risk rating grades for Aegon the Netherlands, as of December 31, 2022, for financial assets with cash flows that are SPPI, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis. The table shows the carrying value of those financial assets applying IAS 39 (in the case of financial assets measured at amortized cost, before adjusting for any impairment allowances).

SPPI compliant financial assets at carrying value	AAA	AA	A	BBB	BB	B	CCC or lower	Not Rated	Total
2022									
Debt securities - Carried at fair value	8,521	2,545	1,387	1,628	26	-	-	-	14,106
Mortgage loans- Carried at amortized cost	-	-	-	-	-	-	-	30,580	30,580
Private loans - Carried at amortized cost	2,622	253	195	1,025	3	-	-	349	4,447
At December 31	**11,143**	**2,797**	**1,582**	**2,653**	**29**	**-**	**-**	**30,929**	**49,133**

For assets that do not qualify for the low credit risk exemption (assets rated below BBB or not rated) and of which cash flows represent SPPI, excluding any financial assets that meet the definition of held for trading in IFRS 9, or that are managed and whose performance is evaluated on a fair value basis, the table below provides the credit risk exposure from the financial assets held by Aegon the Netherlands. Mortgage loans with no low credit risk are defined as being more than 90 days past due, in line with regulatory guidelines. The financial assets are categorized by asset class with a carrying amount and fair value measured in accordance with IAS 39 measurement requirements.

SPPI compliant financial assets rated BB or below	2022 Carrying amount	2022 Fair value
Debt securities - Carried at fair value	26	26
Mortgage loans - Carried at amortized cost	30,580	28,477
Private loans - Carried at amortized cost	352	337
At December 31	**30,958**	**28,840**

Financial risks

Credit risk

The table that follows shows Aegon the Netherlands' maximum exposure to credit risk from investments in general account financial assets, as well as general account derivatives and reinsurance assets, collateral held and net exposure.

2022	Maximum exposure to credit risk	Cash	Securities	Letters of credit / guaran-tees	Real estate property	Master netting agree-ments	Other	Total collateral	Surplus collateral (or overcollateral-ization)	Net exposure
Debt securities - carried at fair value	15,519	-	-	-	-	-	-	-	-	15,519
Mortgage loans - carried at amortized cost	30,580	2,590	-	22	60,991	-	-	63,603	32,263	(760)
Private loans - carried at amortized cost	4,484	-	-	-	-	-	-	-	-	4,484
Other loans - carried at amortized cost	3	-	-	-	-	-	-	-	-	3
Other financial assets - carried at fair value	76	-	-	-	-	-	-	-	-	76
Derivatives	8,394	-	-	-	-	8,394	-	8,394	-	(0)
Reinsurance assets	79	-	-	-	-	-	-	-	-	79
At December 31	**59,135**	**2,590**	**-**	**22**	**60,991**	**8,394**	**-**	**71,997**	**32,263**	**19,402**

Credit rating

The ratings distribution of general account portfolios of Aegon the Netherlands, excluding reinsurance assets, are presented in the table that follows, organized by rating category and split by assets that are valued at fair value and assets that are valued at amortized cost. Aegon the Netherlands uses a composite rating based on a combination of the external ratings of S&P, Moody's and internal ratings. The rating used is the lower of the external rating and the internal rating.

Credit rating general account investments, excluding reinsurance assets 2022	The Netherlands Amortized cost	The Netherlands Fair value
AAA	2,623	8,643
AA	253	9,425
A	233	3,411
BBB	1,025	2,327
BB	3	119
B	-	33
CCC or lower	-	1
Assets not rated	30,702	1,450
Total	**34,838**	**25,409**
Past due and / or impaired assets	229	17
At December 31, 2022	**35,067**	**25,426**

The following table shows the credit quality of the gross positions in the statement of financial position for general account reinsurance assets specifically:

	Carrying value
AAA	-
AA	22
A	55
Below A	-
Not rated	1
At December 31, 2022	**79**

Credit risk concentration

The tables that follow present specific credit risk concentration information for general account financial assets.

Credit risk concentrations – debt securities and money market investments 2022	The Netherlands	Of which past due and / or impaired assets
Residential mortgage-backed securities (RMBSs)	65	-
Commercial mortgage-backed securities (CMBSs)	2	-
Asset-backed securities (ABSs) - CDOs backed by ABS, Corp. bonds, Bank loans	2,714	-
Financial - Banking	1,306	-
Financial - Other	569	-
Capital goods and other industry	276	-
Communications & Technology	715	-
Consumer cyclical	373	-
Consumer non-cyclical	710	-
Energy	26	-
Transportation	424	-
Utility	232	-
Government bonds	8,106	-
At December 31, 2022	**15,519**	**-**

Credit risk concentrations – Government bonds per country of risk 2022	The Netherlands
Netherlands	2,671
United Kingdom	3
Austria	347
Belgium	675
Finland	38
France	1,226
Germany	2,412
Indonesia	33
Luxembourg	448
Rest of Europe	70
Rest of world	184
At December 31, 2022	**8,106**

Credit risk concentrations – Credit rating 2022 [1]	Government bonds	Corporate bonds	RMBSs CMBSs ABSs	Other	**Total**
AAA	5,900	157	2,520	-	8,577
AA	1,907	634	228	-	2,769
A	80	1,688	12	-	1,780
BBB	194	2,087	22	-	2,302
BB	26	64	-	-	90
B	-	-	-	-	-
CCC or lower	-	1	-	-	1
At December 31, 2022	**8,106**	**4,631**	**2,782**	**-**	**15,519**

1 CNLP Ratings are used and are the lower of the Barclay's Rating and the Internal Rating with the Barclay's rating being a blended rating of S&P, Fitch, and Moody's.

Credit risk concentrations – mortgage loans 2022	The Netherlands	Of which past due and / or impaired assets
Retail	6	-
Other commercial	19	1
Residential	30,554	154
At December 31, 2022	**30,580**	**155**

There are no individual issuers rated below investment grade in the RMBS sector, CMBS sector and ABS sector which have unrealized loss position greater than EUR 25 million.

The fair value of Aegon the Netherlands mortgage loan portfolio as per December 31, 2022, amounted to EUR 28,477 million (2021: EUR 34,198 million). The Loan-to-Value amounted to approximately 50% (2021: 56%). The mortgage portfolio is government guaranteed for 39% (2021: 42%). Of the portfolio, 0.1% (2021: 0.1%) is in delinquency (defined as 60 days in arrears). Impairments in 2022 amounted to a net recovery of EUR 1 million (2021: EUR 1 million). During the last ten years defaults of the portfolio have been 5 basis points on average.

Unconsolidated structured entities

For RMBSs, CMBSs and ABSs in which Aegon the Netherlands has an interest at reporting date, the following table presents total income received from those interests. The Investments column reflects the carrying values recognized in the statement of financial position of Aegon the Netherlands interests in RMBSs, CMBSs and ABSs.

	Total income for the year ended December 31, 2022			December 31, 2022
2022	Interest income	Total gains and losses on sale of assets	**Total**	Investments
Residential mortgage-backed securities	-	-	1	65
Commercial mortgage-backed securities	-	-	-	2
Asset-backed securities	7	(1)	7	2,714
Total	**8**	**(0)**	**8**	**2,782**

Additional information on credit risk, unrealized losses and impairments

Debt instruments

The amortized cost and fair value of debt securities, money market investments and other, included in Aegon the Netherlands available-for-sale (AFS) portfolios, are as follows as of December 31, 2022:

2022	Amortized cost	Unrealized gains	Unrealized losses	**Total fair value**	Fair value of instruments with unrealized gains	Fair value of instruments with unrealized losses
Debt securities, money market instruments and other						
Dutch government	2,728	15	(72)	2,671	281	2,390
Other government	5,297	172	(244)	5,226	1,867	3,359
Mortgage-backed securities	69	-	(2)	68	9	59
Asset-backed securities	2,816	1	(102)	2,714	5	2,710
Corporate	4,100	3	(673)	3,430	60	3,370
Other	13	-	-	13	13	-
Total	**15,023**	**191**	**(1,092)**	**14,122**	**2,234**	**11,888**

Unrealized bond losses by sector

The composition by industry category of Aegon the Netherlands available-for-sale (AFS) debt securities, money market investments and other in an unrealized loss position at December 31, 2022, is presented in the following table:

	December 31, 2022	
Unrealized losses - debt securities, money market investments and other	Carrying value of instruments with unrealized losses	Unrealized losses
Residential mortgage-backed securities (RMBSs)	57	(2)
Commercial mortgage-backed securities (CMBSs)	2	-
Asset-backed securities (ABSs) - CDOs backed by ABS, Corp. bonds, Bank loans	2,710	(102)
Financial Industry - Banking	757	(126)
Financial Industry - Insurance	83	(14)
Financial Industry - Other	227	(80)
Industrial	2,183	(425)
Utility	122	(27)
Government	5,749	(316)
Total	**11,888**	**(1,092)**

Past due and impaired assets

The tables that follow provide information on past due and individually impaired financial assets for Aegon the Netherlands.

	2022			
Past due but not impaired assets	0-6 months	6-12 months	> 1 year	**Total**
Mortgage loans	145	3	1	149
Other loans	7	4	61	73
At December 31	**152**	**7**	**62**	**222**

Impaired financial assets	**Carrying amount 2022**
Shares	17
Mortgage loans	6
Other loans	2
At December 31	**24**

Equity market risk and other investments risk

Equity, real estate and non-fixed income exposure	**The Netherlands**
Equity funds	34
Investments in real estate	2,545
Other alternative investments	349
Other financial assets	1,105
At December 31, 2022	**4,032**

Market risk concentrations - shares	The Netherlands	Of which impaired assets
Financials	4	-
Funds	1,406	17
At December 31, 2022	**1,411**	**17**

Risks and risks management arising from financial instruments subject to interest rate benchmark reform

The table below summarize the exposures of non-derivative financial assets and non-derivative liabilities of Aegon the Netherlands that yet have to transition to alternative benchmark rates.

	2022	
Non derivative financial instruments to transition to alternative benchmark	Financial assets non-derivatives	Financial liabilities non-derivatives
By benchmark rate		
Euribor	3,517	-
Total	**3,517**	**-**

	2022	2021
Derivative financial instruments to transition to alternative benchmark	Nominal Value	Nominal Value
By benchmark rate		
GBP LIBOR	-	-
USD LIBOR	963	-
EUR LIBOR	-	-
Euribor	119,638	112,599
Fed Funds	-	-
Total	**120,601**	**112,599**

Liquidity risk

Maturity analysis - gross undiscounted contractual cash flows (for non-derivatives)	On demand	< 1 yr amount	1 < 5 yrs amount	5 < 10 yrs amount	> 10 yrs amount	Total amount
2022						
Borrowings	-	1,574	3,321	14	503	5,412
Other financial liabilities	455	800	129	112	170	1,665
Total financial liabilities (excluding investment/insurance contracts)	**455**	**2,375**	**3,450**	**126**	**673**	**7,078**
Investment contracts [1]	9,167	617	1,448	731	552	12,517
Investment contracts for account of policyholders [1]	1,396	-	-	-	-	1,396
Total investment contracts	**10,564**	**617**	**1,448**	**731**	**552**	**13,913**

1 Excluding investment contracts with discretionary participating features.

The maturity analysis below shows the remaining contractual maturities of each category of financial liabilities (including coupon interest) of Aegon the Netherlands.

To manage the liquidity risk arising from financial liabilities, Aegon the Netherlands holds liquid assets comprising cash and cash equivalents and investment grade investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. For this reason, Aegon the Netherlands believes that it is not necessary to disclose a maturity analysis in respect of these assets to enable users to evaluate the nature and extent of liquidity risk.

Financial liabilities relating to insurance and investment contracts [1]	On demand	< 1 yr amount	1 < 5 yrs amount	5 < 10 yrs amount	> 10 yrs amount	Total amount
2022						
Insurance contracts	-	1,819	6,330	7,411	30,422	45,982
Insurance contracts for account of policyholders	-	1,227	4,598	5,791	16,253	27,870
Investment contracts	-	7,476	3,410	1,172	552	12,610
Investment contracts for account of policyholders	-	1,396	-	-	-	1,396
Total	**-**	**11,919**	**14,339**	**14,373**	**47,227**	**87,858**

1 The liability amount in the table reflects the discounting for interest as well as adjustments for the timing of other factors as described above. As a result, the sum of the cash benefit payments shown for all years in the table exceeds the corresponding liability amounts included in Insurance contracts and Investments contracts.

The following table details Aegon the Netherlands liquidity analysis for its derivative financial instruments, based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Maturity analysis relating to derivatives [1] (Contractual cash flows)	On demand	< 1 yr amount	1 < 5 yrs amount	5 < 10 yrs amount	> 10 yrs amount	Total amount
2022						
Gross settled						
Cash inflows	-	2,449	9,757	10,618	20,748	43,572
Cash outflows	-	(2,422)	(10,107)	(11,167)	(20,613)	(44,309)
Net settled						
Cash inflows	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-

1 Derivatives includes all financial derivatives regardless whether they have a positive or a negative value. It does not include bifurcated embedded derivatives. These are presented together with the host contract. For interest rate derivatives only, cash flows related to the pay leg are taken into account for determining the gross undiscounted cash flows.

Income tax

The income tax of Aegon the Netherlands is calculated against the enacted applicable tax rate and includes a one-time tax charge of EUR 454 million related to the anticipated settlement of a tax position in connection with the transaction with a.s.r.

Cash and cash equivalents

Cash and cash equivalents include cash and demand balances held at the Dutch Central Bank. The Dutch Central Bank requires Aegon Bank N.V. to place 1% of their deposits with agreed maturity or the savings accounts (without restrictions to withdraw their money) in an account with the Dutch Central Bank. These deposits are not freely available. This so-called minimum reserve is renewed each maintenance period consisting of approximately six weeks. At year-end 2022, the interest of 2.5% is received on this minimum reserve (2021: No interest was paid on this minimum reserve). The year-end minimum required balance on deposit by the Dutch Central Bank was EUR 82 million (2021: EUR 74 million, 2020: EUR 84 million).

Derivatives

For the year ended December 31, 2022, Aegon the Netherlands recognized EUR 1,482 million negative fair value changes on mortgage loans using fair value hedge accounting under the EU carve out version of IAS 39 in the income statement (2021: EUR 422 million negative). This amount was partly offset by EUR 1,445 million positive fair value changes recognized on the derivatives used as hedging instrument (2021: EUR 442 million positive).

Insurance contracts

At December 31, 2022, the liability adequacy test (LAT) of Aegon the Netherlands resulted in a net LAT deficit of EUR 171 million, compared to a net LAT deficit of EUR 2.243 million at December 31, 2021. The reduction of the net LAT deficit is recorded in the income statement. The improvement of the net LAT deficit is driven by market movements, mainly by increased interest rates and widening credit spreads. This was partly offset by unfavorable model and assumptions updates.

As a result of the current deficit, changes in the LAT of Aegon the Netherlands, triggered by up or down movements in interest rates and credit spreads, are directly recognized in the income statement. The net result is less sensitive to interest rate movements as the results from interest rate hedging are also recognized in net result. Furthermore, the impact from increasing interest rates or tightening credit spreads on result before tax is capped to the net LAT deficit position.

The estimated sensitivities including Aegon the Netherlands on shareholders' equity and on net result, for up and down shocks for bond credit spreads, mortgage spreads and liquidity premium for general account insurance liabilities are disclosed in note 34 Insurance contracts.

Guarantees in insurance contracts

Aegon the Netherlands provides guarantees to its customers on expiry date for certain insurance contracts. In order to mitigate the risks related to the guarantees Aegon the Netherlands has setup a hedging program. Aegon the Netherlands does not use reinsurance in order to mitigate risks related to insurance contracts with a guarantee component

Minimum investment return guarantees in the Netherlands

The traditional life and pension products offered by Aegon in the Netherlands include various products that accumulate a cash value. Premiums are paid by customers at inception or over the term of the contract. The accumulation products pay benefits on the policy maturity date, subject to survival of the insured. In addition, most policies also pay death benefits if the insured dies during the term of the contract. The death benefits may be stipulated in the policy or depend on the gross premiums paid to date. Premiums and amounts insured are established at inception of the contract. The amount insured can be increased as a result of profit sharing, if provided for under the terms and conditions of the product. Minimum interest guarantees exist for all generations of traditional accumulation products written. Older generations contain a 4% guarantee; in 1999 the guarantee decreased to 3% and in 2013 the guarantee decreased to 0%.

The traditional group pension contracts offered by Aegon in the Netherlands include large group insurance contracts that have an individually determined asset investment strategy underlying the pension contract. The guarantee given is that the profit sharing is the minimum of 0% and the realized return on an asset portfolio specified in the policy conditions, adjusted for technical interest rates ranging from 3% to 4%. If the adjusted return is negative, the 0% minimum is effective, but the loss in any given year is carried forward to be offset against any future surpluses within the contract period. In general, a guarantee is given for the life of the underlying employees so that their pension benefit is guaranteed. Large group contracts also share technical results (mortality risk and disability risk). The contract period is typically five years and the premiums are fixed over this period.

These guarantees are valued at fair value and are included as part of insurance liabilities with the underlying host insurance contracts in note 34 Insurance contracts.

The following table provides information on the liabilities for guarantees that are included in the valuation of the host contracts, net of the present value of the expected future premiums that are received to cover these guarantees:

	2022	2021
	GMI [1), 2)]	GMI [1), 2)]
At January 1	6,429	7,973
Incurred guarantee benefits [3)]	(3,471)	(1,544)
At December 31	**2,958**	**6,429**
Account value [4)]	16,559	20,176
Net amount at risk [5)]	3,133	6,794

1 Guaranteed minimum investment return in the Netherlands.
2 Balances are included in the insurance liabilities on the face of the statement of financial position; refer to note 34 Insurance contracts.
3 Incurred guarantee benefits mainly comprise the effect of guarantees from new contracts, releases related to expired out-of-the-money guarantees and fair value movements during the reporting year.
4 Account value reflects the liability value of the insurance contracts as a whole.
5 The net amount at risk represents the sum of the differences between the guaranteed and actual amount that is credited to the policyholders. For Individual policies only positive differences are included, for Group pensions contracts carry forwards of negative differences are recognized.

Borrowings

Operational funding

	Coupon rate	Coupon date	Issue / Maturity	2022
Revolving Loan Facility Warehouse Mortgage Loans	Floating	Monthly	- / 23	260
Revolving Loan Facility Warehouse Mortgage Loans	Floating	Monthly	- / 24	250
Revolving Loan Facility Warehouse Mortgage Loans	Floating	Monthly	- / 25	271
EUR 875 million "SAECURE 16" RMBS Note [1)]	Floating	Quarterly	2018 / 23	609
EUR 550 million "SAECURE 18" NHG RMBS Note [2)]	Floating	Quarterly	2019 / 25	300
EUR 750 million "SAECURE 20" RMBS Note [3)]	Floating	Quarterly	2021 / 27	542
EUR 500 million Conditional Pass-Through Covered Bond [4)]	0.250%	Annual	2016 / 23	500
EUR 500 million Conditional Pass-Through Covered Bond [5)]	0.375%	Annual	2017 / 24	499
EUR 500 million Conditional Pass-Through Covered Bond [6)]	0.010%	Annual	2020 / 25	505
EUR 500 million Conditional Pass-Through Covered Bond [7)]	0.750%	Annual	2017 / 27	493
EUR 500 million Conditional Pass-Through Covered Bond [8)]	0.375%	Annual	2021 / 36	494
Aegon Bank Senior Non-Preferred debt	0.625%	Annual	2019 / 24	499
Other				5
At December 31				**5,227**

1 The first optional redemption date is October 30, 2023; the final legal maturity date is October 30, 2091. Notes are fully collateralized by mortgage loans which are part of Aegon's general account investments.
2 The first optional redemption date is July 28, 2025; the final legal maturity date is April 28, 2092. Notes are fully collateralized by mortgage loans which are part of Aegon's general account investments.
3 The first optional redemption date is October 28, 2027; the final legal maturity date is April 28, 2093. Notes are fully collateralized by mortgage loans which are part of Aegon's general account investments.
4 The maturity date is May 25, 2023; the extended due for payment date is May 25, 2055.
5 The maturity date is November 21, 2024; the extended due for payment date is November 21, 2056.
6 The maturity date is November 16, 2025; the extended due for payment date is November 16, 2057.
7 The maturity date is June 27, 2027; the extended due for payment date is June 27, 2059.
8 The maturity date is June 9, 2036; the extended due for payment date is June 9, 2037.

Defined benefit plans

Aegon the Netherlands has a number of defined benefit plans and defined contribution plans. The defined benefit plans are subject to Dutch Pension regulations and governed by the Board of Directors of Aegon the Netherlands. The Board of Directors has the full power and discretion to administer the plan including developing investment policy and managing assets for the plans (although these assets do not qualify as 'plan assets' as defined by IFRS), deciding questions related to eligibility and benefit amounts, and any disputes that may arise from plan participants and for complying with the plan provisions, and legal requirements related to the plan and its operation. Aegon the Netherlands runs, in principle, full actuarial and investment risk regarding the defined benefit plans. This includes the risks of low interest rates, low returns and increased longevity. A part of this risk can be attributed to plan participants by lowering indexation or by increasing employee contributions.

Furthermore, the specific statutory requirements governing the administration of group pension schemes have been laid down in the Pension Act (Pensioenwet / Pw). Insurers are subject to prudential supervision pursuant to the Financial Supervision Act (Wet op het financieel toezicht / Wft).

Investment strategies are established based on asset and liability studies. The overall goal is to maximize total investment returns to provide sufficient funding for the present and anticipated future benefit obligations within the constraints of a prudent level of portfolio risk. These studies use for example return objectives and various investment instruments. Investment restrictions are updated regularly and they result in asset allocation mix and hedges.

As at December 31, 2019, Aegon the Netherlands amended the defined benefit pension plan for their own employees. As of January 1, 2020, the defined benefit pension plan is closed for new members and there will be no further accrual of benefits to existing members. Entitlements before January 1, 2020, will remain unchanged and the indexation for those accruals will remain in force.

The contributions to the retirement benefit plan of Aegon the Netherlands are paid by both the employees and the employer, with the employer contribution being variable. Aegon the Netherlandsdeducts employee contributions from the total pension expenses. The benefits covered are retirement benefits, disability, death and survivor pension. The defined benefit plans were unfunded by EUR 2,421 million at December 31, 2022 (2021: EUR 3,409 million). The defined benefit plans are largely backed by investment, although these assets do not qualify as 'plan assets' as defined by IFRS. The average remaining duration of the defined benefits obligation is 14.3 years (2021: 20.9 years).

Aegon the Netherlands also has a post-retirement medical plan that contributes to the health care coverage of employees and beneficiaries after retirement. For this plan, Aegon the Netherlands has the responsibility to administer the plan in accordance with its terms, and decides on questions related to eligibility and determines plan provisions and benefit amounts. In addition, Aegon the Netherlands has the obligation to interpret the provisions of the plans, and to comply with any statutory reporting and disclosure requirements. Finally, Aegon the Netherlands reviews the terms of the plans and makes changes to the plans if and when appropriate. The liabilities related to these other post-employment benefit plans are fully unfunded and amount to EUR 41 million at December 31, 2022 (2021: EUR 57 million). The weighted average duration of the other post-employment benefit plans is 10.2 years (2021: 12.7 years).

The principal actuarial assumptions that apply for the year-ended December 31 are as follows:

Actuarial assumptions used to determine defined benefit obligations at year-end	**2022**	2021
Demographic actuarial assumptions		
Mortality	NL mortality table [1]	NL mortality table [1]
Financial actuarial assumptions		
Discount rate	3.61%	1.01%
Salary increase rate [2]	Curve 2022	Curve 2021
Indexation [2]	Percentage is no longer derived	53.05% of Curve 2021

1 Based on prospective mortality table of the Dutch Actuarial Society with minor methodology adjustments.
2 Based on Dutch Consumer Price Index.

The principal actuarial assumptions have an effect on the amounts reported for the defined benefit obligation. A change as indicated in the table below in the principal actuarial assumptions of the retirement benefit plan would have the following effects per year-end:

	Estimated approximate effects on the defined benefit obligation	
	2022	2021
Demographic actuarial assumptions		
10% increase in mortality rates	(38)	(100)
10% decrease in mortality rates	41	112
Financial actuarial assumptions		
100 basis points increase in discount rate	(221)	(622)
100 basis points decrease in discount rate	281	849
100 basis points increase in salary increase rate	-	-
25 basis points increase in indexation	n/a	187
25 basis points decrease in indexation	n/a	(170)

The above sensitivity analysis is based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

Fair value

Fair value hierarchy

The table below provides an analysis of assets and liabilities of Aegon the Netherlands recorded at fair value on a recurring basis by level of the fair value hierarchy:

	Level I	Level II	Level III	Total 2022
Assets carried at fair value				
Available-for-sale investments				
Shares	-	-	21	21
Debt securities	7,897	6,159	54	14,109
Other investments at fair value	-	13	-	13
	7,897	**6,171**	**75**	**14,143**
Fair value through profit or loss				
Shares	32	-	1,357	1,390
Debt securities	87	1,279	44	1,410
Other investments at fair value	-	-	64	64
Investments for account of policyholders [1)]	10,782	7,383	932	19,097
Derivatives	127	8,268	-	8,394
Investments in real estate	-	-	2,545	2,545
	11,029	**16,930**	**4,942**	**32,900**
Revalued amounts				
Real estate held for own use	-	-	76	76
	-	**-**	**76**	**76**
Total assets at fair value	**18,925**	**23,101**	**5,092**	**47,118**
Liabilities carried at fair value				
Investment contracts for account of policyholders [2)]	-	1,291	105	1,396
Derivatives	3	8,482	754	9,239
Total liabilities at fair value [3)]	**3**	**9,773**	**859**	**10,635**

1 The investments for account of policyholders included in the table above only include investments carried at fair value through profit or loss.
2 The investment contracts for account of policyholders included in the table above represents only those investment contracts carried at fair value.
3 Total borrowings on the statement of financial position contain borrowings carried at amortized cost that are not included in the above schedule.

Significant transfers between Level I, Level II and Level III

The table below shows transfers between Level I and Level II of Aegon the Netherlands for financial assets and financial liabilities recorded at fair value on a recurring basis.

	Total 2022	
	Transfers Level I to Level II	Transfers Level II to Level I
Assets carried at fair value		
Available-for-sale		
Investments for account of policyholders	-	12
Total assets at fair value	**-**	**12**

Valuation techniques and significant unobservable inputs

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level III financial instruments of Aegon the Netherlands.

	Valuation technique [1]	Significant unobservable input [2]	December 31, 2022
Assets carried at fair value			
Available-for-sale			
Shares			
	Net asset value	n.a.	-
	Other	n.a.	21
			21
Debt securities			
	Broker quote	n.a.	54
			54
At December 31			**75**
Fair value through profit or loss			
Shares	Other	n.a.	1,357
Debt securities	Other	n.a.	44
			1,401
Other investments at fair value			
Investment funds	Net asset value	n.a.	-
Other	Other	n.a.	64
			64
Total assets at fair value [3]			**1,540**
Liabilities carried at fair value			
Derivatives			
Embedded derivatives in insurance contracts	Discounted cash flow	Own credit spread	754
Total liabilities at fair value			**754**

1 Other in the table above (column Valuation technique) includes investments for which the fair value is uncorroborated and no broker quote is received.
2 Not applicable (n.a.) has been included when the unobservable inputs are not developed by the Group and are not reasonably available. Refer to the section Fair value measurement in this note for a detailed description of Aegon's methods of determining fair value and the valuation techniques.
3 Investments for account of policyholders are excluded from the table above and from the disclosure regarding reasonably possible alternative assumptions. Policyholder assets, and their returns, belong to policyholders and do not impact Aegon's net result or equity. The effect on total assets is offset by the effect on total liabilities.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

The table below presents the impact on a fair value measurement of Aegon the Netherlands of a change in the own credit spread by 5 basis points included in the discount rate.

	December 31, 2022	Effect of reasonably possible alternative assumptions (+/-)	
		Increase	Decrease
Financial liabilities carried at fair value			
Embedded derivatives in insurance contracts	754	4	(4)

Fair value information about assets and liabilities not measured at fair value

The following table presents the carrying values and estimated fair values for Aegon the Netherlands of assets and liabilities, excluding assets and liabilities which are carried at fair value on a recurring basis.

	Carrying amount December 31, 2022	Estimated fair value hierarchy Level I	Level II	Level III	Total estimated fair value December 31, 2022
Assets					
Mortgage loans - held at amortized cost	30,580	-	-	28,477	28,477
Private loans - held at amortized cost	4,484	-	-	3,966	3,966
Other loans - held at amortized cost	3	-	-	3	3
Liabilities					
Borrowings – held at amortized cost	5,227	-	-	4,920	4,920
Investment contracts - held at amortized cost	12,179	-	-	11,826	11,826

Summary of total financial assets and financial liabilities at fair value through profit or loss

The table that follows summarizes the carrying amounts of financial assets and financial liabilities of Aegon the Netherlands that are classified as at fair value through profit or loss, with appropriate distinction between those financial assets and financial liabilities held for trading and those that, upon initial recognition, were designated as at fair value through profit or loss.

	2022 Trading	2022 Designated
Investments for general account	-	2,864
Investments for account of policyholders	-	19,097
Derivatives with positive values not designated as hedges	6,522	-
Total financial assets at fair value through profit or loss	**6,522**	**21,960**
Investment contracts for account of policyholders	-	1,396
Derivatives with negative values not designated as hedges	8,378	-
Total financial liabilities at fair value through profit or loss	**8,378**	**1,396**

Gains and losses on financial assets and financial liabilities classified at fair value through profit or loss

Gains and losses recognized in the income statement on financial assets and financial liabilities classified as at fair value through profit or loss can be summarized as follows:

	2022 Trading	2022 Designated
Net gains and (losses)	(6,495)	(4,031)

Commitments and contingencies

Investments contracted

In the normal course of business, Aegon the Netherlands has committed itself through purchase and sale transactions of investments, mostly to be executed in the course of 2022. The amounts represent the future outflow and inflow, respectively, of cash related to these investment transactions that are not reflected in the consolidated statement of financial position.

	2022 Purchase	2022 Sale
Real estate	341	4
Mortgage loans	1,094	37
Private loans	752	-
Other	209	-

In the Netherlands, mortgage customers can take on top of their mortgage a construction deposit for home improvements. Undrawn amounts of construction deposits are netted against the outstanding total mortgage loans. Per December 31, 2022 an amount of EUR 387 million (2021: EUR 319 million) of construction deposits is undrawn.

	< 1 year amounts	1 < 2 years amounts	2 < 3 years amounts	3 < 4 years amounts	4 < 5 years amounts	> 5 years amounts
2022						
Operating lease rights	(2)	(2)	(1)	(1)	(1)	(2)

	2022
Guarantees	12
Standby letters of credit	11
Share of contingent liabilities incurred in relation to interests in joint ventures	5

Transfers of financial assets

Transferred financial assets that have not been derecognized in their entirety

The following table reflects the carrying amount of financial assets of Aegon the Netherlands that have been transferred to another party in such a way that part or all of the transferred financial assets do not qualify for derecognition. Furthermore, it reflects the carrying amounts of the associated liabilities.

	2022			
	Available-for-sale financial assets		Financial assets at fair value through profit or loss	
	Shares	Debt securities	Debt securities	Investments for account of policyholders
Carrying amount of transferred assets	40	656	-	-
Carrying amount of associated liabilities	43	676	-	-

Assets accepted

The following tables present the fair value of the assets received by Aegon the Netherlands in relation to securities lending and reverse repurchase activities:

Securities lending	**2022**
Carrying amount of transferred financial assets	696
Fair value of cash collateral received	-
Fair value of non-cash collateral received	719
Net exposure	**(23)**
Non-cash collateral that can be sold or repledged in the absence of default	719
Non-cash collateral that has been sold or transferred	-

Reverse repurchase agreements	**2022**
Cash paid for reverse repurchase agreements	220
Fair value of non-cash collateral received	220
Net exposure	**-**
Non-cash collateral that can be sold or repledged in the absence of default	220
Non-cash collateral that has been sold or transferred	-

As part of Aegon's mortgage loan funding program in the Netherlands, EUR 5.0 billion (2021: EUR 5.1 billion) has been pledged as security for notes issued (refer to section on Borrowings in this note). The notes of SAECURE 17 and SAECURE 19 are held intercompany and are eliminated against the notes issued by the special purpose entity (SPE) in the consolidation process. Per December 31, 2022, as part of SAECURE 17, EUR 600 million has been posted as collateral with respect to the longevity reinsurance contract with Canada Life Reinsurance (2021: EUR 600 million) and EUR 295 million has been posted as collateral with respect to the longevity reinsurance contract with RGA. The notes from SAECURE 19 are European Central Bank eligible retained notes and therefore generated increased liquidity capacity.

Offsetting, enforceable master netting arrangements and similar agreements

The following table only includes financial positions of Aegon the Netherlands for which there is a recognized corresponding position that could be offset under a legally enforceable master netting arrangement or similar agreement. Aegon the netherlands also enters into collateralized (reverse) repo or security lending and borrowing transaction, for which the collateral is not recognized on the balance sheet. The table provides details relating to the effect, or potential effect, of netting arrangements, including rights to set-off, associated with the entity's recognized financial assets and recognized financial liabilities.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Related amounts not set off in the statements of financial position: Cash collateral received (excluding surplus collateral)	Net amount
2022						
Derivatives	8,394	-	8,394	8,394	-	-
At December 31	**8,394**	**-**	**8,394**	**8,394**	**-**	**-**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Related amounts not set off in the statements of financial position: Cash collateral pledged (excluding surplus collateral)	Net amount
2022						
Derivatives	8,485	-	8,485	8,419	66	-
At December 31	**8,485**	**-**	**8,485**	**8,419**	**66**	**-**

52 Events after the reporting period

On January 17, 2023, the Extraordinary General Meeting of shareholders ("EGM") of Aegon N.V. approved the strategic decision to combine Aegon's Dutch pension, life and non-life insurance, banking and mortgage origination operations with a.s.r. For more information about this transaction, refer to note 51 Discontinued operations.

The Hague, the Netherlands, March 15, 2023

Supervisory Board

William L. Connelly
Mark A. Ellman
Karen Fawcett
Jack McGarry
Ben J. Noteboom
Caroline Ramsay
Thomas Wellauer
Corien M. Wortmann-Kool
Dona D. Young

Executive Board

Lard Friese
Matthew J. Rider

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Income statement of Aegon N.V.

For the year ended December 31

Amounts in EUR million	Note	2022	2021
Result			
Investment Income	3	21	13
Total revenues		**21**	**13**
Results from financial transactions	4	(30)	3
Total result		**(9)**	**16**
Charges			
Commissions and expenses	5	68	80
Interest charges and related fees	6	127	129
Total charges		**196**	**210**
Result before tax		**(204)**	**(193)**
Income Tax	7	47	54
Result after tax		**(158)**	**(139)**
Net result group companies	8	(2,375)	1,791
Net result		**(2,533)**	**1,651**

Statement of financial position of Aegon N.V.

As at December 31

Before profit appropriation, amounts in EUR million	Note	2022	2021
Non-current assets			
Financial fixed assets			
Shares in group companies	8	12,963	26,511
Loans to group companies	9	1,435	1,829
Other non-current assets	10	109	138
		14,507	**28,478**
Current assets			
Receivables			
Receivables from group companies	11	31	35
Other receivables	11	236	181
Other current assets	12	123	90
Accrued interest and rent		9	6
		398	**312**
Cash and cash equivalents			
Cash and cash equivalents		1,619	1,204
Total assets		**16,524**	**29,993**
Shareholders' equity			
Share capital	13	319	321
Paid-in surplus	14	6,853	7,033
Revaluation account	14	(4,465)	6,453
Legal reserves - foreign currency translation reserve	14	1,008	258
Legal reserves in respect of group companies	14	2,439	2,316
Retained earnings, including treasury shares	14	9,385	8,450
Remeasurement of defined benefit plans of group companies	14	(1,565)	(2,199)
Net result	14	(2,533)	1,651
		11,440	**24,282**
Other equity instruments	15	1,943	2,363
Total equity		**13,383**	**26,645**
Non-current liabilities			
Subordinated borrowings	16	1,442	1,396
Long-term borrowings	17	1,226	1,266
		2,669	**2,662**
Current liabilities	18		
Loans from group companies		13	7
Payables to group companies		147	422
Other current liabilities		282	227
Accruals and deferred income		31	31
		472	**686**
Total liabilities		**3,141**	**3,349**
Total equity and liabilities		**16,524**	**29,993**

Notes to the financial statements

1 General information

Aegon N.V., incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague registered under number 27076669 and with its registered address at Aegonplein 50, 2591 TV, The Hague, the Netherlands. Aegon N.V. serves as the holding company for the Aegon Group and has listings of its common shares in Amsterdam and New York.

Aegon N.V. (or 'the Company') and its subsidiaries ('Aegon' or 'the Group') have life insurance and pensions operations and are also active in savings and asset management operations, accident and health insurance, general insurance and to a limited extent banking operations. Aegon focuses on three core markets (the United States, the Netherlands, and the United Kingdom), three growth markets (Spain & Portugal, China, and Brazil) and one global asset manager. Furthermore, Aegon has activities in Asia and Southern and Eastern Europe. Headquarters are located in The Hague, the Netherlands. The Group employs around 19,000 people worldwide (2021: over 22,000).

2 Significant accounting policies

The financial statements have been prepared in accordance with accounting principles in the Netherlands as embodied in Part 9 of Book 2 of the Dutch Civil Code. In accordance with 2:362.8 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The group companies are stated at their net asset value, determined on the basis of the consolidated accounting policies as applied in the consolidated financial statements of the Group. For details on the accounting policies applied for the group companies refer to the consolidated financial statements.

Revaluation account includes unrealized gains and losses on available-for-sales assets and the positive changes in value that have been recognized in net result relating to investments (including real estate) and which do not have a frequent market listing.

Legal reserves in respect of group companies include net increases in net asset value of subsidiaries and associates since their first inclusion, less any amounts that can be distributed without legal restrictions.

A reference is made to note 2 Significant accounting policies of the consolidated financial statements for the description of the accounting policies applied.

3 Investment income

	2022	2021
Interest income from intercompany loans	14	12
Interest income from derivatives	7	1
Total	**21**	**13**

4 Results from financial transactions

	2022	2021
Net fair value change of derivatives	(30)	5
Net foreign currency gains and (losses)	-	(1)
Total	**(30)**	**3**

Net fair value change of derivatives mostly comprises of fair value changes on derivatives that are designated as economic hedges for which no hedge accounting is applied.

5 Commissions and expenses

	2022	2021
Employee expenses	82	84
Administration expenses	63	71
Cost sharing to group companies	(76)	(75)
Total	**68**	**80**

6 Interest charges and related fees

	2022	2021
Subordinated borrowings	72	68
Borrowings	52	54
Other	3	8
Total	**127**	**129**

7 Income tax

	2022	2021
Current Tax		
Current Tax	47	54
Income tax for the period (result) / charge	**47**	**54**
Reconciliation between standard and effective tax		
Result before tax	(204)	(193)
Tax on result at Dutch corporate result tax rate	53	48
Differences due to the effect of:		
Tax rate changes	-	4
Change in uncertain tax positions	-	8
Non deductible expenses	(7)	(7)
Total	**47**	**54**

8 Shares in group companies

	2022	2021
At January 1	26,511	25,643
Capital contributions and acquisitions	36	65
Dividend received	(1,634)	(1,196)
Net result for the financial year	(2,375)	1,791
Revaluations	(9,575)	209
At December 31	**12,963**	**26,511**

For a list of names and locations of the most important group companies, refer to note 49 Group companies of the consolidated financial statements of the Group. The legally required list of participations as set forth in article 379 of Book 2 of the Dutch Civil Code has been registered with the Commercial Register of The Hague.

9 Loans to group companies

	2022	2021
At January 1	1,829	1,392
Additions / (repayments)	(502)	308
Other changes	109	128
At December 31	**1,435**	**1,829**
Current	932	639
Non-current	503	1,190

The other changes in Loans to group companies mainly relate to currency exchange rate fluctuations.

10 Non-current assets

Other non-current assets relates to deferred tax assets of EUR 109 million (2021: EUR 138 million).

11 Receivables

Receivables from group companies and other receivables have a maturity of less than one year.

Aegon N.V., together with certain of its subsidiaries, is part of a tax grouping for Dutch corporate income tax purposes. The members of the fiscal unity are jointly and severally liable for any taxes receivable or payable by the Dutch tax grouping.

Other receivables included an income tax receivable of EUR 189 million (2021: 157 million).

12 Other current assets

Other current assets include derivatives with positive fair values of EUR 118 million (2021: EUR 77 million).

13 Share capital

Issued and outstanding capital	2022	2021
Common shares	253	253
Common shares B	66	68
Total share capital	**319**	**321**

Common shares	2022	2021
Authorized share capital	720	720
Number of authorized shares (in million)	6,000	6,000
Par value in cents per share	12	12

Common shares B	2022	2021
Authorized share capital	360	360
Number of authorized shares (in million)	3,000	3,000
Par value in cents per share	12	12

All issued common shares and common shares B each have a nominal value of EUR 0.12 and are fully paid up. Repayment of capital can only be initiated by the Executive Board, is subject to approval of the Supervisory Board and must be resolved by the General Meeting of Shareholders. Moreover, repayment on common shares B needs approval of the related shareholders. Refer to Other information for further information on dividend rights.

Vereniging Aegon, based in The Hague, the Netherlands, holds all of the issued and outstanding common shares B.

For detailed information on the transactions between Aegon N.V. and Vereniging Aegon refer to note 50 Related party transactions in the consolidated financial statements of the Group.

The following table shows the movement during the year in the number of common shares and common shares B:

	Common shares		Common shares B	
	Number of shares (thousands)	Total amount	Number of shares (thousands)	Total amount
At January 1, 2021	**2,098,114**	**252**	**571,795**	**69**
Shares withdrawn	(2,466)	-	(2,956)	-
Dividend	10,665	1	-	-
At December 31, 2021	**2,106,313**	**253**	**568,839**	**68**
Shares withdrawn	(10,665)	(1)	(22,643)	(3)
Dividend	13,782	2	-	-
At December 31, 2022	**2,109,430**	**253**	**546,196**	**66**

The following table shows the weighted average number of common shares and common shares B:

	Weighted average number of common shares (thousands)	Weighted average number of common shares B (thousands)
2021	**2,101,231**	**570,629**
2022	**2,107,315**	**559,906**

The shares repurchased by Aegon N.V. during the share-buy-back programs to undo the dilution caused by the distribution of dividend in stock, although included in the issued and outstanding number of shares, are excluded from the calculation of the weighted average number of shares.

Long-term incentive plans

For detailed information on the Long Term Incentive Plans refer to note 14 Commissions and expenses to the consolidated financial statements of the Group.

Board remuneration

Detailed information on remuneration of active and retired members of the Executive Board including their share plans, remuneration of active and retired members of the Supervisory Board along with information about shares held in Aegon by the members of the Boards is included in note 50 Related party transactions to the consolidated financial statements of the Group and in the remuneration report on page 65.

14 Shareholders' equity

	Share capital	Paid- in surplus	Revalua-tion account	Legal re-serves FCTR	Legal reserves group compa-nies	Retained earnings	Remeasure-ment of defined benefit plans of group companies	Treasury shares	Net result	Total
At January 1, 2022	321	7,033	6,453	258	2,316	8,722	(2,199)	(273)	1,651	24,282
Net result 2021 retained	-	-	-	-	-	1,651	-	-	(1,651)	-
Net result 2022	-	-	-	-	-	-	-	-	(2,533)	(2,533)
Total net result	-	-	-	-	-	**1,651**	-	-	**(4,185)**	**(2,533)**
Foreign currency translation differences and movement in foreign investment hedging reserves	-	-	-	750	-	-	(20)	-	-	730
Changes in revaluation in subsidiaries	-	-	(10,901)	-	-	-	-	-	-	(10,901)
Changes in revaluation reserve real estate held for own use	-	-	(17)	-	-	16	-	-	-	(1)
Remeasurement of defined benefit plans of group companies	-	-	-	-	-	-	655	-	-	655
Changes and transfer to legal reserve	-	-	-	-	123	(201)	-	-	-	(78)
Other	-	-	-	-	-	38	-	-	-	38
Other comprehensive income / (loss)	-	-	**(10,918)**	**750**	**123**	**(146)**	**635**	-	-	**(9,557)**
Shares issued	2	-	-	-	-	-	-	-	-	2
Shares withdrawn	(4)	-	-	-	-	-	-	-	-	(4)
Dividends paid on common shares	-	(180)	-	-	-	(167)	-	-	-	(346)
Issuance and purchase of treasury shares	-	-	-	-	-	9	-	(402)	-	(393)
Redemption other equity instruments	-	-	-	-	-	32				32
Coupons on perpetual securities	-	-	-	-	-	(36)	-	-	-	(36)
Incentive plans	-	-	-	-	-	(5)	-	-	-	(5)
At December 31, 2022	**319**	**6,853**	**(4,465)**	**1,008**	**2,439**	**10,060**	**(1,565)**	**(675)**	**(2,533)**	**11,440**

	Share capital	Paid- in surplus	Revalua-tion account	Legal re-serves FCTR	Legal reserves group compa-nies	Retained earnings	Remeasure-ment of defined benefit plans of group companies	Treasury shares	Net result	Total
At January 1, 2021	320	7,160	7,491	(601)	1,710	9,405	(2,534)	(181)	45	22,815
Net result 2020 retained	-	-	-	-	-	45	-	-	(45)	-
Net result 2021	-	-	-	-	-	-	-	-	1,651	1,651
Total net result	-	-	-	-	-	**45**	-	-	**1,606**	**1,651**
Foreign currency translation differences and movement in foreign investment hedging reserves	-	-	-	859	-	-	(65)	-	-	795
Changes in revaluation in subsidiaries	-	-	(1,035)	-	-	-	-	-	-	(1,035)
Changes in revaluation reserve real estate held for own use	-	-	(3)	-	-	-	-	-	-	(3)
Remeasurement of defined benefit plans of group companies	-	-	-	-	-	-	399	-	-	399
Changes and transfer to legal reserve	-	-	-	-	606	(587)	-	-	-	19
Other	-	-	-	-	-	14	-	-	-	14
Other comprehensive income / (loss)	-	-	**(1,038)**	**859**	**606**	**(573)**	**335**	-	-	**189**
Shares issued	1	-	-	-	-	-	-	-	-	1
Shares withdrawn	(1)	-	-	-	-	-	-	-	-	(1)
Dividends paid on common shares	-	(127)	-	-	-	(120)	-	-	-	(247)
Issuance and purchase of treasury shares	-	-	-	-	-	4	-	(92)	-	(88)
Coupons on perpetual securities	-	-	-	-	-	(39)	-	-	-	(39)
At December 31, 2021	**321**	**7,033**	**6,453**	**258**	**2,316**	**8,722**	**(2,199)**	**(273)**	**1,651**	**24,282**

The balance of the revaluation account, which includes revaluation reserves for real estate, cash flow hedging and investments that do not have a frequent market listing, consisted of EUR 2,311 million (2021: EUR 7,294 million) of items with positive revaluation and of EUR 6,776 million (2021: EUR 840 million) of items with negative revaluation (on cash flow hedging and AFS investments). The revaluation linked to cash flow hedging hedging is identified on individual cash flow hedge positions.

The legal reserves in respect of the foreign currency translation reserve (FCTR), group companies and the revaluation reserves, cannot be freely distributed. In case of negative balances for individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts.

Certain of Aegon's subsidiaries, principally insurance companies, are subject to restrictions on the amounts of funds they may transfer in the form of cash dividends or otherwise to their parent companies. There can be no assurance that these restrictions will not limit or restrict Aegon in its ability to pay dividends in the future.

For more details on distributable reserves, refer to note 43 Capital management and solvency of the consolidated financial statements.

On the reporting date, Aegon N.V. and its subsidiaries held 146,606,837 (2021: 71,780,196) of its own common shares and 51,762,840 (2021: 30,588,800) own common shares B with a par value of EUR 0.12 each.

Movements in the number of treasury common shares held by Aegon N.V. were as follows:

	2022		2021	
	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount
At January 1	70,958	262	52,686	171
Transactions in 2022:				
Purchase: 1 transaction, average price EUR 4.92	10,158	50		
Sale: 4 transactions, average price EUR 2.46	(4,708)	(12)		
Sale: 1 transaction, average price EUR 3.12	(18,676)	(58)		
Purchase: 1 transaction, average price EUR 4.38	24,364	107		
Share withdrawn: 1 transaction, average price EUR 3.70	(10,665)	(39)		
Sale: 1 transaction, average price EUR 3.91	(21,365)	(84)		
Purchase: 1 transaction, average price EUR 4.49	29,833	134		
Purchase: 3 transactions, average price EUR 4.58	65,921	302		
Transactions in 2021:				
Sale: transactions, average price 3.90			(4,139)	(16)
Shares witdrawn: 1 transaction, average price EUR 3.89			(2,466)	(10)
Sale: 1 transaction, average price 3.89			(15,274)	(59)
Purchase: 1 transaction average price 3.70			35,933	133
Sale: 1 transaction, average price 3.02			(17,314)	(52)
Purchase: 1 transaction average price 4.46			21,532	96
At December 31	**145,821**	**662**	**70,958**	**262**

Movements in the number of treasury common shares B held by Aegon N.V. were as follows:

	2022		2021	
	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount
At January 1	30,589	3	12,884	1
Transactions in 2022:				
Share withdrawn: 1 transaction, average price EUR 0.10	(22,643)	(2)		
Purchase: 1 transaction, average price EUR 0.12	43,817	5		
Transactions in 2021:				
Sale: 1 transaction, average price EUR 0.10			(1,983)	-
Shares withdrawn: 1 transaction, average price EUR 0.10			(2,956)	-
Purchase: 1 transaction, average price EUR 0.10			22,643	2
At December 31	**51,763**	**6**	**30,589**	**3**

As part of their insurance and investment operations, subsidiaries within the Group also hold Aegon N.V. common shares, both for their own account and for account of policyholders. These shares have been treated as treasury shares and are included at their consideration paid or received.

	2022		2021	
	Number of shares (thousands)	Total amount	Number of shares (thousands)	Total amount
Common shares				
Held by Aegon N.V.	145,821	662	70,958	262
Held by subsidiaries	785	8	822	8
Common shares B				
Held by Aegon N.V.	51,763	6	30,589	3
At December 31	**198,369**	**676**	**102,369**	**273**

The consideration for the related shares is deducted from or added to the retained earnings.

15 Other equity instruments

	Perpetual contingent convertible securities	Junior perpetual capital securities	Perpetual cumulative subordinated bonds	Long Term Incentive Plans [1]	Total
At January 1, 2022	500	1,352	454	57	2,363
Shares granted	-	-	-	32	32
Shares vested	-	-	-	(23)	(23)
Securities redeemed	-	(429)	-	-	(429)
At December 31, 2022	**500**	**923**	**454**	**66**	**1,943**
At January 1, 2021	500	1,564	454	50	2,569
Shares granted	-	-	-	27	27
Shares vested	-	-	-	(21)	(21)
Securities redeemed	-	(212)	-	-	(212)
At December 31, 2021	**500**	**1,352**	**454**	**57**	**2,363**

1 Long Term Incentive Plans include the shares granted to personnel which are not yet vested.

Perpetual contingent convertible securities	Coupon rate	Coupon date	Year of next call	2022	2021
EUR 500 million	5.625% [1]	Semi-annually, April 15	2029	500	500
At December 31				**500**	**500**

1 The coupon is fixed at 5.625% until the first call date and reset thereafter to a 5 year mid swap plus a margin of 5.207%.

The securities have been issued at par and have subordination provisions, rank junior to all other liabilities and senior to shareholders' equity only. The conditions of the securities contain certain provisions for optional and required coupon payment cancelation. Although the securities have no stated maturity, Aegon has the right to call the securities for redemption at par for the first time between April 15, 2029 and October 15, 2029 and every reset date (October 15, with five year intervals) thereafter. Upon breach of certain regulatory capital requirement levels, the securities convert into common shares.

Junior perpetual capital securities	Coupon rate	Coupon date	Year of next call	2022	2021
USD 500 million	floating CMS rate [1]	Quarterly, July 15	2023	402	402
EUR 950 million	floating DSL rate [2]	Quarterly, July 15	2023	521	950
At December 31				**923**	**1,352**

1 The coupon of the USD 500 million junior perpetual capital securities is reset each quarter based on the then prevailing ten-year US dollar interest rate swap yield plus a spread of ten basis points, with a maximum of 8.5%.
2 The coupon of the EUR 950 million junior perpetual capital securities is reset each quarter based on the then prevailing ten-year Dutch government bond yield plus a spread of ten basis points, with a maximum of 8%.

The interest rate exposure on some of these securities has been swapped to a three-month LIBOR and/or EURIBOR based yield.

On April 5, 2022 Aegon completed a tender offer buying back EUR 429 million of perpetual capital securities, part of the EUR 950 million notes issued in 2004. Aegon bought back the securities at a purchase price of 90%. The gain realized on this tender offer amounts to EUR 43 million before tax and is recognized in retained earnings in 2022.

The securities have been issued at par. The securities have subordination provisions, rank junior to all other liabilities and senior to shareholders' equity only. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and, in situations under Aegon's control, mandatory coupon payment events. Although the securities have no stated maturity, Aegon has the right to call the securities for redemption at par for the first time on the coupon date in the years as specified, or on any coupon payment date thereafter.

Perpetual cumulative subordinated bonds	Coupon rate	Coupon date	Year of next call	2022	2021
EUR 114 million	1.506% [1), 4)]	Annually, June 8	2025	114	114
EUR 136 million	1.425% [2), 4)]	Annually, October 14	2028	136	136
EUR 203 million	0.496% [3), 4)]	Annually, March 4	2031	203	203
At December 31				**454**	**454**

1 The coupon of the EUR 114 million bonds was originally set at 8% until June 8, 2005. Subsequently, the coupon has been reset at 4.156% until June 8, 2015 and 1.506% until June 8, 2025.
2 The coupon of the EUR 136 million bonds was originally set at 7.25% until October 14, 2008. Subsequently, the coupon has been reset at 5.185% until October 14, 2018 and 1.425% until October 14, 2028.
3 The coupon of the EUR 203 million bonds was originally set at 7.125% until March 4, 2011. Subsequently, the coupon has been reset at 4.26% until March 4, 2021 and 0.496% until March 4, 2031.
4 If the bonds are not called on the respective call dates and after consecutive period of ten years, the coupons will be reset at the then prevailing effective yield of ten-year Dutch government securities plus a spread of 85 basis points.

These bonds have the same subordination provisions as dated subordinated debt. In addition, the conditions of the bonds contain provisions for interest deferral.

Although the bonds have no stated maturity, Aegon has the right to call the bonds for redemption at par for the first time on the coupon date in the year of next call.

16 Subordinated borrowings

	Coupon rate	Coupon date	Issue / Maturity	Year of next call	2022	2021
Fixed to floating subordinated notes						
EUR 700 million	4%[1)]	Annually, April 25	2014/44	2024	699	698
USD 800 million	5.5%[2)]	Semi-annually, April 11	2018/48	2028	743	697
At December 31					**1,442**	**1,396**
Fair value of subordinated borrowings					1,372	1,567

1 The coupon is fixed at 4% until the first call date and floating therefafter with a 3 months Euribor plus a margin of 335bps.
2 The coupon is fixed at 5.5% until the first call date and floating thereafter with a 6 month USD LIBOR plus a margin of 3.539%.

These securities are subordinated and rank senior to the junior perpetual capital securities, equally with the perpetual cumulative subordinated bonds and junior to all other liabilities. The conditions of the securities contain certain provisions for optional and required deferral of interest payments. There have been no defaults or breaches of conditions during the period.

17 Long-term borrowings

	2022	2021
Remaining terms less than 1 year	499	-
Remaining terms 1 - 5 years	-	499
Remaining terms 5 - 10 years	281	296
Remaining terms over 10 years	446	472
At December 31	**1,226**	**1,266**
Fair value of long-term borrowings	1,289	1,735

The repayment periods of borrowings vary from 1 year up to 17 years. The interest rates vary from 1.000% to 6.625% per annum.

18 Current liabilities

Loans from and payables to group companies have a maturity of less than one year. Other current liabilities include derivatives with negative fair values of EUR 189 million (2021: EUR 116 million).

19 Commitments and contingencies
Aegon N.V. has guaranteed and is severally liable for the following:
- Due and punctual payment of payables due under letter of credit agreements applied for by Aegon N.V. as co-applicant with its captive insurance companies that are subsidiaries of Transamerica Corporation and Commonwealth General Corporation. At December 31, 2022, the letter of credit arrangements utilized by captives to provide collateral to affiliates amounted to EUR 511 million (2021: EUR 1,157 million); as of that date no amounts had been drawn, or were due under these facilities;
- Due and punctual payment of payables by the consolidated group companies Transamerica Corporation, Aegon Funding Company LLC and Commonwealth General Corporation with respect to fixed subordinated notes, bonds, capital trust pass-through securities and notes issued under commercial paper programs amounted to EUR 1,042 million (2021: EUR 987 million);
- Due to the intended sale of Aegon Nederland N.V. to ASR Nederland N.V. (a.s.r.), Aegon Nederland N.V. has recognized a deferred tax liability of EUR 454 million on the undistributed profits of certain subsidiaries, which were previously not recognized. The actual settlement of this deferred tax liability is planned prior to the transaction and is subject to the approval of the sale of Aegon Nederland N.V. by the regulators. Aegon N.V., through Aegon Europe Holding B.V., has agreed to compensate this negative equity effect of Aegon Nederland N.V. before closure of the deal with a.s.r. during 2023; and
- Due and punctual payment of any amounts owed to third parties by the consolidated group company Aegon Derivatives N.V. in connection with derivative transactions. Aegon Derivatives N.V. enters into derivative transactions with counterparties with which ISDA master netting agreements including collateral support annex agreements have been agreed; net (credit) exposure on derivative transactions with these counterparties was therefore limited as of December 31, 2022.

20 Number of employees
There were no employees employed by Aegon N.V. in 2022 (2021: nil).

21 Auditor's remuneration

	Total remuneration of the group		Of which PricewaterhouseCoopers Accountants N.V. (NL)	
	2022	2021	**2022**	2021
Audit fees	35	31	10	9
Audit-related service fees	10	3	1	1
Tax	1	-	-	-
Other services	-	-	-	-
Total	**45**	**35**	**12**	**10**

Audit fees consist of fees billed for the annual financial statements audit (including quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the independent auditor to be able to form an opinion on Aegon's consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. They also include fees billed for other audit services, which are those services that only the external auditor reasonably can provide, and include statutory audits or financial audits for subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

Audit-related services include, among others, assurance services to report on internal controls for third parties, due diligence services pertaining to potential business acquisitions/dispositions; discussions, review and testing of certain information related to the adoption of new accounting standards impacting future periods, financial reporting or disclosure matters not classified as 'Audit services'; financial audits of employee benefit plans; and agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters.

22 Events after the reporting period
On January 17, 2023, the Extraordinary General Meeting of shareholders ("EGM") of Aegon N.V. approved the strategic decision to combine Aegon's Dutch pension, life and non-life insurance, banking and mortgage origination operations with a.s.r. For more information about the this agreement, refer to note 51 Discontinued operations of the consolidated financial statements.

23 Proposal for profit appropriation

At the Annual General Meeting of Shareholders currently scheduled for May 25, 2023, the Executive Board will, in line with its earlier announcement and barring unforeseen circumstances, propose a final dividend for 2022 of EUR 0.12 per common share and EUR 0.003 per common share B. Aegon intends to move to a cash-only dividend as of the final dividend of 2023. To this end, Aegon will present an update to its dividend policy for discussion at the Annual General Meeting of Shareholders.

If the proposed dividend is approved by shareholders, Aegon's shares will be quoted ex-dividend on the New York Stock Exchange on May 26, 2023 and on Euronext Amsterdam on May 29, 2023. The record date for the dividend will be May 30, 2023 and the dividend will be payable as of June 29, 2023.

	2022	2021
Final dividend on common shares	237	184
Earnings to be retained	-	1,467
To be deducted from retained earnings	(2,770)	-
Net result attributable to owners of Aegon N.V.	**(2,533)**	**1,651**

The Hague, the Netherlands, March 15, 2023

Supervisory Board

William L. Connelly
Mark A. Ellman
Karen Fawcett
Jack McGarry
Ben J. Noteboom
Caroline Ramsay
Thomas Wellauer
Corien M. Wortmann-Kool
Dona D. Young

Executive Board

Lard Friese
Matthew J. Rider

Independent auditor’s report

To: the Annual General Meeting of Shareholders and the Supervisory Board of Aegon N.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- The consolidated financial statements of Aegon N.V. together with its subsidiaries (‘the Group’) give a true and fair view of the financial position of the Group as at December 31, 2022, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (‘EU-IFRS’) and with Part 9 of Book 2 of the Dutch Civil Code;
- The financial statements of Aegon N.V. (‘the Company’) give a true and fair view of the financial position of the Company as at December 31, 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Aegon N.V., The Hague. The financial statements include the consolidated financial statements of the Group and the financial statements of the Company.

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position of Aegon N.V. as at December 31, 2022;
- the following statements for the year ended December 31, 2022: the consolidated income statement of Aegon N.V., the consolidated statement of comprehensive income of Aegon N.V., the consolidated statement of changes in equity of Aegon N.V. and the consolidated cash flow statement of Aegon N.V.; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial statements of the Company comprise:

- the statement of financial position of Aegon N.V. as at December 31, 2022;
- the income statement of Aegon N.V. for the year ended December 31, 2022; and
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements of the Group and Part 9 of Book 2 of the Dutch Civil Code for the financial statements of the Company.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

The Group is a provider of mainly life insurance, pension, and asset management services. The Group consists of several components. The Group's main operating units are separate legal entities and operate under the laws of their respective countries. The Group has the following reportable segments: Americas, the Netherlands, United Kingdom, International, Asset Management, and Holding and other activities. The Group has significant operations in the United States of America, the Netherlands and the United Kingdom. To be able to obtain sufficient and appropriate audit evidence over the consolidated financial statements, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We determined our group materiality based on Adjusted Shareholders' Equity since we believe that this metric is the most relevant and suitable benchmark to determine our overall materiality, as we have set out in the section 'Materiality'. In particular, we considered where the executive board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

In note 3, 'Critical accounting estimates and judgment in applying accounting policies', to the consolidated financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of certain assets and liabilities arising from insurance contracts and the valuation of certain Level 3 investments, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report. Furthermore, we identified uncertainties in policyholder claims and litigation as a key audit matter.

On October 27, 2022, the Company, Aegon Europe Holding B.V. ('Aegon Europe') and ASR Nederland N.V. ('a.s.r.') signed a business combination agreement ('the Agreement'). In the Agreement, Aegon Europe agreed to sell the shares of Aegon Nederland N.V. ('Aegon Nederland') to a.s.r. As a result, Aegon Europe will receive as consideration 29.99% of the issued and outstanding shares in the share capital of a.s.r. and an amount of EUR 2.2 billion in cash as per the closing date of the transaction. This transaction has been approved by the Company's and a.s.r.'s shareholders in their respectively extraordinary meeting of shareholders on January 17, 2023. Approval of regulatory bodies (e.g., De Nederlandsche Bank, the Dutch Authority for Consumers and Markets) is pending. Given the impact of the Agreement on the disclosure of rights and obligations, measurement and presentation, classification as held for sale and the significance of the impairment of non-current assets in scope of IFRS 5, and the presentation of discontinued operations, we determined this as a key audit matter.

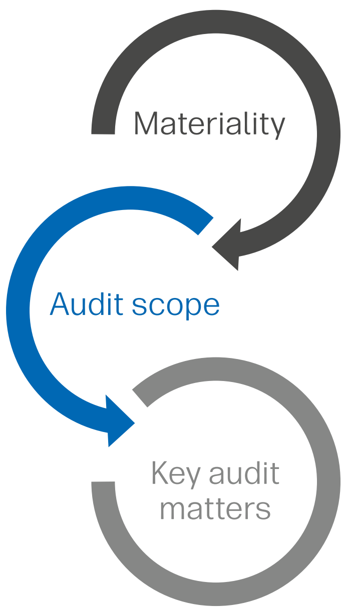
Lastly, we determined the disclosure in the financial statements of the Group of the estimated impact of IFRS 17 and IFRS 9 on the opening balance as of January 1, 2022 to be an additional key audit matter in 2022 given the combination of the complexity of (new) models, management estimates, assumptions, the significant impact of the new standard and the interest by stakeholders about the effects of the new standards.

We discussed with management their assessment on how the risk of climate change impacts the strategy, operations, and financial position of the Group. The Group committed to a net zero impact objective in respect to its general account investment portfolio and an operational greenhouse gas emission reduction. We discussed with management the planned actions which in their view should lead to realization of the commitments. The impact on the 2022 financial statements resulting from the risk of climate change on the insurance activities is considered limited, due to among others, the size and nature of the property and casualty portfolio of the group. As the investment portfolio is largely valued at market value, based on market observable inputs, the risk of climate change on this portfolio does also not lead to a material risk from a 2022 financial statements perspective. Hence, the risk of climate change on the Group does not warrant a key audit matter.

Based on our risk assessment, including cyber security risks and given the importance of information technology (IT) for the Group and hence for our audit of the financial statements, we have, to the extent relevant to our audit, paid specific attention to the IT dependencies and IT general controls, which comprise the policies and procedures to ensure reliable automated processing of information used for financial reporting purposes, and relevant application controls.

We ensured that the group audit team and the component audit teams included the appropriate skills and competences which are needed for the audit of a complex financial conglomerate, such as the Group. This includes industry expertise in life and non-life insurance, banking, and asset management. We included experts and specialists in the areas of risk assurance (IT), tax services, actuarial services, global human resource services, valuation services for certain types of assets (e.g., complex financial instruments and real estate) and forensics in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: EUR 119 million (2021: EUR 130 million).

Audit scope
- We conducted audit work on the components Americas, the Netherlands, United Kingdom, International, Asset Management and Holding and other activities.
- Site visits were conducted to United States of America, the Netherlands and United Kingdom, including meetings with the component teams and local Aegon management. Video conferencing meetings with the component teams and local Aegon management were held in for the segments International and Asset Management. For the component Holdings, we performed the audit work ourselves.
- Audit coverage: 98% of consolidated revenue, 99% of consolidated total assets and 98% of consolidated profit before tax.

Key audit matters
- Impact of the Agreement between Aegon and a.s.r.
- Valuation of certain assets and liabilities arising from insurance contracts
- Valuation of certain level 3 investments
- Uncertainties in policyholder claims and litigation
- Disclosure of the estimated impact of IFRS 17 and IFRS 9

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	EUR 119 million (2021: EUR 130 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.75% of the Adjusted Shareholders' Equity.
Rationale for benchmark applied	We used the Adjusted Shareholders' Equity, as disclosed in Note 43, 'Capital management and solvency', to the consolidated financial statements, as the primary benchmark, based on our analysis of the common information needs of users of the financial statements. Adjusted Shareholders' Equity is defined as EU-IFRS Shareholders' Equity minus revaluation reserves plus non-controlling interests and long-term incentive plan not yet vested. We believe that Adjusted Shareholders' Equity is the most relevant and suitable benchmark to determine our overall materiality due to the focus of stakeholders on capital generation in combination with the nature of the Group's business and the volatility of earnings. Adjusted Shareholders' Equity is a key metric to evaluate the Group's equity position, which is important for the dividend paying potential of the Group and gives a relevant indication of the ability of the Group to cover its liabilities. We applied professional judgment to determine the percentage to be applied to this metric. In this respect we considered the activities of the Group, the balance sheet total, revenue, the operating result, and the result before tax. We have set our final materiality based on the Adjusted Shareholders' Equity position at year end.
Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between EUR 15 million and EUR 110 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above EUR 6 million (2021: EUR 6 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

The Company is the parent company of a group of entities. The Group is structured predominantly along geographical lines as described in note 5, 'Segment information', to the consolidated financial statements. The financial information of this group of entities is included in the consolidated financial statements of the Group.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

The group audit primarily focussed on the significant components: Americas, the Netherlands and United Kingdom.

We subjected these components to audits of their complete financial information, as those components are individually financially significant to the Group. Additionally, we selected Spain, Bermuda, China, and Holdings for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures and excluding our consolidated analytical procedures, we achieved the following coverage on the financial line items:

Revenue	98%
Total assets	99%
Result before tax	98%

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality, and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified (including the risk of fraud), the materiality levels to be applied and our global audit approach. We discussed the risk assessment and audit approach with each of the component teams. This particularly concerned the risk of fraud, revenue recognition and significant estimates. We developed an oversight strategy for each component based on its significance and/or risk characteristics to the Group. This strategy included procedures such as regular (virtual) meetings and discussions with component auditors to challenge and review significant audit matters and judgments including the review of selected working papers via remote access to our component teams' audit files which is fully supported by the use of the global PwC electronic audit file platform.

Furthermore, we had calls with each of the in-scope component audit teams during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors and the audit procedures in this respect, their reports, the findings of their procedures, updates on risk assessments and other matters, which could be of relevance for the audit of the consolidated financial statements of the Group. Furthermore, we analyzed the reports received from our component auditors for each component in our audit scope.

The group engagement team performed the audit work on the group consolidation and financial statement disclosures.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risk of material misstatement of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We considered available information and made enquiries of relevant executives, directors, including internal audit, risk management, legal, compliance, local management, and the Supervisory Board.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. Together with our forensic specialists, we evaluated these fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud. In all our audits, we pay attention to the risk of management override of controls, as this risk is always considered to present a significant risk of fraud.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment by management, as well as among others, the code of conduct, whistleblower procedures and incident registration and follow-up. Where considered appropriate, we tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as the internal audit department, legal affairs, compliance department, and regional directors and the supervisory board whether they are aware of any actual or suspected fraud.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluated our assessment of fraud risk and its resulting impact on our audit procedures. Further, we performed an assessment of matters reported on the (Group's) whistleblowing and complaints procedures and considered the results and actions of management's investigation of such matters.

Based on our considerations of various factors, such as the high volume of individually small transactions, and our assessment of the inherent risk at the assertion level, the engagement team concluded that the risk of fraud in revenue recognition does not rise to the level of a material risk for any of the revenue streams for the Group consolidated audit.

Taking into account all factors, we identified 'management override of controls', including the risk of management bias when setting assumptions, as a fraud risk and performed the following specific procedures:

Identified fraud risk	Audit work and observations
Management override of controls In accordance with the Dutch Standard on Auditing 240.32, the risk of management override of controls is always considered to present a significant risk of fraud. Methods by which management could override controls include, but are not limited to, the following: - Manipulation of the financial reporting process by recording inappropriate or unauthorized journal entries. - Intentional misstatement of accounting estimates that involve subjective inputs and assumptions. - Entering into significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual, that have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.	To the extent relevant to our audit, we have reviewed the design of internal controls to mitigate the risk of override of internal control and tested the effectiveness of the controls in the processes for generating and processing journal entries and making estimates. We also paid specific attention to the restricted access in IT systems and the possibility that segregation of duties is not enforced. We identified significant assumptions and tested and compared these against the Group's and market experience information. For details we refer to the key audit matters in respect of Valuation of certain assets and liabilities arising from insurance contracts and Valuation of certain level 3 investments. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We selected journal entries based on risk criteria and performed specific audit procedures on these. Besides the Agreement between the Group and a.s.r., including results from continuing versus discontinued operations, impairment and specific disclosures, we identified no significant transactions outside the normal business operations. Our work did not lead to specific indications of fraud or suspicions of fraud with regard to the override of internal control by management.

Audit approach going concern

As disclosed in note 3, 'Critical accounting estimates and judgment in applying accounting policies', to the consolidated financial statements, management performed their assessment of the entity's ability to continue as a going concern for the foreseeable future and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks). Our procedures to evaluate the executive board's going concern assessment included, amongst others:

- considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with management regarding the executive board's most important assumptions underlying its going concern assessment.
- evaluating management's assessment of the adequacy of the solvency positions, and the sufficiency of free cash flows to cover the projected dividends and other cash out flows;
- understanding and evaluating the Group's stress testing of liquidity and regulatory capital requirements, including severity of the stress scenarios that were applied;
- performing inquiries of management as to its knowledge of going concern risks beyond the period of the management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going concern assumption.

Our focus on the risk of non-compliance with laws and regulations

We obtained a general understanding of the legal and regulatory framework applicable to the Group and how the Group is complying with that framework. There is an industry risk that emerging compliance or litigation areas have not been identified and/or addressed by management for financial statement purposes. This includes the consideration whether there is a need for the recognition of a provision or a contingent liability disclosure on the future outcome of legal or regulatory processes.

In our audit, a distinction is made between those laws and regulations which have a direct effect on the determination of material amounts and disclosures in the financial statements and those that do not have a direct effect but where compliance may be fundamental to the operating aspect of the business, to the Group's ability to continue its business or to avoid material penalties.

We identified that the risk of non-compliance with laws and regulations mainly relates to the laws and regulations which have an indirect impact on the financial statements, such as anti-money laundering and anti-terrorist financing regulations, regulations linked to the operating licenses for the Group's activities (insurance, asset management, banking) including Solvency II in Europe and Risk-Based Capital in the US. For this category, we performed procedures to identify non-compliance with those laws and regulations that may have a material effect on the financial statements. These procedures comprise inquiring of management, evaluating compliance reporting and inspecting correspondence with relevant authorities.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

As explained in the paragraph overview and context, we added "The impact of the Agreement between Aegon and a.s.r." and "Disclosure over the estimated impact of IFRS 17 and IFRS 9" as new additional key audit matters compared to our auditors report of 2021.

Key audit matter	Our audit work and observations
Impact of the Agreement between Aegon and a.s.r. Note 51 'Discontinued Operations'. The classification requirements of IFRS 5 'Non-current assets held for sale and discontinued operations' determines that an asset or disposal group is classified as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Management has determined that in Q4 2022 Aegon is committed to a sale involving the (future) loss of control of Aegon Nederland that qualifies for held-for-sale classification under IFRS 5. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the disposal group) shall be measured in accordance with applicable IFRSs. The non-current assets that are in the measurement scope of IFRS 5 are impaired as the 'fair value less cost to sell' of Aegon Nederland is less than its net asset value. As a result, the Group recognized at the (re)classification date an impairment loss of EUR 1.8 billion, which is determined by the carrying amount of the non-current assets that are in the measurement scope of IFRS 5 as per year end 2022. The potential remainder of the impairment loss will be recognized on the date of disposal. Given the potential impact of the Agreement on the disclosure of rights and obligations, classification as held for sale and the significance of the impairment of non-current assets in scope of IFRS 5, we determined this as a key audit matter.	We tested the effectiveness of controls over management's compliance of financial reporting and requirements and controls over management's review of the consolidated financial statements, including the note disclosures and other explanatory information. Based on our reading of the Agreement, the factual circumstances and inquiry of management, we assessed whether the criteria for classification as held for sale on the basis of IFRS 5 were met in Q4 2022. We assessed management's determination of the non-current assets of the disposal group in scope of IFRS 5. We tested managements calculation of the fair value less costs to sale of the disposal group and the determination of the impairment loss on the basis of the criteria of IFRS 5. Based on our assessment we concluded that the disposal group of Aegon Nederland met the criteria for held for sale classification of IFRS 5 in Q4 2022. We reviewed the documentation related to the Agreement and evaluated the relevant rights and obligations which, to our view, require disclosure in the consolidated financial statements. We also evaluated whether the disclosures in the consolidated financial statements are adequate and in accordance with IFRS 5. We found the disclosures to be appropriate in this context.

Key audit matter	Our audit work and observations
Valuation of certain assets and liabilities arising from insurance contracts Note 3 'Critical accounting estimates and judgment in applying accounting policies', Note 5, 'Segment information', Note 27 'Deferred expenses', Note 29 'Intangible assets', Note 34 'Insurance contracts', Note 44 'Fair value' and Note 51 'Discontinued Operations'. The Group has the following assets and liabilities as at December 31, 2022 arising from insurance contracts: - Deferred policy acquisition costs (DPAC) of EUR 11.8 billion, included in the deferred expenses line item; - Value of business acquired (VOBA) of EUR 0.8 billion, included in the intangible assets line item; - Insurance contracts (liabilities) of EUR 87.3 billion, and EUR 31.5 billion classified as liabilities held for sale; and - Embedded derivatives in insurance contracts of EUR 0.8 billion, and EUR 0.8 billion classified as liabilities held for sale, included in the derivatives liability line item. These areas involve the use of valuation models that use significant inputs that are not market observable and significant judgment over uncertain future outcomes, including the timing and ultimate full settlement of long-term policyholder liabilities and as a result, are more likely to be subject to a material misstatement either due to error or fraud. Therefore, we considered these areas a key matter for our audit. To assess the recoverability of DPAC and VOBA and the adequacy of the liabilities for insurance contracts, at each reporting date, Aegon performs liability adequacy testing. This testing is done to verify that the valuation of these assets and liabilities are adequate as compared to the expected future contractual cash flows. The assumptions used in measuring the DPAC and VOBA and the liabilities for insurance contracts relate to mortality, morbidity, future expenses, surrender, lapse, utilization rates and, for embedded derivatives, own credit spread. In addition, Aegon Nederland adjusts the outcome of the liability adequacy test for the difference between the fair value and the book value of mortgage loans and private loans. The fair value of mortgage loans and private loans is determined using significant assumptions that require judgment, including prepayment rate and lapse assumptions. Given the magnitude of the insurance contract liabilities and the sensitivities as explained in Note 34, 'Insurance contracts', a change in non-market observable inputs (especially mortality and morbidity) could have a significant effect on net income and shareholders' equity. During 2022, Aegon continued a multi-year review of its actuarial models with focus on those considered medium and high risk. Model updates in combination with the Group's actuarial and economic assumptions update resulted in a EUR 480 million net charge to result before tax.	We tested the effectiveness of controls relating to the valuation of certain assets and liabilities arising from insurance contracts and the valuation of the relevant mortgage and private loans considered in the liability adequacy testing models, including controls over the development of significant assumptions. We tested the completeness and accuracy of key data underlying the development of the significant assumptions. The quality of previous years' assumptions is assessed by the analyses of the actual versus expected developments. We also evaluated the different market return scenarios that management used for measurement purposes by performing audit procedures on historical experience. Where expert judgment was used, we challenged management on the judgment applied and the use of alternative scenarios. Based on our procedures performed, we found that the assumptions set by management and the different scenarios used were supported by available audit evidence and are within a range we consider acceptable based on the Group's and industry experience. We involved actuarial specialists to assist in testing management's process for determining the valuation of certain assets and liabilities arising from insurance contracts, which included (i) evaluating the appropriateness of models used in the valuation of certain assets and liabilities arising from insurance contracts, and (ii) evaluating the reasonableness of the aforementioned significant assumptions, taking into account the impact of the COVID-19 pandemic, especially on mortality and morbidity, assumed future expenses, surrender and utilization rates and investment return. In our assessment, we considered the risk of management bias in setting these significant assumptions. Valuation specialists were used to assist in evaluating the reasonableness of management's estimate of the valuation of mortgage loans and private loans by developing an independent range of prices and comparing management's estimate to the independently developed ranges. Developing the independent estimate involved utilizing a range of available market inputs and assumptions and testing the completeness and accuracy of data provided by management. In respect of mortgage loans and private loans of Aegon in the Netherlands, we evaluated the reasonableness of management's estimate of the fair value of the portfolio that is included in the liability adequacy test by independently developing a range of acceptable outcomes and comparing management's estimate to the independently developed ranges. Based on our procedures, we found these assumptions to be reasonable and appropriate We also evaluated whether the disclosures in the consolidated financial statements are adequate and in accordance with EU-IFRS. We found the disclosures to be appropriate in this context.

Key audit matter	Our audit work and observations
Valuation of certain level 3 investments Note 3 'Critical accounting estimates and judgment in applying accounting policies', Note 22 'Investments', Note 44 'Fair value' and Note 51 'Discontinued Operations'. The Group has investments for general account of EUR 76.8 billion, and EUR 54.6 billion classified as assets held for sale, as at December 31, 2022, of which EUR 0.3 billion, and EUR 2.6 billion classified as assets held for sale, were categorized as Level 3 debt securities and investments in real estate in the valuation hierarchy. Management's estimation of the valuation of Level 3 debt securities and investments in real estate is developed using quotes from third-party brokers, internal cash flow modelling techniques and external appraisals that use significant unobservable inputs, including discount and capitalization rates, default rate and liquidity assumptions, issue specific credit adjustments and indicative quotes from market makers. In addition, real estate properties are valued using industry standard models and sales comparison based on the type of property. These estimations involve significant judgment by management and have a higher potential risk to be affected by error or management bias. Therefore, these areas are considered a key audit matter. Our focus considered both the positions that are presented at fair value on the balance sheet and those positions carried at amortized cost on the balance sheet but for which fair value is required to be disclosed. Given the nature of certain inputs/rates utilized and valuation methodology employed, the valuation of real estate has a high estimation uncertainty and a change in assumptions could have a significant effect on net income and shareholders' equity.	We tested the effectiveness of controls relating to the valuation of Level 3 debt securities and investments in real estate, including controls over the development of the model and the significant unobservable inputs. We performed substantive audit procedures to supplement procedures over our testing of internal controls in respect of assumption setting and data and those assessing service organization reports. These substantive procedures included, among others, developing an independent estimate of the value for a sample of investments by obtaining independent pricing from third-party vendors, if available. We performed retrospective testing, where possible, to assess the quality of previous estimates and assumptions. Also, on a sample basis for certain Level 3 investments, we evaluated the reasonableness of management's estimate by developing an independent range of prices utilizing a range of prices and comparing management's estimate to the independently developed ranges. Developing the independent estimate involved utilizing a range of available market inputs and assumptions and testing the completeness and accuracy of data provided by management. We assessed pricing models and the underlying methodologies against industry practice and valuation guidelines. We used our real estate valuation experts to conduct a site-visit with the service organization auditor in order to assess whether the service organization auditor reports provide sufficient and appropriate audit evidence for the purpose of our audit. Based on our procedures, we considered that the valuation of these investments was within the bandwidth that we consider acceptable. We also evaluated whether the disclosures in the consolidated financial statements are adequate and in accordance with EU-IFRS. We found the disclosures to be appropriate in this context.
Uncertainties in policyholder claims and litigation Note 38 'Provisions' and Note 45 'Commitments and contingencies. The insurance industry continues to face consumer activism and regulatory scrutiny over product design and selling practices. The Group has encountered claims and litigations in this respect. Depending on the actual legal position and expectations from management, claims, including litigation related, are either provided for as a liability or reflected as contingent liabilities in the notes to the financial statements based on the criteria as outlined in EU-IFRS. The Group uses internal and external legal experts where applicable to evaluate its legal positions. Given the uncertainty and judgment in this area in terms of valuation and presentation and disclosure, this area is subject to the risk of understatement of recorded liabilities and incomplete disclosure of contingent liabilities. Therefore, we determined this as a key audit matter.	We tested the effectiveness of controls over management's compliance of financial reporting and requirements and controls over management's review of the presentation of the footnotes and disclosures in the financial statements. The procedures also included, among other, gaining an understanding of the policyholders' claims and litigations through discussions with management including the general legal counsel. Our procedures also included, among others, obtaining and evaluating lawyers' letters to the extent considered necessary for our audit. For all (potential) material claims, we tested the underlying facts and circumstances considered and assessed the best estimate of outflows as determined by the Group. We evaluated whether the Group has properly reflected the claims and litigations in either the provisions or the contingent liabilities by assessing these against the criteria in IAS 37. In this respect, we assessed whether the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Based on our procedures performed, we noted no exceptions. We also evaluated whether the disclosures in the consolidated financial statements are adequate and in accordance with EU-IFRS. We found the disclosures to be appropriate in this context.

Key audit matter	Our audit work and observations
Disclosure of the estimated impact of IFRS 17 and IFRS 9 Note 2.1 'Basis of presentation'. As from January 1, 2023 both IFRS 17, 'Insurance Contracts' and IFRS 9, 'Financial Instruments' will become effective for the annual reporting of the Group. The Group needs to disclose the estimated impact of these new standards in accordance with IAS 8. As per the disclosure, the IFRS 17 and IFRS 9 adoption is expected to overall reduce the IFRS equity as at January 1, 2022 by EUR 12.6 billion. For IFRS 9, management has performed a business model assessment for each business model to determine whether these are hold to collect, hold to collect and sell or trading. For the financial assets in business models hold to collect and hold to collect and sell, management has performed an assessment to conclude whether the cash-flows from financial instruments fulfil the solely of payment of principal of interest criteria ('SPPI'). Furthermore, Aegon determined which financial assets are designated at fair value through profit or loss to minimize accounting mismatches. Equity investments are classified as at fair value through profit or loss. Aegon has developed new IFRS 9 impairment models. Judgements have been applied in the development of the new models which have been built and implemented to measure the expected credit losses on financial instrument measured at amortized cost. For IFRS 17, the measurement of the insurance contracts is primarily performed applying a model that estimates the present value of future best estimate cash flows that will arise as these contracts are fulfilled, which includes a explicit risk adjustment and a contractual service margin reflecting unearned profits. The estimates are to be current, unbiased and probability weighted incorporating all available information in a way that is consistent with observable market data. The prescribed modifications are applied for contracts with direct participation features and for reinsurance contracts held. For certain short-term contracts, Aegon applies the premium allocation approach. For the determination of the measurement of the insurance contracts on the opening balance sheet date (January 1, 2022), Aegon determined whether a full retrospective appliction is practible for each group of contracts and, if not, which transition approach is to be used for these contracts. Given the significance of the new standards, the number of accounting policy choices and judgement decisions to be taken by management on the implementation of IFRS 17 and IFRS 9 and the significance of the impact of assumptions involved, we consider this a key audit matter.	Regarding the accounting policy choices, we reviewed technical memos and accounting position papers to determine whether this has been set up in accordance with the requirements of IFRS 17 and IFRS 9. We challenged management on their accounting policy choices judgements, and they provided us with reasonable explanations and evidence supporting the judgements. For IFRS 9, on classification and measurement we evaluated management's business model assessments and the evidence supporting the business model decisions for every business model. For the SPPI criteria, our procedures did not identify any deviations from management's assessment. With respect to the transition method applied, we assessed the judgements made by management that lead to the conclusion that the full retrospective method cannot be applied for a certain group of contracts. Where a (full) retrospective method was applied we tested the applied assumptions, including the historical assumptions. Where a fair value method is applied, we challenged the assumption input into the valuation model applied and, where possible, the comparison towards market-observable transactions. With regard to both IFRS 17 and IFRS 9 (impairment), we further performed the following procedures to support our conclusions on the disclosed estimated impact: ▪ Controls over governance and model development were tested. We, together with our modelling specialists tested the modelling methodology for the most significant portfolios; ▪ Risk based testing of models including challenging the main assumptions, was performed; ▪ Assessing the design of management's validation and integrity checks on data used as input for the assumptions and input into the valuation models via walkthrough procedures; ▪ Testing of operating effectiveness on data input and validation controls; ▪ Testing of the compensating controls performed by management to assess the reasonableness of the disclosed impact of adopting IFRS 17 and IFRS 9; ▪ We assessed management's disclosure on the presentation of the impact, judgements and uncertainties of IFRS 17 and IFRS 9 in the context of the IAS 8 disclosure requirements. While we note that, as stated by the Group, the impact on the opening balance sheet is indicative and can be subject to change, based on the procedures outlined above, we found the estimated impact of application of IFRS 17 and IFRS 9 on group reported equity to be reasonable and the disclosures appropriate. We considered the impact of application of IFRS 17 and IFRS 9 on group reported equity, as disclosed in the consolidated financial statements, and the inherent uncertainties to be reasonable.

Report on the other information included in the integrated annual report

The Aegon Integrated Annual Report 2022 ('integrated annual report') contains other information. This includes all information in the integrated annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720, 'The auditor's responsibilities relating to other information'. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were initially appointed as auditors of Aegon N.V. by the supervisory board following the passing of a resolution by the shareholders at the annual general meeting held on May 15, 2013. We are the independent auditor for a total period of 9 years.

European Single Electronic Format (ESEF)

Aegon N.V. has prepared the integrated annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format ('the RTS on ESEF').

In our opinion, the integrated annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by the Group, complies, in all material respects, with the RTS on ESEF.

The executive board is responsible for preparing the integrated annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the integrated annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:
- Obtaining an understanding of the Group's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the integrated annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services
To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered
The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 21, 'Auditor's remuneration', to the financial statements of Aegon N.V.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements
The executive board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, March 15, 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.E.H.M. van Adrichem RA

Appendix to our auditor's report on the financial statements 2022 of Aegon N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Other information

Profit appropriation

Appropriation of profit will be determined in accordance with the articles 31 and 32 of the Articles of Association of Aegon N.V. The relevant provisions are as follows:

1. The General Meeting of Shareholders will adopt the Annual Accounts;
2. If the adopted profit and loss account shows a profit, the Supervisory Board may decide, upon the proposal of the Executive Board, to set aside part of the profit to augment and/or form reserves;
3. The profits remaining after application of 2 above shall be put at the disposal of the General Meeting of Shareholders. The Executive Board, subject to the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders;
4. The Executive Board may, subject to the approval of the Supervisory Board, make one or more interim distributions to the holders of common shares and common shares B;
5. Distributions are made in accordance with the principle set forth in article 4 of the Articles of Association of Aegon N.V. that the financial rights of a common share B are one fortieth (1/40th) of the financial rights of a common share;
6. The Executive Board may, subject to the approval of the Supervisory Board, decide that a distribution on common shares and common shares B shall not take place as a cash payment but as a payment in common shares. Alternatively, it may decide that holders of common shares and common shares B shall have the option to receive a distribution as a cash payment and/or as a payment in common shares, out of the profit and/or at the expense of reserves, provided that the Executive Board is designated by the General Meeting to issue shares. Subject to the approval of the Supervisory Board, the Executive Board shall also determine the conditions applicable to the aforementioned choices; and
7. The Company’s policy on reserves and dividends shall be determined and can be amended by the Supervisory Board, upon the proposal of the Executive Board. The adoption and each amendment of the policy on reserves and dividends thereafter, shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

Major shareholders

General

As of December 31, 2022, Aegon's total authorized share capital consisted of 6,000,000,000 common shares with a par value of EUR 0.12 per share and 3,000,000,000 common shares B with a par value of EUR 0.12 per share. At the same date, there were 2,109,430,229 common shares and 546,196,080 common shares B issued. Of the issued common shares, 315,532,860 common shares and 494,433,240 common shares B were held by Vereniging Aegon and 785,490 common shares were held by Aegon's subsidiaries.

All of Aegon's common shares and common shares B are fully paid and not subject to calls for additional payments of any kind. All of Aegon's common shares are registered shares. New York Registry Shares ("NYRS") are common shares and are traded at the New York Stock Exchange. Holders of NYRS hold their shares in the registered form issued by Aegon's New York transfer agent on Aegon's behalf. NYRS and shares of listed at Euronext are exchangeable on a one-to-one basis and are entitled to the same rights, except that cash dividends are paid in US dollars on NYRS.

As of December 31, 2022, 267 million common shares were held in the form of NYRS. As of December 31, 2022, there were approximately 12,122 record holders of Aegon's NYRS resident in the United States.

Vereniging Aegon

Vereniging Aegon is the continuation of the former mutual insurer AGO. In 1978, AGO demutualized and Vereniging AGO became the only shareholder of AGO Holding N.V., which was the holding company for its insurance operations. In 1983, AGO Holding N.V. and Ennia N.V. merged into Aegon N.V. Vereniging AGO initially received approximately 49% of the common shares and all of the preferred shares in Aegon, giving it voting majority in Aegon. At that time, Vereniging AGO changed its name to Vereniging Aegon.

The purpose of the Association is a balanced representation of the direct and indirect interests of Aegon and of companies with which Aegon forms a group, of insured parties, employees, shareholders and other related parties of these companies. Influences that threaten the continuity, independence or identity of Aegon, in conflict with the aforementioned interests will be resisted as much as possible.

In accordance with the 1983 Amended Merger Agreement, Vereniging Aegon had certain option rights on preferred shares to prevent dilution of voting power as a result of share issuances by Aegon. This enabled Vereniging Aegon to maintain voting control at the General Meeting of Shareholders of Aegon. In September 2002, Aegon effected a capital restructuring whereby Vereniging Aegon's ownership interest in Aegon's common shares decreased from approximately 37% to approximately 12% and its aggregate ownership interest in Aegon's voting shares decreased from approximately 52% to approximately 33%.

In May 2003, Aegon's shareholders approved certain changes to Aegon's corporate governance structure, introducing a second class of preferred shares. Both classes of preferred shares had a nominal value of EUR 0.25 each. The voting rights pertaining to the preferred shares were adjusted accordingly to 25/12 vote per preferred share. However, in May 2003, Aegon and Vereniging Aegon also entered into a Preferred Shares Voting Agreement, pursuant to which Vereniging Aegon agreed to exercise one vote only per preferred share, except in the event of a 'Special Cause', as defined below. At that time Aegon and Vereniging Aegon amended the option arrangements under the 1983 Amended Merger Agreement so that, in the event of an issuance of shares by Aegon, Vereniging Aegon could purchase as many class B preferred shares as would enable Vereniging Aegon to prevent or correct dilution to below its actual percentage of voting shares, to a maximum of 33%.

On February 15, 2013, Aegon and Vereniging Aegon entered into an agreement to simplify the capital structure of Aegon and to cancel all of Aegon's preferred shares, of which Vereniging Aegon was the sole owner. The execution of this agreement was approved by the Annual General Meeting of Shareholders on May 15, 2013.

The simplified capital structure entailed, but was not limited, to the conversion of all outstanding preferred shares A and B, with a nominal value of EUR 0.25 each, into a mix of common shares and common shares B, with a nominal value of EUR 0.12 each. The financial rights attached to a common share B were determined at $1/40^{th}$ of the financial rights attached to a common share.

The simplified capital structure also entailed the amendment of the Voting Rights Agreement between Aegon and Vereniging Aegon, known as the Preferred Shares Voting Agreement before May 2013. As a matter of Dutch corporate law, the shares of both classes offer equal full voting rights, as they have equal nominal values (EUR 0.12). The amended Voting Rights Agreement ensures that under normal circumstances, i.e. except in the event of a Special Cause, Vereniging Aegon will no longer exercise more votes than is proportionate to the financial rights represented by its shares. This means that in the absence of a Special Cause Vereniging Aegon may cast one vote for every common share it holds and one vote only for every 40 common shares B it holds. As Special Cause qualifies the acquisition of a 15% interest in Aegon, a tender offer for Aegon shares or a proposed business combination by any person or group of persons, whether individually or as a group, other than in a transaction approved by the Executive Board and the Supervisory Board. If, in its sole discretion, Vereniging Aegon determines that a Special Cause has occurred, Vereniging Aegon will notify the General Meeting of Shareholders and retain its right to exercise the full voting power of one vote per common share B for a limited period of six months.

The simplified capital structure also included an amendment to the 1983 Amended Merger Agreement between Aegon and Vereniging Aegon. Following this 2013 amendment, Vereniging Aegon's call option relates to common shares B. Vereniging Aegon may exercise its call option to keep or restore its total stake at 32.6%, irrespective of the circumstances which cause the total shareholding to be or become lower than 32.6%.

On May 15, 2020, Vereniging Aegon exercised its options rights to purchase in aggregate 2,154,000 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by the issuance of shares on May 15, 2020, in connection with the Long Term Incentive Plans for senior management.

On December 14, 2020, Aegon repurchased 2,955,600 common shares B from Vereniging Aegon for the amount of EUR 228,911.22 based on 1/40th of the Value Weight Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to align the aggregate holding of voting shares by Vereniging Aegon in Aegon with its special cause voting rights of 32.6% following the completion of the Share Buy Back Program, initiated by Aegon in October 2020 to neutralize the dilutive effect of the distribution of interim dividend 2020 in stock.

On June 3, 2021, Vereniging Aegon exercised its options rights to purchase in aggregate 1,983,360 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by the issuance of shares on June 3, 2021, in connection with the Long Term Incentive Plans for senior management.

On December 15, 2021, Aegon repurchased 22,643,360 common shares B from Vereniging Aegon for the amount of EUR 2,285,621 based on 1/40th of the Value Weight Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to align the aggregate holding of voting shares by Vereniging Aegon in Aegon with its special cause voting rights of 32.6% following the completion of the Share Buy Back Programs, initiated by Aegon in July and October 2021 to neutralize the dilutive effect of the distribution of the final dividend 2020 and the interim dividend 2021 in stock.

On November 21, 2022, the members of Vereniging Aegon voted to instruct the board of Vereniging Aegon, subject to the board's fiduciary duties, to vote all of Vereniging Aegon's common shares and common shares B (based on one vote per 40 common shares B) at Aegon N.V.'s next extraordinary general meeting in favor of Aegon N.V. selling its business operations in the Netherlands to ASR Nederland N.V. for cash consideration and a 29.99% share interest in ASR Nederland N.V (the "Transaction"). Following such vote of the members of Vereniging Aegon, the board of Vereniging Aegon is obligated, pursuant to the terms of a voting undertaking agreement, dated October 27, 2022, between Aegon N.V. and Vereniging Aegon, and subject to the board's fiduciary duties, to vote all of such shares in favor of the Transaction.

On December 15, 2022, Aegon repurchased 43,817,400 common shares B from Vereniging Aegon for the amount of EUR 5,113,578.21 based on 1/40th of the Value Weight Average Price of the common shares of the five trading days preceding this transaction. The repurchase of common shares B was executed to bring the aggregate holding of voting shares by Vereniging Aegon in Aegon more in line with its special cause voting rights of 32.6% following the completion of the Share Buy Back Programs, initiated by Aegon in April 2022 following the completion of the sale of the Hungarian business and initiated in July and October 2022 to neutralize the dilutive effect of the distribution of the final dividend 2021 and the interim dividend 2022 in stock.

Development of shareholding in Aegon

Accordingly, at December 31, 2022, the voting power of Vereniging Aegon under normal circumstances amounted to approximately 16.59%, based on the number of outstanding and voting shares (excluding issued common shares held in treasury by Aegon). In the event of a Special Cause, Vereniging Aegon's voting rights will increase, currently to 32.6%, for up to six months.

At December 31, 2022, the General Meeting of Members of Vereniging Aegon consisted of nineteen members. The majority of the voting rights is with the seventeen members who are not employees or former employees of Aegon or one of the Aegon Group companies, nor current or former members of the Supervisory Board or the Executive Board of Aegon. The other two members are from the Executive Board of Aegon.

Vereniging Aegon has an Executive Committee consisting of seven members, five of whom are not, nor have ever been, related to Aegon, including the Chairman and the Vice-Chairman. The other two members are also member of the Executive Board of Aegon. Resolutions of the Executive Committee, other than regarding the amendment of the Articles of Association of Vereniging Aegon, are made with an absolute majority of the votes. When a vote in the Executive Committee results in a tie, the General Meeting of Members has the deciding vote. Regarding the amendment of the Articles of Association of Vereniging Aegon, a special procedure requires a unanimous proposal from the Executive Committee, thereby including the consent of the representatives of Aegon at the Executive Committee. This requirement does not apply in the event of a hostile change of control at the General Meeting of Shareholders of Aegon, in which event Vereniging Aegon may amend its Articles of Association without the cooperation of Aegon. Furthermore, the two members of the Executive Board of Aegon, who are also members of the Executive Committee, have no voting rights on several decisions that relate to Aegon, as set out in the Articles of Association of Vereniging Aegon.

Other major shareholders

In this section where reference is made to any filings with the Dutch Autoriteit Financiële Markten or the SEC, the terms issued capital' and 'voting rights' are used as defined in the Wet op het Financieel Toezicht.

To Aegon's knowledge based on the filings made with the Dutch Autoriteit Financiële Markten, Dodge & Cox Stock Fund, BlackRock, Inc., EuroPacific Growth Fund, Capital Research and Management Company and Dodge & Cox International Stock Fund hold a capital or voting interest in Aegon of 3% or more.

Based on its filing with the Dutch Autoriteit Financiële Markten as at January 6, 2023, BlackRock, Inc. stated to hold 85,294,994 common shares, representing 3.2% of the issued capital as at December 31, 2022, and 107,390,388 voting rights, representing 4.0% of the issued capital as at December 31, 2022.

On February 1, 2023, BlackRock, Inc.'s filing with the US Securities and Exchange Commission (SEC) shows that BlackRock holds 114,047,254 common shares, representing 4.3% of the issued capital as at December 31, 2022, and has voting rights for 104,668,168 shares, representing 3.9% of the issued capital as at December 31, 2022.

Based on its last filing with the Dutch Autoriteit Financiële Markten as at November 26, 2021, Dodge & Cox Stock Fund stated to hold 80,432,242 common shares, representing 3.0% of the issued capital as at December 31, 2022.

Based on its last filing with the Dutch Autoriteit Financiële Markten as at February 26, 2021, Dodge & Cox International Stock Fund stated to hold 80,049,394 common shares, representing 3.0% of the issued capital as at December 31, 2022.

On February 14, 2023, Dodge & Cox's filing with the US Securities and Exchange Commission (SEC) shows that Dodge & Cox holds 199,224,483 common shares, representing 7.5% of the issued and outstanding capital as at December 31, 2022, and has voting rights for 191,198,558 shares, representing 7.2% of the votes as at December 31, 2022.

Based on its last filing with the Dutch Autoriteit Financiële Markten as at August 25, 2022, EuroPacific Growth Fund stated to hold 88,492,143 common shares, representing 3.3% of the issued capital as at December 31, 2022.

Based on its last filing with the Dutch Autoriteit Financiële Markten as at August 25, 2022, Capital Research and Management Company stated to hold 123,170,266 voting rights, representing 4.6% of the issued capital as at December 31, 2022.

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Additional information

Overview of Americas

Aegon Americas operates primarily in the United States and also has operations in Canada.

Aegon in the United States and Canada

In the United States, Aegon Americas operates primarily under two brands: Transamerica and World Financial Group Insurance Agency, an affiliated insurance agency. In Canada, Aegon Americas operates primarily through World Financial Group Insurance Agency of Canada. The use of the term "Transamerica" throughout this business overview refers to the operating subsidiaries in the United States and Canada, collectively or individually, through which Aegon conducts business, except those United States operations further described in the "Overview of Aegon Asset Management".

Transamerica is one of the leading life insurance companies in the United States, and the largest of Aegon's operating units worldwide. Transamerica employs approximately 7,000 people, and its businesses in the United States serve customers in all 50 states, the District of Columbia, Puerto Rico, the US Virgin Islands, and Guam. The company's primary offices are in Cedar Rapids, Iowa; Denver, Colorado; and Baltimore, Maryland. There are additional offices located throughout the United States. Effective January 1, 2022, all of MAG Seguros, Aegon's operation in Brazil, is reported as part of Aegon International.

Organizational structure

Transamerica Corporation is the holding company for Aegon's US operations, and all US business is conducted through its subsidiaries. Transamerica entities collectively have operating licenses in every US state, in addition to the District of Columbia, Puerto Rico, the US Virgin Islands, and Guam.

Transamerica is structured to provide customer solutions that are easy to understand and that address the full range of customers' financial protection and savings needs at every stage of life. Moreover, Transamerica's structure leverages its brand strength, expertise, and capabilities to fulfill Aegon's purpose of *Helping people live their best lives*.

Transamerica is organized into two business divisions, Individual Solutions and Workplace Solutions. Individual Solutions offers life insurance, annuities, and mutual funds to retail customers. Workplace Solutions offers retirement plan record-keeping, advisory services, employee benefits (life insurance and supplemental health insurance), group annuities, collective investment trusts, health savings and flexible savings accounts, individual retirement accounts, and stable value solutions to employers and their employees. Transamerica offers these product lines, described in greater detail below, through several distribution and sales channels and delivers insurance primarily through one of its key insurance subsidiaries Transamerica Life Insurance Company and, in New York, Transamerica Financial Life Insurance Company.

Aegon has designated the Unites States as a core market, with Transamerica's businesses classified as either Strategic Assets or Financial Assets.

Strategic Assets are those considered to have a greater potential for an attractive return on capital and growth. In Individual Solutions, Transamerica focuses on select life insurance and investment products, including term life insurance, final expense whole life insurance, indexed universal life insurance, mutual funds, structured index-linked annuities and certain variable annuities with limited interest rate sensitive guarantees. In Workplace Solutions, Transamerica focuses on small-to mid-sized retirement plan administration, employee benefits, stable value solutions, and the Transamerica Advice Center. It also continues to operate in the retirement plan administration market for large employers. In addition, Workplace Solutions provides value-added services, such as Managed Advice® and its proprietary investment solutions.

Several Transamerica product lines are considered Financial Assets. Financial Assets are capital intensive assets with relatively low returns on capital. In Individual Solutions, these are traditional variable annuities (VAs) with significant interest rate-sensitive guaranteed living benefits and death benefits; standalone individual long-term care (LTC) insurance; and fixed annuities. Transamerica generally ceased new sales of these products in the first half of 2021. New sales for Financial Assets will be limited, if any, and focused on products with higher returns and a moderate risk profile. In October 2022, Transamerica Life Bermuda (TLB) reinsured its closed block of universal life (UL) insurance with Transamerica. Transamerica will manage this block as a Financial Asset, while TLB will continue to write new business on a selective basis.

Overview of sales and distribution channels

Transamerica offers its products and services through affiliated and non-affiliated distributors to meet customer needs and provide guidance to its customers. Individual Solutions supports individual customers, whereas Workplace Solutions supports individuals primarily through their employers as customers.

Individual Solutions

Transamerica's Individual Solutions division products are sold through three primary distribution channels. The wholesale distribution channel consists of wholesale agreements with banks and wirehouses through our wholesale broker-dealer, Transamerica Capital, Inc. (TCI). The brokerage distribution channel offers product solutions through independent insurance producers. The affiliated retail agency and broker-dealer channel comprises of World Financial Group (WFG), Transamerica Agency Network (TAN), and Transamerica Financial Advisors (TFA), who serve clients across all market segments.

Workplace Solutions

Transamerica distributes its employer-sponsored Workplace Solutions products and services to employers through independent financial advisors, benefits consultants, and insurance agents. In addition, the Advice Center deploys a team of experienced registered representatives, investment advisor representatives, and licensed insurance agents to serve group plan participants and assist with IRA rollovers and retirement portfolio management.

Overview of business lines

Individual Solutions

Life Solutions

Transamerica offers a portfolio of protection solutions to customers in a broad range of market segments. Life products include term life, index universal life, and whole life insurance. Universal life and variable universal life are managed as a closed block.

Term life insurance

Term life (TL) insurance provides death benefit protection without cash value accumulation. Benefits are paid to policy beneficiaries in the event of the death of the insured during a specified period. Living benefit riders that provide accelerated benefits for critical illnesses or chronic conditions are available on term insurance.

Index universal life insurance

Indexed universal life (IUL) insurance provides permanent death benefit protection and cash value accumulation with flexible premium payments. What distinguishes it from other types of permanent life insurance is the way in which interest earnings are credited. Net premiums may be allocated to either a fixed account or indexed accounts. Indexed accounts credit interest based in part on the performance of one or more market indices. The credited interest is based on the index, but with a floor and a cap. IUL offers both market-paced growth potential in the indexed accounts and downside protection. LTC riders and other living benefit riders are available on IUL products.

Whole life insurance

Whole life (WL) insurance provides permanent death benefit protection provided that the required premiums are paid, while accumulating cash values based on statutory requirements. Premiums are generally fixed and usually payable over the life of the policy. Among the WL insurance products offered is final expense WL insurance, which is intended to cover medical bills and burial expenses.

Universal life insurance

Universal life (UL) insurance is flexible permanent life insurance that offers death benefit protection together with the potential for cash value accumulation. After the first few years, there is usually no set premium. The policyholder can adjust the frequency and amount of premium payments, as long as sufficient premiums are accumulated in the policy's account value to cover charges in the month that follows, which are called "monthly deductions". Some versions of this product, which are not actively sold, have "secondary guarantees". These maintain life insurance coverage when the cash value is insufficient, as long as the customer pays a specified minimum premium.

Variable universal life insurance

Variable universal life (VUL) insurance is permanent life insurance that offers both a death benefit and cash value accumulation potential with financial market participation. The premium amount for VUL insurance is flexible and may be changed by the policyholder within contract limits. Coverage amounts may change as well. The investment feature usually includes "sub-accounts", which provide exposure to investments, such as stocks and bonds. This exposure increases cash value return potential but also the risk of additional premium requirements or lower coverage amounts in comparison with a traditional, non-variable life insurance policy. Transamerica did not actively market VUL insurance in 2022.

Accident and health

Transamerica Individual Solutions no longer actively offers supplemental health insurance and standalone LTC insurance. Transamerica manages the standalone LTC business as a Financial Asset.

Supplemental health insurance

Supplemental health insurance products include accidental death and dismemberment, accidental injury, cancer, critical illness, disability, hospital indemnity, Medicare supplement, retiree medical, dental, vision, and supplemental medical expense indemnity issued by affiliated and/or unaffiliated insurance companies. Supplemental health insurance products within Individual Solutions are managed as a closed inforce block.

Long-term care insurance

LTC insurance products are a category of health insurance and provide benefits to policyholders that require qualified LTC services when they are unable to perform two or more specified activities of daily living or develop a severe cognitive impairment. LTC insurance helps protect against the high cost of LTC services, and it may also help families better manage the financial, health, and safety issues associated with LTC. Transamerica offers a LTC rider on certain life insurance products and stopped offering standalone products in 2021.

Mutual Funds and Collective Investment Trusts (CITs)

Mutual funds are professionally managed investment vehicles comprised of pooled money invested by numerous individuals or institutions. Such funds are invested in various underlying security types such as stocks, bonds, money market instruments, and other securities. Transamerica offers mutual funds that are focused on several different asset classes, including US equity, global/international equity, fixed income, money markets and alternative investments, as well as asset allocation and target-date funds with combined equity and fixed income strategies. Transamerica mutual funds utilize the portfolio management expertise of asset managers across the industry in a sub-advised platform, which are both affiliated with and not affiliated with Aegon. These managers are subject to a rigorous selection and monitoring due diligence process conducted by Transamerica Asset Management.

A CIT is a pooled investment fund, held by a bank or trust company, and generally available only to certain types of retirement plans and other institutional investors. Transamerica serves as the advisor to some of the CITs it offers, which focus on several different asset classes including US equity, international equity, and fixed income. Transamerica also leverages the portfolio management expertise of asset managers across the industry.

Annuity Solutions

Registered Index Linked Annuites (RILAs)

Transamerica began selling registered index linked annuities (RILAs) in the second quarter of 2022. A RILA is a tax-deferred long-term savings option that limits exposure to downside risk and provides the opportunity for growth. RILAs provide the opportunity for growth based in part on the performance of a stock market index. RILAs offer tax-deferred growth potential, annual free withdrawal amounts, and an option to convert the annuity into a stream of income for retirement or for other long-term financial planning. RILA owners do not invest directly in the underlying index. Premiums are invested at Transamerica's discretion as outlined in the contract and the RILA owner receives index-linked crediting, which can be positive or negative. The owner accepts a level of risk of market loss in exchange for higher upside potential.

Variable Annuities

Variable Annuities allow the policyholder to accumulate assets for retirement on a tax-deferred basis and to participate in equity or bond market performance. Additional insurance guarantees, which are offered through riders, can be added to VAs, including guaranteed minimum death benefits (GMDBs) and guaranteed living benefits (GLBs). GMDBs provide a guaranteed benefit in the event of death. GLBs are intended to provide a measure of protection against market risk while the annuitant is alive. Different forms of GLBs are offered, such as guaranteeing an income stream for life and/or guaranteeing principal protection. While Transamerica continues to offer certain variable annuities, it discontinued sales of variable annuities with significant interest rate sensitive living and death benefits in the first quarter of 2021 and manages that business as a Financial Asset.

Fixed Annuities

Fixed annuities allow the policyholder to accumulate assets for retirement on a tax-deferred basis through periodic interest crediting and principal protection. Transamerica stopped new sales of fixed and fixed indexed annuities in the first quarter of 2021. Premium additions on in force fixed annuities are allowed in some contracts. However, Transamerica's fixed indexed annuity stopped receiving any premium deposits after the second quarter of 2022, as the contracts allow for additions only for one year after issue.

Workplace Solutions

Life

Transamerica offers a suite of employee benefit plans that can help employees and their families in case of events that can throw saving and retirement plans off track. The Workplace Solutions life offerings include employer sponsored group life and supplemental life insurance products (term life, whole life, universal life). Workplace Solutions also offers individual life through the Advice Center, which offers customers the ability to confer with a registered retirement planning consultant regarding their investment strategy and additional needs for life events.

Accident and health

The Workplace Solutions employee benefit plans offer accident and health products including accidental death and dismemberment (AD&D), disability, and supplemental health insurance products (accident, cancer, critical illness, disability, executive medical, hospital indemnity, medical expense (gap), retiree medical).

Retirement Plans and IRAs

Comprehensive and customized retirement plan services are offered to employers across the entire range of defined benefit, defined contribution, and non-qualified deferred compensation plans for single employer plans, multiple employer plans (MEPs), and pooled employer plans (PEPs). Services are also offered to individuals rolling over funds from other qualified retirement funds or IRAs.

Retirement plan services, including administration, record-keeping and related services are offered to employers of all sizes and to plans across all market segments with focus on small to mid-sized organizations. Transamerica also works closely with plan advisors and third-party administrators to serve their customers. Transamerica Retirement Solutions is a top-ten defined contribution record-keeper in the United States based on number of plan participants.

Plan sponsors have access to a wide array of investment options. Tools are provided to help plan participants monitor their retirement accounts and engage in behavior to stay on track towards a funded retirement. Managed Advice® is a managed account option that plan sponsors can make available to participants that provides investment advice to participants using the plan's slate of funds.

For individuals, retirement-related services and products include IRAs, advisory services, and annuities as well as access to other financial insurance products and resources.

Stable Value Solutions

Transamerica's Stable Value Solutions business offers synthetic guaranteed investment contracts (GICs) primarily to tax-qualified institutional entities such as 401(k) plans and other retirement plans and college savings plans. A synthetic GIC "wrapper" is offered around fixed-income invested assets, which are owned by the plan and managed by the plan or a third-party money manager hired by the plan. A synthetic GIC is typically issued with an evergreen maturity and may be terminated under certain conditions. Such a contract helps to reduce fluctuations in the value of the wrapped assets and provides book value withdrawals for plan participants.

Competition

The US marketplace is highly competitive. Transamerica's competitors include other large insurance carriers, in addition to certain banks, securities brokerage firms, investment advisors, and other financial intermediaries marketing insurance products, annuities, and mutual funds.

In individual life insurance, leading competitors include Pacific Life, Lincoln National, Prudential Financial, John Hancock, National Life, Nationwide, and Corebridge Financial. Competitors for supplemental health include a wide range of companies and company types based on the nature of the coverage including Aflac, MetLife, Colonial Life, Allstate, Unum, and Guardian Life.

Transamerica's primary competitors in the VA market are Jackson National, Lincoln National, AIG, Nationwide, and Equitable. In the market for RILAs, the largest issuers are Equitable, Brighthouse Financial, Prudential Financial, Allianz, and Lincoln.

Some of Transamerica's main competitors in the mutual fund market include John Hancock, Hartford Funds, Lord Abbott, PGIM, and American Century.

In the defined contribution plan administration market, Transamerica's largest competitors (based on assets under administration) are Fidelity, Empower, TIAA, Vanguard, Alight, Principal Financial, Voya, and BofA Securities. Transamerica's largest competitors in the defined benefit segment are Alight, Willis Towers Watson, Conduent, Fidelity, Aon, Mercer, and Milliman.

In the market for synthetic GICs, Transamerica's Stable Value Solutions business, the largest competitors are Prudential Financial, MetLife, Voya, and Pacific Life.

Regulation and supervision

Transamerica's insurance companies are regulated primarily at the state level. Some activities, products, and services are also subject to federal regulation.

State regulation

The Transamerica insurance companies are licensed as insurers and are regulated in each US state and jurisdiction in which they conduct insurance business. The insurance regulators in each state carry out their mission by providing oversight in the broad areas of market conduct and financial solvency.

Transamerica's largest insurance company, Transamerica Life Insurance Company, is domiciled in Iowa, and the Iowa Insurance Division exercises principal regulatory jurisdiction over it. Iowa is Transamerica's designated lead state, giving Iowa a coordinating role in the collective supervision of Transamerica's insurance entities.

In the areas of licensing and market conduct, states grant or revoke licenses to transact insurance business, regulate trade, advertising and marketing practices, approve policy forms and certain premium rates, review and approve products and certain rates prior to sale, address consumer complaints, and perform market conduct examinations on both a regular and targeted basis.

In the area of financial regulation, state regulators implement and supervise statutory reserve and minimum risk-based capital requirements. Insurance companies are also subject to extensive reporting requirements, investment limitations, and required approval of significant transactions. State regulators conduct extensive financial examinations every three to five years.

State regulators have the authority to impose a variety of corrective measures, including the revocation of an insurer's license, for failure to comply with applicable regulations. All state insurance regulators are members of the National Association of Insurance Commissioners (NAIC), a non-regulatory industry association that works to achieve uniformity and efficiency of insurance regulation across the United States and US territories.

Recent state-level regulatory developments that impact Transamerica include changes to the product illustration rules for IUL insurance. The new rules attempt to make product illustrations more consistent across various product designs and should lead to a more level playing field for new sales within the industry.

The NAIC has finalized and is gradually implementing a liquidity stress testing framework for large life insurers, including Transamerica. The requirements are effectuated by changes to the NAIC's Insurance Holding Company System Regulatory Act, which must be adopted by each state, but current submissions are occurring under existing authority. It is anticipated that the required liquidity stress testing exercise will be performed annually.

Recent amendments (adopted in 2018) to the Life and Health Insurance Guaranty Association Model Act adjust guaranty fund assessments for future LTC insurance-related insolvencies so that 50% of such assessments come from life/annuity accounts, with the other 50% from health/Health Maintenance Organization accounts. Under the new formula, in the event of an LTC-related insolvency, Transamerica would be subject to a relatively greater burden for assessments imposed by state guaranty associations. To date, 36 states have adopted the amended model. State laws must be changed for the amendments to be effective, which occurs gradually (or not at all in some states).

Other emerging state issues that may impact Transamerica include a project by the NAIC to update the economic scenario generator that is required to be used to calculate prudential provisions for variable annuities and other products. In addition, the scenario generator is used to project "C-3 Phase 1" capital requirements for fixed annuities. The fixed annuity block is not fully hedged, which increases the likelihood of a material impact from the economic scenario generator initiative. The NAIC is also investigating emerging simplified and automated underwriting methodologies in light of nondiscrimination objectives. Finally, the NAIC is also exploring enhancements to existing climate risk regulation, including solvency assessment and risk disclosure.

Federal regulation

Although the insurance and retirement-related directed trustee and CIT business is primarily regulated at state level, securities products, and retirement plans products and services are also subject to federal regulation.

Variable insurance products and mutual funds offered by Transamerica are subject to regulation under the federal securities laws administered and enforced by the Securities and Exchange Commission (SEC). The distribution and sale of SEC-registered products by broker-dealers is regulated by the SEC, the Financial Industry Regulatory Authority (FINRA), and state securities regulators. A number of Transamerica companies are also registered as investment advisors and are subject to the SEC's Regulation Best Interest (Regulation BI), which establishes a "best interest" standard of conduct for broker-dealers and investment advisors when making a recommendation to a retail customer and requires potential conflicts of interest to be disclosed. Several states have adopted an NAIC model law that imposes similar standards as Regulation BI for the sale of non-variable annuities.

There continues to be a very active US federal legislative and regulatory environment with respect to financial services. While there is no certainty whether or in what form these proposals might be adopted, emerging federal proposals that may impact the businesses of Transamerica include a Department of Labor fiduciary advice proposal, several legislative proposals considering independent contractor classification, and new requirements regarding the disclosure of climate risks and potentially other environmental, social, and governance factors.

Information security and privacy regulation

Transamerica's businesses are regulated with respect to information security, data breach response, privacy, and data use at both the federal and state levels. At the federal level, various Transamerica companies are subject to the Gramm-Leach-Bliley Act (GLBA), the Fair Credit Reporting Act (FCRA), and the Health Insurance Portability and Accountability Act (HIPAA), among other laws. At the state level, the various departments of insurance typically administer a series of privacy and information security laws and regulations that impact several Transamerica businesses. In addition, in recent years numerous state legislatures have passed or have attempted to pass additional, more broad-based general consumer privacy laws, such as the California Consumer Privacy Act and the California Privacy Rights Act. Those California laws, as amended, will be administered by the newly formed California Privacy Protection Agency. Additional laws and regulations with respect to these topics are also anticipated to be promulgated and to go into effect in the coming years, and they may be administered by new or different state agencies or by the Offices of State Attorneys General. For example, NYDFS also published the Draft Amendment to its Part 500 Cybersecurity Rules that includes significant changes to the original Rule potentially resulting in further implementation effort for Transamerica. The White House, SEC, and other regulators have also increased their focus on companies' cybersecurity vulnerabilities and risks, including in relation to third-party service providers. The SEC proposed two rules in March 2022 related to cybersecurity disclosures and risk management that apply to registered investment advisors and funds and to Public Companies. Both rules are expected to have an impact to Transamerica should they be passed. Final action on these rules is expected in April 2023.

Overview of the Netherlands

For almost 180 years, Aegon has operated in the Netherlands, where it is a leading provider of life insurance and pensions. Aegon the Netherlands employs approximately 3,600 people has its main office in The Hague, with its other main offices in Amsterdam, Groningen, and Leeuwarden.

In October 2022 Aegon announced that it had reached an agreement with a.s.r. to combine its Dutch pension, life and non-life insurance, banking, and mortgage origination activities with a.s.r. The combination will create a leading Dutch insurance company. This step enables Aegon to accelerate its strategy and represents a major step in its ambition to become a leader in its chosen markets. Aegon will receive EUR 2.2 billion in gross cash proceeds and a 29.99% strategic stake in a.s.r., with associated governance rights.

The closing of the transaction is subject to customary conditions, including regulatory and antitrust approvals. Based on the required steps, and necessary approvals, the transaction is expected to close in the second half of 2023.

Organizational structure

Aegon the Netherlands also operates through several other brands next to Aegon brand, including Knab, TKP Pensioen, Nedasco, and Robidus.

Aegon the Netherlands has four lines of business:
- Life
- Mortgages
- Banking
- Workplace Solutions

Aegon the Netherlands' primary subsidiaries are:
- Aegon Bank N.V.
- Aegon Cappital B.V.
- Aegon Hypotheken B.V.
- Aegon Levensverzekering N.V.
- Aegon Schadeverzekering N.V.
- Aegon Spaarkas N.V.
- Nedasco B.V.
- Robidus Groep B.V.
- TKP Pensioen B.V.

Aegon the Netherlands is organized into Financial Assets and Strategic Assets.

The life insurance activities of Aegon the Netherlands are considered Financial Assets. Aegon has established a dedicated team to manage these businesses, which is responsible for maximizing its value,. Aegon selectively competes in the defined benefit market. This also includes supporting employers in their transition towards defined contribution solutions under the new pension agreement. New sales for these blocks are limited and focused on products with higher returns and a moderate risk profile: mainly immediate pensions annuities, indexations on existing group life contracts and risk insurance.

Strategic Assets are the businesses in which Aegon the Netherlands will invest to grow its customer base and increase margins. Aegon the Netherlands strategically focuses on the following business: Mortgages (Aegon Hypotheken), Banking (Knab); and Workplace solutions for employers. The last category consists of the following businesses: Aegon Cappital, TKP Pensioen, Aegon Schadeverzekering, Robidus, and Nedasco.

Overview of sales and distribution channels

Aegon the Netherlands uses a variety of distribution channels to help customers access the products and services appropriate to their needs. All business lines use an intermediary channel, which focuses on independent brokers in different market segments in the Netherlands. Aegon the Netherlands continues to invest in online capabilities to support customers and intermediaries, to further enhance the digital self-service experience.

Overview of business lines

Life

Aegon the Netherlands' Life entity (Aegon Levensverzekering) is managed as a Financial Asset. This means that the focus is on maximizing its value through active in-force management, disciplined risk management, and capital management actions. These actions focus on protecting the capital position, increasing capital generation, and reducing expenses by outsourcing the servicing of the life-books.

Pensions

In recent years there has been a shift from Defined Benefit (DB) pension plans to Defined Contribution (DC) pensions plans. In 2020, fundamental changes were proposed to the Dutch pension system. Although implementation has been delayed from 2026 to 2027, these changes include that new pension accrual is only allowed in DC schemes. As Aegon the Netherlands offers DC schemes through a separate legal entity - Aegon Cappital - the consequence for Aegon Levensverzekering is that all of its Group pension products will become service books.

Aegon the Netherlands will only selectively compete in the defined benefit market. This also includes supporting employers in their transition towards defined contribution solutions under the new pension agreement. Renewals of existing contracts are possible, but only if the renewal facilitates the existing customers in their transition to DC. In addition, Aegon Levensverzekering will continue to sell risk insurance and annuities that are closely linked to DC schemes. More detail on annuities is provided further below.

The Group DB products that remain on the balance sheet of Aegon Levensverzekering are as follows:
- Separate account group contracts with individually determined asset investment strategies, profit sharing and guarantees
- Contracts with profit sharing based on a pre-determined interest rate
- DB subscriptions, a standardized product that offers a one-year guarantee
- Contracts without profit sharing

As the DB subscription product remains open for existing customers and, as some contracts have a due date in the future, there are still premiums received for these products.

Annuities

The actively sold products in this category are simple payout annuities and variable annuities without guarantees. These products are linked to DC schemes in which participants build up their capital and are obliged, by law, to purchase an annuity at the pension date. Participants can choose between a guaranteed annuity - where all risks are borne by Aegon - or a variable annuity without investment guarantees, where all risks are borne by the participant. Given that a significant shift has been observed toward DC schemes, these annuities are a natural driver of growth as they provide a solution for the payout phase. Annuity insurance also includes older products with guaranteed interest rates and profit sharing for which no new business is written.

Risk insurance

This category mainly includes the survivor's pension insurance sold as a rider to DC pension schemes. Premiums are mainly paid by the employer and the product pays benefits to the spouse/children in the event of the death of the insured.

Endowment insurance

Endowment insurance includes several products that accumulate a cash value. Premiums are paid at inception or over the term of the contract. These products pay benefits on the policy maturity date, subject to survival of the insured. Most policies also pay death benefits should the insured die during the term of the contract. Minimum interest guarantees exist for all generations of endowment insurance products written, except for universal life products, for which premiums are invested solely in equity funds. These products are no longer being sold.

Term and whole life insurance

Term life insurance pays out death benefits should the insured die during the term of the contract. Whole life insurance pays out death benefits in the event of death, regardless of when this occurs. Premiums and amounts insured are established at inception of the contract and are guaranteed. The amount insured may be adjusted at the request of the policyholder. Term life insurance policies do not include profit-sharing mechanisms. Part of the whole life insurance portfolio has profit-sharing features, which are based on external indices or the return of related assets. In the first quarter of 2020, Aegon the Netherlands stopped offering these products.

Mortgages
Aegon the Netherlands offers mainly annuity and linear residential mortgages, while also catering to consumers requiring interest only mortgage loans. Mortgage loans are originated both as investments for Aegon the Netherlands' insurance and bank entities as well as distributed to third-party investors. Such investors are provided access to this high-quality asset class through the Aegon Dutch Mortgage Fund, Robuust (a third-party label where Aegon has the exclusive right to purchase and distribute the mortgages receivables), SAECURE (Aegon's Dutch residential mortgage-backed securities program), Aegon Bank N.V.'s covered bond program, and various bespoke structures to tailor to investors' needs. Investors value our mortgage offering for the attractive spread and low credit-loss experience through disciplined underwriting. Consumers and independent financial advisors choose Aegon mortgages for the high quality of service, reliable operations, and accessibility through the economic cycle.

Banking
Introduced in 2012 and operating under Aegon Bank N.V.'s banking license, Knab was the first fully online bank in the Netherlands. Knab's ambition is to be the online bank for entrepreneurs and their families. Knab focusses on digital innovation, human service, and user friendliness. As an online bank, Knab offers meaningful, understandable, and easy-to-use products and services for convenience today (such as payments and bookkeeping) and solutions for tomorrow helping customers to protect and grow their businesses and wellbeing (such as insurances and business loans). Knab aims to optimize wealth by closing the pension gap to help its customers to plan and attain their financial freedom in the future (such a savings, investments, and pension products).

Workplace solutions
Non-life
Accident and Health
Aegon the Netherlands offers disability and sick leave products to employers to cover payments to their employees that are not covered by social security and where the employer bears the risk. For some risks, employers can choose to use the government provided system, self-insure, or buy commercial insurance via, for instance, Aegon. Private insurance appeals to employers, because it offers a wider set of coverage options and can therefore be better tailored to the needs of the employer in protecting its employees. Waiver of pension premium in case of disability is offered through Aegon Cappital.

For individuals, Aegon the Netherlands offers a disability product mainly targeted at the growing self-employed market.

Property and Casualty (P&C)
Aegon the Netherlands has focused exclusively on retail lines in P&C insurance, offering products in the segments of property, motor, travel, legal assistance, private liability claims, pet insurance, and injury. The ambition for the P&C retail segment is to provide the best digital service in the Dutch P&C market while building long-lasting relationships with customers and distribution partners.

Through the service concepts, Aegon the Netherlands supports intermediaries with excellent digital processes to help their customers live their best lives. This is done by stimulating performance at sustainable levels for customers, intermediaries, and the insurer. In addition to the intermediary market, Aegon the Netherlands has further developed digital and online capabilities, especially as the direct market has sustained a sizable share in the overall distribution in the past years, in particular for the Motor segment. The direct market includes sales via Aegon's own website and affiliates, as well as through aggregator websites.

Aegon Cappital
Aegon Cappital is a low-cost provider of DC pension schemes offered through intermediary advisors. Aegon Cappital offers DC pension schemes in a standardized subscription-based model and via customized contracts. The model enables employers to choose from a variety of contribution tables and social security offsets, while remaining flexible for regulatory changes, such as changes in pension age or fiscal contribution limits. Savings premiums are invested in life cycle funds managed by Aegon Investment Management B.V.

Aegon Cappital is one of the largest pension premium institutions ("PPIs") in the Netherlands and benefits considerably from economies of scale. Aegon the Netherlands has identified this market as an opportunity for growth and intends to maintain its leadership position with Aegon Cappital in cooperation with other Aegon units. The volatile interest rate environment, which result in unpredictable DB pension costs for the employer did result in a continued shift from DB to DC schemes. In addition, the fundamental changes of the Dutch pension system as of mid-2023 will add to this shift up until the implementation of the new pension system will be completed (January 1, 2027).

The schemes include disability and/or life insurance which are offered by partners Aegon Levensverzekering, Aegon Schadeverzekering, and Elips Life AG, and the option for participants to buy deferred annuities offered by partner Aegon Levensverzekering. The main risks for Aegon Cappital are operational and regulatory risk.

TKP Pensioen, Robidus, and Nedasco

TKP Pensioen is a top-three player in the Dutch market for pension administration. TKP Pensioen administers pension rights for several large company and industry pension funds, as well as other pension providers such as premium pension institutions. Their customers – 105,000 employers representing 3.8 million participants – rely on TKP Pensioen for correct and timely pension payments, and clear and accessible pension information and communication. This ranges from the mandatory pension statements to customer contact and digital customer services.

Robidus Groep advises corporations on the risks and associated costs of absenteeism and disability under Dutch social security legislation and acts as an insurance broker for income related insurances.

Nedasco is an intermediary service provider that is mainly active in non-life business domains.

Competition

Aegon the Netherlands faces strong competition in all markets from insurers, banks, investment companies, and pension funds. Its main competitors are NN Group, a.s.r., and Allianz Benelux.

Aegon has been a key player in the total life market for many years and was ranked fourth in 2021 based on gross premium income. The life insurance market in the Netherlands comprises of pensions and life insurance. The top-five life insurance companies in the Netherlands by gross premium income accounted for over 75% of total premium (Individual Life and Pensions) income in 2021. In the non-life market in 2021, Aegon the Netherlands is one of many insurers with a market share of around 5% in Income Protection and 1% in Property and Casualty Insurance, making it the fifth and nineteenth largest company in these markets respectively.

In the mortgage loans market, Aegon the Netherlands held a market share of over 6% based on new sales in 2021, making it the fifth-largest mortgage loan provider in the market. The top-three banks (ABN AMRO, ING Bank, and Rabobank) remain the largest mortgage loan providers in the market and competition is increasing from the entry of foreign competitors and capital pension funds.

Aegon the Netherlands' share in the market for Dutch household savings was just over 2% in 2021, which is relatively small in comparison to the top-three which are ABN AMRO, ING, and Rabobank.

In the pensions market, the defined contribution (PPI) segment is set to grow further due to the fundamental changes of the Dutch pension system as of July 2023, with final implementation date 1 January 2027, and the demand for transparent and cost-effective pension products. Aegon Cappital is the number one in the market based on number of participants and the number two in the market based on assets under management in 2021.

The market for buy-outs is expected to be large and Aegon will deploy its capital strategically and participate selectively when it fits the strategy, meaning that value add for customers and growth of strategic assets will be the main considerations.

Regulation and supervision

General

Regulation of the financial sector in the Netherlands is included in the Financial Supervision Act (Wet op het financieel toezicht or Wft). The Wft embeds the cross-sectorial functional approach within the Dutch supervisory system. The supervision of financial institutions pursuant to the Wft rests with the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM).

The DNB is responsible for prudential supervision, while the AFM supervises the conduct of business of financial institutions, and the conduct of business on financial markets. The aim of the DNB's prudential supervision is to ensure the solidity of financial institutions and contribute to the stability of the financial sector. Regarding banks, the DNB undertakes its supervisory role, in particular with respect to prudential supervision, together with the European Central Bank (ECB).

The AFM's conduct of business supervision focuses on ensuring orderly and transparent financial market processes, integrity in relations between market parties, and due care in the provision of services to customers.

The Dutch supervisory authorities have several formal tools to exercise their supervisory tasks. These tools include the authority to request information, if this is necessary for the purpose of prudential supervision, and the power to issue formal instructions to financial institutions, to impose fines, or to publish sanctions. The DNB, as prudential supervisory authority, can, under certain circumstances, require a recovery plan, a short-term financing plan, appoint a trustee, draw up a transfer plan or (ultimately) withdraw the license of a financial institution.

The Dutch Data Protection Authority (Dutch DPA) supervises processing of personal data in order to ensure compliance with laws that regulate such use. The tasks and powers of the Dutch DPA are described in the General Data Protection Regulation (GDPR), supplemented by the Dutch Implementation Act of the GDPR.

Financial supervision of insurance companies
The Solvency II framework consists of, inter alia, an EU Directive and EU Delegated Regulation. The EU Directive has been transposed into Dutch legislation, in particular the Wft. The EU Delegated Regulation is directly applicable, without transposition into local legislation.

The following insurance entities of Aegon the Netherlands are subject to prudential supervision by the DNB:
- Aegon Levensverzekering
- Aegon Schadeverzekering
- Aegon Spaarkas

An insurance company is neither permitted to conduct both life insurance and non-life insurance business within a single legal entity (except for reinsurance), nor to carry out both insurance and banking activities within the same legal entity. Within Aegon the Netherlands, Aegon Levensverzekering and Aegon Spaarkas conduct life insurance activities. Aegon Schadeverzekering conducts non-life insurance activities.

Solvency II
The Solvency II framework is described in more detail in the section "Regulation and supervision" of Aegon’s Integrated Annual Report 2022.

Aegon the Netherlands uses a partial internal model (PIM) to calculate the solvency position of its life insurance activities under Solvency II. The calculation includes the use of the volatility adjustment (VA) but does not include the use of any transitional measures. The initial internal model of Aegon the Netherlands was approved on November 26, 2015, by the supervisor, the DNB, as part of the Internal Model Application Process. Following the Internal Model Application Process, Aegon the Netherlands made several major changes to its PIM, which have all been approved by DNB.

Dutch Act on Recovery & Resolution for Insurers
The Dutch Act on Recovery & Resolution for Insurers (R&R Act) is the applicable intervention regime for insurance and reinsurance companies in the Netherlands faced with financial difficulties.

The R&R Act has introduced a revised regulatory framework for recovery and resolution of Dutch insurance and reinsurance companies and provides for a range of measures to be taken by these companies and the DNB ex ante, in order for these insurance and reinsurance companies to be prepared for recovery in circumstances where it no longer meets the required solvency requirements and for orderly resolution, in circumstances where it is failing or is likely to fail.

Financial supervision of credit institutions

Pursuant to the SRM (Single Resolution Mechanism) Regulation and the BRRD (Banking Recovery and Resolution Directive), Aegon Bank N.V. is at all times required to meet a minimum amount of own funds and eligible liabilities ("MREL"), expressed as a percentage of the total liabilities and own funds. The DNB sets a level of minimum MREL on a bank-by-bank basis, where DNB will set a requirement for Aegon Bank N.V. that will become effective by January 1, 2024. This requirement is still to be finalized based on the annual Supervisory Review and Evaluation Process ("SREP") decision in 2023.

The implementation of Basel IV in EU regulation will be completed through amendments in the Capital Requirements Regulation 3 ("CRR3") and the Capital Requirement Directive 6 ("CRD6") framework, for which EU Council agreed on its position on the implementation of the Basel III reforms. With the proposals made public the EU Council, it is ready to start negotiations with the European Parliament in order to agree on a final version of the texts, which are expected to be ready in 2023 or 2024 to become effective at a later date. The impact for Aegon Bank N.V. is expected to be limited or positive as it applies the Standardized Approach and is therefore not impacted by the output floor as would be the case for banks using the Internal Rating Based models. The proposed changes include, among others, stricter rules for internal models, a capital floor, and revisions to the standardized approaches for credit risk. Aegon Bank N.V. is expected to be mainly impacted by the changes in Standardized Approach ("SA") for Credit Risk on mortgages where buckets and risk weights are revised versus the existing regulation.

Overview of United Kingdom

Aegon United Kingdom (Aegon UK) is the market-leading investment platform in the United Kingdom, providing a broad range of investment, retirement solutions, and protection products to individuals, advisers, and employers.

Aegon UK accesses customers through the workplace and retail financial advisers and has a market-leading position in each. It actively trades with over 4,000 advisers and around 10,000 employers giving it 4.1 million customers and GBP 187 billion assets under administration (AUA).

Aegon has designated the United Kingdom as a core market with strategic focus on growing the Workplace and Retail channels, and on retaining customers in its traditional insurance book. Aegon UK is viewed as a Strategic Asset, which Aegon plans to invest in with a view to growing the customer base, improving customer retention, and growing margins.

It employs over 2,500 people and its main offices are in Edinburgh, London, Peterborough, and Witham.

Organizational structure

Aegon UK plc is Aegon's holding company in the United Kingdom. It was registered as a public limited company in December 1998. The leading operating subsidiaries, which all operate under the Aegon brand, are:

- Scottish Equitable plc
- Cofunds Limited
- Aegon Investment Solutions Limited
- Aegon Investments Limited

Overview of business Lines

Aegon UK operates a modern fee-based investment "platform" business along with a "traditional insurance" business.

Aegon UK's platform business delivers a range of propositions through Workplace and Retail channels, together with protection products and an institutional trading platform business. This is supported by an investment solutions capability that allows customers to invest in proprietary Aegon funds, driving additional fee margin.

Aegon UK's traditional insurance business consists of older contracts that are no longer actively marketed to new customers.

Overview of sales and distribution

Aegon UK has two principal distribution channels: the Workplace accessed through employers and Retail via financial advisers.

Aegon UK works with those employers and advisers to deliver an online experience for customers. The platform is designed to support customers throughout their life as needs evolve by providing a comprehensive range of products and funds, moving with them each time they change employers and allowing them to engage with different advisers.

This single set of products gives Aegon UK the flexibility required to support the modern, complex lives customers are living to and through retirement. Aegon UK is aiming to provide customers with the support they need to make the big financial decisions implicit in this life by embedding a digital first ecosystem of education, guidance, and advice to complement the comprehensive product offering.

Aegon UK is investing to capitalize on its strong positions in the Workplace and Retail markets, which are forecast to grow materially in the medium to long term.

Workplace channel

The Workplace channel provides UK-based employers with Workplace pensions and savings schemes. It allows Aegon UK to participate in the strongly growing auto-enrolment market by delivering a market leading financial wellbeing proposition allowing it to cost effectively acquire around 250,000 individual customer relationships every year.

Aegon UK has a leading position covering all major Workplace savings products and participates in both the small and medium-sized (SME) and large employer segments. A key driver of growth is in the Master Trust market, the fastest-growing sector of the UK Defined Contribution market, where Aegon UK has an established and market-leading offering.

Aegon UK works with leading employee benefits consultants and corporate advisers to provide a Workplace savings platform to employers such as WH Smith, EasyJet, and Skanska. This combines its core pension capabilities with Individual Savings Accounts (ISAs) and General Investment Accounts (GIAs), which allows employees to maximize their savings while employed.

At the heart of this is Aegon UK's employee digital portal providing a personalized customer experience. This provides tools to enable employees to make more informed decisions. The portal also links into the wider engagement activities such as seminars in the workplace, and online innovations that help customers consolidate assets held elsewhere, increase their savings, and transition into retirement.

Aegon UK is investing in two key areas to drive differentiation:

- Personalized Member Experience – A series of developments to enhance our employee digital portal and app starting with the launch of a new digital financial education platform supported by live television events from Pension Geeks in 2022. This will be followed by a series of enhancements to digitize key journeys and enhance the tools/support provided to customers.
- Environmental, social, and governance (ESG) Integration – ESG is now integrated within our workplace default investments with c. GBP 15.6 billion of assets at December 31, 2022 in optimised and screeded strategies (2021: c. GBP 12.1 billion).

Retail channel

The Retail channel provides financial advisers and other institutions access to long-term savings and retirement products, through an open architecture investment platform. It aims to capitalize on the strong demand for advice, especially within the growing affluent population nearing and in retirement.

Aegon UK offers a comprehensive proposition allowing advisers to manage their clients' long-term investments by offering equity trading, and a choice of over 4,500 investment options. Aegon UK is continuing to develop a strong range of own brand investment solutions and plans to extend them in 2023.

Aegon UK provides a technology platform that supports advisers and their customers in managing their finances and is integrated with the back offices of the advisers. The aim is to create a primary platform relationship, which positions Aegon UK to receive the majority of new business flows from the adviser partner.

Over 4,000 adviser firms have placed business with Aegon UK in the last year across a wide range of business models. These include leading wealth management firms such as Chase De Vere, financial services networks such as Quilter, and execution-only brokers.

Nationwide Building Society has been an important partner for Aegon UK since the relationship was established in 2017. An important dimension of the Nationwide partnership is the inclusion of Aegon UK's own investment solutions.

Aegon UK's investment in the retail channel focuses in two key areas:

- Delivering a program of enhancements to existing processes/journeys to drive value through existing adviser relationships.
- Transforming the user experience and core journeys for the core Aegon Retirement Choices/Aegon One Retirement offerings – this has been developed over the last two years and will be rolled out to advisers and customers during 2023 which will accelerate the pace of new proposition delivery.

Protection channel

Aegon UK offers a range of products for Retail customers, including life cover, critical illness, and income protection available through financial advisers. The target market is wealthier customers over the age of 40, where Aegon UK's underwriting expertise helps it to provide a customer-centric proposition.

In addition, Aegon UK offers a range of protection products for small to medium-sized companies that wish to insure key personnel, complementing the core offerings in the Workplace channel.

Institutional channel

Aegon UK also participates in the institutional market in two areas where investment trading capability is provided to other parties who provide policy administration to the end-client:

- An institutional trading platform which powers 26 of the UK's leading platforms, wealth management firms, and investment houses (for example Brooks Macdonald and Charles Stanley)
- An investment-only proposition for Workplace pension schemes, which provides access to insured funds for approximately 140 clients.

Competition

Aegon UK is well positioned for growth, possessing market leading positions with strong growth potential.

Aegon UK is unique in the way it supports intermediaries wishing to operate across channels providing an end-to-end customer experience.

In the Workplace market, Aegon UK provides employee benefits, engagement, and scheme governance. Competitors include Aviva, Legal & General and Willis Towers Watson.

In the Retail market, Aegon UK aims to become the "primary platform" for intermediaries and competitors include Fidelity, Transact, and Quilter.

Regulation and supervision

All relevant Aegon UK companies based in the UK are either: authorized by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA; or authorized and regulated by the FCA, dependent on firm type.

The PRA is responsible for the prudential regulation of deposit takers, insurers, and major investment firms. The FCA is responsible for regulating firms' conduct in Retail and Wholesale markets. It is also responsible for the prudential regulation of those financial services firms that do not come under the PRA's remit.

The Aegon Master Trust is subject to regulatory oversight by The Pensions Regulator.

Following the United Kingdom's exit from the European Union, financial regulation derived originally from EU legislation and has been retained by the United Kingdom. In light of their autonomy, the UK Government and Regulators reviewed the UK Regulatory Framework and are reverting to a model in which UK financial services Regulators lead on developing regulatory requirements for firms, subject to arrangements allowing for accountability to and scrutiny by HM Treasury and Parliament. In the long run, retained EU law will be repealed and replaced, or moved to the Regulators' rulebooks. The Regulators and Government are also making targeted interventions to amend certain aspects of retained EU law, with changes in areas such as Solvency II.

Financial supervision of insurance companies

Scottish Equitable plc is authorized by the PRA and is subject to prudential regulation by the PRA and conduct regulation by the FCA. Every life insurance company licensed by and/or falling under the supervision of the PRA must file audited regulatory reports at least annually. These reports, are primarily designed to enable the PRA to monitor the solvency of the insurance company, and include a (consolidated) balance sheet, a (consolidated) income statement, a breakdown of the Solvency Capital Requirements, extensive actuarial information, and detailed information regarding the investments of the insurance company. With effect from December 31, 2022, Aegon UK is also subject to group supervision at the level of Aegon UK plc under the UK Solvency II regulations as a result of the UK exit from the EU.

Regulatory Solvency Requirements

The UK adopted Solvency II regulations and Binding Technical Standards as they stood at the end of the Brexit transition period on December 31, 2020, into UK law. Consequently, the United Kingdom continues to adopt regulatory solvency requirements which are broadly aligned to those under Solvency II. UK life insurance companies are required to maintain Own Funds which are sufficient to withstand a 1-in-200-year shock on a 1-year value-at-risk basis, subject to certain absolute minimum requirements.

One area of divergence is that the PRA now publishes its own Technical Information, including basic risk-free term structures, which must be used by UK Solvency II firms. The United Kingdom and the European Union are both conducting separate reviews of Solvency II which may lead to some further divergence.

Since the introduction of Solvency II on January 1, 2016, Scottish Equitable plc has been using the Aegon's Partial Internal Model (PIM) to calculate its solo solvency position and its contribution to group solvency. Following the end of the Brexit transition period, the PRA approved the use of the existing PIM for the calculation of the solo regulatory solvency requirements of Scottish Equitable plc. Aegon UK intends to maintain close alignment of the UK PIM and Group PIM in the future, where this remains appropriate.

Scottish Equitable plc uses the Matching Adjustment in the calculation of the technical provisions for its annuities and uses the Volatility Adjustment in the calculation of the technical provisions for the With-Profits business with investment guarantees.

Regulatory requirements for investment firms

From January 1, 2022, the FCA's Investment Firm Prudential Regime (IFPR) rules entered into force. These are relevant to Cofunds Limited, Aegon Investment Solutions Limited and Aegon Investments Limited. The IFPR rules establish minimum capital requirements as the higher of the Own Funds Requirement (OFR) and the Overall Financial Adequacy Requirement (OFAR). The OFR is the higher of the Fixed Overhead Requirement, the Permanent Minimum Requirement, or the new "K-factor" requirement (which replaced the credit risk requirement). The IFPR also replaces the Internal Capital Adequacy Assessment Process (ICAAP), with a new Internal Capital Adequacy and Risk Assessment (ICARA) process. The outcome of this assessment is the OFAR. Under ICARA, there is more focus on the impact of risks and the potential harm to clients, liquidity, wider markets, and the firm itself.

Overview of International

Aegon International consists of Aegon's three growth markets, Spain & Portugal, Brazil and China. It also includes Aegon's businesses in Central and Eastern Europe, the high-net-worth (HNW) life insurance company Transamerica Life Bermuda (TLB), and some smaller ventures in Asia.

Aegon's presence in the Spanish insurance market dates back to 1980. The activities in Spain (and Portugal) have developed largely through distribution partnerships with Spanish banks Banco Santander S.A. Operations in Asia were established in 2003, starting with a joint venture in China. Transamerica Life Bermuda (TLB), was established and incorporated in Hamilton, Bermuda in 2005. Its full-service branches in Hong Kong and Singapore were established in 2006.

In 2008, a joint venture in India was formed.

In November 2020, Aegon announced an agreement to sell its Central & Eastern European operations (Hungary, Poland, Romania, and Turkey) to Vienna Insurance Group AG Wiener Versicherung Gruppe, as part of its strategy to focus on three core markets (the United States, the United Kingdom, and the Netherlands), three growth markets (Spain & Portugal, Brazil, and China), and one global asset manager.

Since January 1, 2022, Mongeral Aegon Group (MAG Seguros) is reported as part of Aegon International. Aegon has a 54.9% economic interest, including 50% of the voting common shares, in MAG Seguros. The joint venture was formed in 2009 with local traditional group Mongeral, which was founded in 1835.

Organizational structure

The key lines of business within Aegon International are Spain & Portugal, TLB, China, and Brazil. The remaining business units are grouped in one category called "Others" for reporting purposes. The corresponding principal subsidiaries and affiliates (including Aegon's ownership percentages, where relevant) are as follows:

Spain & Portugal:
- Aegon España S.A.U. de Seguros y Reaseguros (Aegon España Insurance and Reinsurance)
- Santander Generales Seguros y Reaseguros S.A. (Santander General Insurance and Reinsurance) (51%)
- Santander Vida Seguros y Reaseguros S.A. (Santander Life Insurance and Reinsurance) (51%)
- Aegon Santander Portugal Não Vida-Companhia de Seguros S.A. (Aegon Santander Portugal Non-Life Insurance Co.) (51%)
- Aegon Santander Portugal Vida-Companhia de Seguros de Vida S.A. (Aegon Santander Portugal Life Insurance Co.) (51%)

TLB:
- Transamerica Life (Bermuda) Ltd.

China:
- Aegon THTF Life Insurance Co., Ltd. (50%) in China

Brazil:
- Mongeral Aegon Seguros e Previdência S.A. (54.9%)
- Sicoob Seguradora de Vida e Previdência S.A. (27.5%)

Other subsidiaries:
- Aegon Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna (Aegon Poland Life)
- Aegon Powszechne Towarzystwo Emerytalne Spółka Akcyjna (Aegon Poland Pension Fund Management Co.)
- Aegon Pensii Societate de Administrare a Fondurilor de Pensii Private S.A (Aegon Romania Pension Administrator Co.)
- Aegon Life Insurance Company Ltd. (49%) in India
- Aegon Insights Ltd

Overview of sales and distribution channels

Aegon International distributes its products directly to consumers (online and/or physical branches) and via banks, brokers, (tied) agents, and other digital/ e-commerce partners.

The sales and distribution channel mix varies per country, reflecting the differences in the local insurance markets.

Spain & Portugal

In Spain & Portugal, the life insurance and health products are sold by Santander Life Insurance and Reinsurance, whereas the non-life insurance (accident, home, unemployment, disability, critical illness dependency, and funeral) products are sold by Santander General Insurance and Reinsurance Company.

Unicaja Bank S.A. (previously Liberbank, S.A.) was another bancassurance partner of Aegon up until 2022. On July 30, 2021, a merger between Liberbank and Unicaja Bank was completed, with Unicaja being the acquiring legal entity. Liberbank has ceased to be a distinct legal entity and all of its assets and liabilities have been transferred to Unicaja. As a result of the merger, Unicaja Bank has had temporary bancassurance agreements with each of Aegon, MAPFRE and Santa Lucía. On May 23, 2022, Aegon announced it had decided to sell its 50% stake in the Spanish insurance joint venture with Liberbank to Unicaja Banco. The net proceeds of the transaction amount to EUR 145 million. The sale of the 50% stake in the joint venture with Liberbank was completed in October 2022 with net proceeds upstreamed to Aegon in December 2022.

Aegon España's own distribution channel offers life, health, and pension products. The network of brokers and agents accounts for approximately 80% of the total sales of the fully owned subsidiary, and the remaining 20% is generated by the direct channel.

Central & Eastern Europe

Distribution channels in Central & Eastern Europe (CEE) are dominated by tied and external agents as well as brokers. In Romania, our main distribution channel is bancassurance, where we have partnerships with Banca Transilvania and Alpha Bank.

TLB and Aegon Insights

TLB distributes its life insurance products to HNW customers through targeted distribution relationships with selected local and international brokers, financial advisors, and via bancassurance channels.

With its singular focus on the HNW segment, TLB has extensive experience in handling large sums assured and complex cases supporting HNW customers' legacy and business planning needs.

In October 2022, TLB reinsured its closed block of universal life (UL) insurance with Transamerica. Transamerica will manage this block as a financial asset, while TLB will continue to write new business on a selective basis.

Aegon Insights is a marketing, distribution, and administration services business operating in Asia Pacific. It primarily works with local insurers to develop tailored solutions to specific needs. The revenue is generated through underwriting reinsurance agreements and fee income. With changes in consumer preferences, Aegon made the strategic decision to discontinue Aegon Insights' new business acquisition, while continuing to provide services to the existing customer base in Australia, Hong Kong, Indonesia, and Japan.

China: Aegon THTF

Aegon operates in China through a joint venture with Tongfang Co. Ltd., Aegon THTF Life Insurance Co., Ltd. (hereafter: Aegon THTF). The joint venture is licensed to sell life insurance, annuity, accident and health products in China. Since 2003, the company has expanded its network of branches, primarily in the coastal provinces of Eastern China. It has access to a potential market of approximately 700 million people.

Aegon THTF follows a multi-channel distribution strategy, including agency, brokers, banks, group sales and digital e-commerce platforms.

India: Aegon Life

Since 2008, Aegon operates in India through its joint venture with Bennett, Coleman & Co. Ltd. (BCCL). The joint venture, Aegon Life Insurance Company, Ltd. (hereafter: Aegon Life) has a mobile and digital consumer model, working through large-scale digital partners since December 2020.

Brazil: MAG Seguros

In Brazil, the joint venture has two major insurance companies generating revenue streams, MAG Seguros and Sicoob Seguradora. Together, they have 6 million clients in 2022. More than half of MAG Seguros' annual new premium is sold by home-recruited individual brokers and market life insurance specialists, hosted in a proprietary environment called Sales Rooms. The independent investment agents are the second-largest distribution model, selling mostly term and whole life policies. The rest is spread among individual and/or group life products distributed through large brokerage firms, digital direct sales, and partners/cooperatives, including affinities and credit life in B2B2C models. Sicoob Seguradora distributes individual, group and credit life protection products in a bancassurance model through affiliate agencies to its cooperative associates.

Overview of business lines

Aegon International focuses on serving retail customers with individual life and different types of general, accident, and health insurances.

Life insurance, savings and protection

Spain & Portugal's life insurance business comprises of life savings and individual and group protection products, where individual life-risk and health products form the larger part of the business. Customers' savings needs are serviced by Aegon España through its affiliates, offering universal life and unit-linked products. Protection business, pursued both in Spain & Portugal, includes primarily life, health, accident, and disability cover distributed through the joint ventures and Aegon España's own channels. These products can typically be complemented with critical illness, income protection, and other riders.

In Poland, Aegon focuses on unit-linked and traditional life products. The Romanian branch currently sells term life insurance policies with guaranteed interest, with or without a profit-sharing component.

In Asia, Aegon provides a broad range of life insurance products, including unit-linked, universal life, and traditional life products.

Over the past year, TLB has updated and diversified its product suite. Along with its enhanced flagship product of Universal Life Alpha Pro & Pro Century, its offerings now include the Genesis Indexed Universal Life (IUL) product, that provides a lower guarantee combined with a greater wealth accumulation potential, and the Trendsetter Ultra Term Life, designed for HNW personal and business protection.

In China, regular premium whole life products with increasing sum assured, whole life products with level sum assured, and whole life critical illness products are key products for many channels, such as agencies, banks, and brokers. Products such as participating annuity and endowment (via agency) are also offered. Single premium endowment is the key product offered in the banks channel, while the digital channel currently focuses on offering protection products, such as term life.

In India, Aegon Life currently offers Group term plans, individual term plans, and unit-linked life insurance plans.

In Brazil, most of the new businesses of MAG Seguros are individual life-risk products. The greater part of them are whole life or yearly renewable policies without cash value with riders such as temporary disability, critical illness, surgeries, or home services. Sicoob Seguradora sells individual and credit life policies. Both companies offer group life solutions for corporate markets.

Health insurance

Health insurance is primarily offered as riders on life insurance policies in Spain and China and as a standalone health insurance in Spain.

In Spain, health insurance is offered through Aegon's own channels and through Santander's branches. Aegon collaborates with medical partners across the country. In Portugal, it is also offered through Santander Totta's distribution network.

Aegon THTF offers various kinds of health insurance, such as middle-end medical reimbursement, and short-term critical illness, mainly through agencies, brokers, banks, digital, and group channels.

In Brazil, MAG Seguros has developed a segment of portfolio within its life insurance operation called "Well being Pillar" aimed a target market of 100 million people underserved by public health and people that cannot afford a private health plan in Brazil. The main products offered are protection for disabilities – both permanent or temporary – critical illness, surgeries, services such as online medical consultations, and network of pharmacies discounts.

Pensions

As at December 31, 2022, Aegon managed the savings of approximately three million pension fund members in Spain and the CEE.

In Spain, customers' pension saving needs are serviced by Aegon España through its managed pension funds.

Aegon's pension business in CEE was impacted by reforms to the pension system during the past years. In 2022, Aegon was active in the (formerly mandatory) private pension market in Poland and Romania.

In Brazil, the joint venture operates pensions throughout several strategies. Its main company, MAG Seguros, partners with existing pension funds and offers embedded life and disabilities insurance within the pension funds' new enrollee application form. MAG Seguros is currently leader in this segment.

General insurance

Aegon España has been offering general insurance products, mainly household protection, unemployment, accident, dependency, and funeral insurance, since 2013 through its joint ventures with Banco Santander.

Aegon THTF in China also offers short-term accident products.

Competition

Spain & Portugal

The Spanish insurance market is highly competitive. For traditional life, unit-linked variable life and pension products, the major competitors are retail bank-owned insurance companies. For health and general insurance products, the main competitors are both foreign and local companies. Aegon España is the exclusive provider of protection products to Banco Santander. The exclusive partnership also holds for Portugal. Key competitors for Aegon's joint ventures with Banco Santander in Spain and Portugal are large traditional insurance companies.

Central & Eastern Europe

Aegon is the eleventh largest life insurance market participant in Poland (based on standardized APE), with PZU as a market leader. In Romania, Aegon ranks as the sixth player as of December 2022.

In the pension fund market in 2022, Aegon ranked fourth in Poland (open pension fund) and Romania (mandatory private pension scheme) in terms of both the number of participants and managed assets. Aegon has a smaller share in the voluntary pension market in Romania.

China

As of June 30, 2022, there were 91 life insurance companies in the market, including 64 domestic life companies and 27 foreign life insurers. Based on the gross written premium (GWP), Aegon THTF ranked forty-fourth among 73 companies that have published their GWP data and thirteenth among foreign life companies in China. Aegon THTF's market share among foreign life insurers was 2.1% in terms of total premium.

India

There were 24 licensed life insurers in India at the end of August 2022. While the state-owned Life Insurance Corporation of India continues to hold a dominant share of 68% of the market share of the sector's total new business premiums (both individual and group) during the period of April 2022 to August 2022. Private sector companies have grown only modestly to obtain more than 63% of the individual recurring new business premiums written (April 2022 to August 2022). Aegon Life India ranked twenty-third among private life insurers according to individual recurring premiums (April 2022 to August 2022).

TLB

TLB's competitors in Asia have mainly been other global life insurance providers such as HSBC Life, Manulife Bermuda, and Sun Life Bermuda. The local subsidiaries of both Sun Life and Manulife, in addition to domestic insurers such as AIA, Great Eastern Life, Singapore Life, Generali, AXA, and FWD, have also been developing competitive offerings for the HNW market segment.

Brazil

In Brazil, MAG Seguros operates predominantly in life insurance. Although less than in the past, 65% of the market is still concentrated in bank-owned companies. With 18% of market share of the independent specialized life insurance companies, the joint venture ended during the first semester of 2022 holding the third position in the ranking, behind Prudential (34.6%) and Icatu (21.2%). The asset management company MAG Investimentos is ranked sixtieth in a market with 800 companies.

Regulation and supervision

Spain & Portugal, and Central & Eastern Europe

In the European Union, a single insurance company may only be licensed for and conduct either a life insurance business or a non-life insurance business, not both.

State supervision and oversight of the insurance industry is conducted by the following bodies and institutions:

- General Directorate of Insurance and Pension Funds (DGSFP) (Spain)
- The Insurance and Pension Funds Supervisory Authority (ASF) (Portugal)
- The Financial Supervision Authority (KNF) (Poland)
- Authority for Financial Supervision (ASF) (Romania)

The authorities mentioned above promote consumer protection and have the right to investigate prudential activities and conduct, financial position and solvency, and compliance with all relevant laws.

In Romania, the private and voluntary pension system is regulated and supervised by the ASF. The mandatory pension system is subject to the Privately Administered Pension Funds Act and the voluntary pension system is subject to the Voluntary Pension Law, both complemented by individual regulations (as secondary legislation). In Poland, this activity is supervised by the KNF and governed by the Organization and Operation of Pension Funds Act. In Spain, the pension system is supervised by DGSFP and governed by Law on Pension Funds and Plans approved by Royal Legislative Decree, and its implementing regulations.

China

China's insurance industry is regulated by the China Banking and Insurance Regulatory Commission (CBIRC). In 2022, the CBIRC integrated and standardized supervision measures from related party transaction governance, product management, and sales behavior management. The CBIRC lowered the upper limit of the proportion of related party transactions on insurance funds, issued a "negative list" of life insurance products, and standardized insurance sales behavior for pre-sale, in-sale and after-sale.

Sales conduct compliance management is still the focus of supervision. According to the 2022 regulations and legislation work plan of the CBIRC, it will issue compliance management measures, insurance sales behavior management measures, consumer suitability management measures, and life insurance product information disclosure management measures.

India

Indian life insurance companies are regulated by the Insurance Regulatory and Development Authority of India (IRDAI). The IRDAI regulates, promotes, and encourages the orderly growth of insurance and reinsurance businesses in India. Established by the government of India, it safeguards the interests of the country's insurance policyholders.

TLB

TLB is incorporated in Bermuda and regulated by the Bermuda Monetary Authority, the Regulator of the financial services sector in Bermuda. TLB has full-service branches which are registered and licensed in Hong Kong and Singapore, respectively. The Insurance Industry is regulated in Hong Kong by the Hong Kong Insurance Authority (HKIA) and in Singapore by the Monetary Authority of Singapore (MAS). Hong Kong's Insurance Authority (IA) is currently developing HK RBC, a risk-based capital regime that is consistent with core principles issued by the International Association of Insurance Supervisors (IAIS). Under this regime, the capital requirements of licensed insurers will be determined based on the level of risk faced by the insurer. Once in effect, HK RBC will significantly transform the current capital framework defined in the Hong Kong Insurance Ordinance (HKIO). TLB is advanced in its RBC developments.

Aegon Insights

A broad range of regulations apply to Aegon Insights' activities. Depending on the precise nature of the activities undertaken and the form of business entity used in the jurisdictions in which Aegon Insights operates, relevant regulations include marketing/consultancy business licensing rules, insurance laws, and personal data protection laws. In addition, various regulators also keep oversight of activities undertaken by entities licensed by Aegon Insights. These regulators include the Australian Securities and Investments Commission in Australia, and the Hong Kong Insurance Authority.

Brazil

In Brazil, Aegon has operations involving life insurance, non-life insurance, and supplementary private pension, as well as financial asset management and collection. Considering this portfolio of operations, the state supervision and oversight of Aegon's companies is conducted by the following bodies and institutions:

- Private Insurance Superintendence (SUSEP) (Insurance and Open Private Pension)
- National Superintendence of Complementary Pensions (PREVIC) (Pension Funds)
- The Brazilian Central Bank (BACEN) (Collection)
- Securities and Exchange Commission (CVM) (Asset Management)

The authorities mentioned above have the right to investigate prudential activities and conduct, financial position and solvency, and compliance with all relevant laws.

Solvency II

The Solvency II insurance solvency regime became effective in European Economic Area (EEA) countries on January 1, 2016. Aegon's EU-domiciled entities in Spain & Portugal, and Romania use the Standard Formula to calculate the solvency position of their insurance activities. Aegon Spain no longer applies the matching adjustment or transitional arrangements.

Aegon's Asian insurance activities are included in Aegon's Solvency II ratio through Deduction & Aggregation. For TLB, Deduction & Aggregation is applied using available and required capital as per the local Bermuda capital regime. The regulatory regime of Bermuda was granted full equivalence at the inception of Solvency II in 2016.

Overview of Aegon Asset Management

Aegon Asset Management (Aegon AM) is an active global investor. Its 390 investment professionals manage and advise on assets of EUR 293 billion as at December 31, 2022, for a global client base of pension plans, public funds, insurance companies, banks, wealth managers, family offices, and foundations.

Organizational structure

Aegon AM provides investment management expertise to institutional and private investors around the world. It has offices in the United States, the Netherlands, the United Kingdom, China, Germany, Hungary, and Spain. Its investment capabilities are focused around four investment platforms, each with asset-class expertise: fixed income, real assets, equities, and multi-asset and solutions. Across these platforms, there is a common belief in fundamental, research-driven active management, underpinned by a focus on risk management and a strong commitment to responsible investing. Further to these investment platform, Aegon AM also operates a fiduciary business.

By organizing its investment teams globally, Aegon AM harnesses its expertise and research resources across regional boundaries. Aegon AM believes this enhances performance potential and generates better investment outcomes for clients. The four investment platforms are led globally by two chief investment officers who are part of the Global Board of Aegon AM. Aegon AM also has a Fiduciary services and multi-manager business in the Netherlands.

Aegon AM holds two key strategic partnerships:
- In China, Aegon AM owns 49% of Aegon Industrial Fund Management Company (AIFMC), a Shanghai-based asset manager that offers mutual funds, segregated accounts, and advisory services
- In France, Aegon AM owns 25% of La Banque Postale Asset Management (LBPAM). LBPAM offers a comprehensive range of investment strategies to French institutional clients and to retail investors through La Banque Postale group's retail banking network and affiliated insurance company Caisse Nationale de Prévoyance (CNP)

Aegon AM's main entities are Aegon USA Investment Management LLC, Aegon USA Realty Advisors LLC, Aegon Investment Management B.V., Aegon Asset Management UK plc, and Aegon Investment Management (Shanghai) Ltd. (a wholly foreign-owned enterprise).

In November 2020, Aegon announced an agreement to sell its Central & Eastern European operations (Poland, Romania, Turkey, and Hungary) to Vienna Insurance Group AG Wiener Versicherung Gruppe, as part of its strategy to focus on three core markets (the United States, the United Kingdom, and the Netherlands), three growth markets (Spain & Portugal, Brazil, and China), and one global asset manager. The asset management division (Aegon Hungary AM Company Zrt.) was included in this transaction.

On October 27, 2022, Aegon agreed an exclusive long-term partnership with a.s.r. to manage the illiquid investments that are part of the general account of the combined businesses, subject to regulatory approvals. In addition, it will continue to be the asset manager for the investments of Aegon Cappital's PPI proposition and will take over the management of a.s.r.'s mortgage funds. Through these steps, Aegon AM will further strengthen its position as a provider in the Dutch market of fiduciary services, retirement multi-assets and solutions, fixed income, including alternative fixed-income investments and responsible investing.

In 2020, Aegon supported a restructuring of LBPAM's insurance-related Euro fixed income asset management activities, contributing them to a joint venture ("Ostrum") with Natixis. In October 2021, as part of a larger strategic restructuring of French state-owned banking and insurance companies, LBP (who owns 70% of our LBPAM JV, alongside AAM's 25% stake and Malakoff Humanis' 5% stake) announced that it will take full control of insurer CNP, and LBPAM will sell its 45% stake in Ostrum to Natixis (as a result of which Natixis will own 100% of the shares in Ostrum). This resulted in an EUR 50 billion transfer of Assets under Management from LBPAM to Natixis.

Aegon AM has a global operational management board (Global Board). The strategic direction and global oversight of business performance is executed by this Global Board, which has both global and local roles and responsibilities. This board is supported by several sub-committees. Members of the Board are appointed by Aegon N.V., The Risk Advisory Committee and the Remuneration Committee. This supports Aegon's oversight of Aegon AM.

Overview of sales and distribution channels

Aegon AM uses both institutional and wholesale distribution channels combining a global perspective with a focus on local relationships in the Americas, Europe and Asia. Client types include banks, pensions funds, insurance companies, fiduciary managers and Outsourced Chief Investment Officers (OCIO's), family offices, investment consultants, wealth managers, charities, foundations, and endowments, third-party investment platforms, as well as its affiliated companies and joint ventures.

Overview of business lines

Aegon AM has three distinct business lines:

Third-party business accounts for approximately 48% of its Assets under Management (AuM) as at December 31, 2022. The main sources for this include third-party business where Aegon AM distributes its investment strategies directly to its clients. The wholesale businesses typically sell collective investment vehicles to customers through wholesale distributors and independent intermediaries. The asset classes are fixed income, equities, real assets, and multi-asset and solutions with fund performance usually measured against a benchmark or peer group. The institutional businesses typically sell their services to large insurance companies, fiduciary managers, and OCIOs and pension funds. Aegon AM manages a full range of asset classes and manages the strategies against objectives, targets and risk profiles agreed with clients. It offers both absolute and relative return products.

Affiliates also source third-party business in areas where Aegon AM manages funds for Aegon insurers and retirement companies approximately 21%. These funds have various legal structures and performance is usually measured against a benchmark or peer group. The main asset classes include fixed income, equities, real estate, and multi-asset.

The Aegon general account is the third source approximately 31%. This consists of funds held on the balance sheet of Aegon's insurance companies to back policyholder liabilities, typically when the insurer has given the policyholder a guarantee. These assets are managed to match the insurers' liabilities. As a rule, general account assets are managed in a closed architecture structure, and the main asset classes are fixed income and real assets. Furthermore, Aegon AM manages the general account derivatives book of Aegon the Netherlands until the closing of the a.s.r partnership after which this activity will be transitioned to a.s.r.

Competition

Aegon AM competes with other asset management companies to acquire business from Aegon customers in the open-architecture parts of the affiliate business and from third parties.

In the United States, Aegon AM focuses on offering investors fixed income, equity, and real estate related strategies. It works directly with pension funds, insurance companies, family offices, endowments, and foundations as well as investment consultants within the institutional market. In the wholesale market, Aegon AM works as a sub-advisor with its insurance company affiliates and other partners to offer competitive and relevant strategies for its client base. It also works with investment consultants and other partners to offer products to third-party institutions. Primary competitors in the United States include AllianceBernstein, BlackRock, Invesco, JP Morgan, Legg Mason, Principal, PIMCO, and PGIM.

In continental Europe, Aegon AM focuses on offering investors fixed income, equities, real estate, and multi-asset and solutions strategies to institutional and wholesale clients, and through its affiliated insurance company to retail clients. In the Netherlands, Aegon AM also offers fiduciary services to institutional clients. In the third-party institutional market, it competes with domestic and global asset managers, as well as with fiduciary and balance sheet managers. Competition continues to be strong in the institutional market due to both the ongoing consolidation of pension funds and the growing service requirements of pension fund clients. Primary competitors in the Netherlands include BlackRock, Robeco, NN Investment Partners, Achmea, and Kempen.

In the United Kingdom, Aegon AM focuses on offering investors fixed income, equities, real estate, and multi-asset and solutions strategies. It serves institutional clients and their advisors and is active in the wholesale market. Primary competitors in the United Kingdom include Aberdeen, LGIM, Janus Henderson and M&G.

In mainland China, AIFMC focuses on Chinese equity, fixed income, multi-asset and money market strategies. It competes against a wide range of locally based asset managers including Alibaba's Yuebao fund, China Universal Asset Management, E Fund Management, Fullgoal Fund Management, and Yinhua Fund Management. The company's products are distributed through banks, securities brokers, and digital platforms.

In France, La Banque Postale Asset Management services private investors through La Banque Postale's retail banking network, representing LBPAM and Aegon AM-advised strategies. In the institutional market, it also offers investment strategies from Aegon AM to compete for affiliate and third-party insurance and pension clients with large local asset managers and specialized international competitors. In France, primary competitors include Amundi Asset Management, AXA Investment Management, and BNP Paribas Investment Partners. In the course of the second half of 2022, LBPAM has sold its 45% stake in Ostrum Asset Management, a joint-venture with Natixis that focuses on providing public market fixed-income asset management and operational investment services to insurance companies.

Regulation and supervision

Regulation of asset management companies in general differs to that of insurers. Aegon AM's local operating entities are regulated by their local regulators, most notably the Dutch Authority for the Financial Markets (AFM) (conduct of business supervision) and the DNB (prudential supervision) for Dutch-based entities, the Financial Conduct Authority (FCA) for Aegon Asset Management UK plc, and the Securities & Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) for the US-based entities. Aegon Asset Management UK is also regulated by the SEC for its activities in the US market. Aegon Hungary AM is supervised by the National Bank of Hungary. From a regulatory perspective, the asset management activities of the US-based entities of Aegon AM in the United States do not fall directly under the responsibility of Aegon Asset Management Holding B.V., as these entities are subsidiaries of Transamerica Corporation.

Risk factors Aegon N.V.

Aegon faces numerous risks, some of which risks may arise from internal factors, such as failures of compliance systems and other operational risks. Other risks may arise from external factors, such as developments in financial markets, the business and/or political environment, economic trends, politics and regulations. Any of the risks described below, whether internal or external, may materially and adversely affect the Company's operations, its earnings, the value of its investments, the sale of certain products and services or its ability to fulfil its obligations in respect of securities issued or guaranteed by it. The market price of Aegon securities could decline due to any of the risks described in this section and investors could lose some or all of the value of their investments. Additional risks of which Aegon is not presently aware could also materially and adversely affect its operations and share price. As with all businesses, Aegon is inherently exposed to risks that may only become apparent with the benefit of hindsight.

This chapter groups the risk factors into different categories based on the origin of the risk, while recognizing that the identified risk factor can have broader consequences, e.g. developments on financial markets (included under financial risks) can impact policyholder behavior (included under underwriting risk). The categories used are: 1) financial risks, 2) underwriting risks, 3) operational risks, 4) political, regulatory and supervisory risks, 5) legal and compliance risks, and 6) risks relating to Aegon's common shares. Within each category, the most material risk factors are presented first. The order in which the remaining risk factors are presented is not necessarily an indication of the likelihood of occurrence or the potential magnitude of the consequences of the materialization of risks, as that can rarely be determined with any degree of certainty. Furthermore, risks with a low likelihood can have a large impact should they materialize.

Summary

The risk factors cover the following topics in the designated categories:

1. Financial risks
- Rapidly rising interest rates
- Interest rate volatility, and sustained low or negative interest rate levels
- Disruptions in the global financial markets and general economic conditions
- Higher inflation
- Illiquidity of certain investment assets
- Credit risk, declines in value and defaults in Aegon's debt securities, private placements, mortgage loan portfolios and other instruments or the failure of certain counterparties
- Decline in equity markets
- Downturn in the real estate market
- Default of a major market participant
- Failure by reinsurers to which Aegon has ceded risk
- Downgrade in Aegon's credit ratings
- Fluctuations in currency exchange rates
- Unsuccessful management of derivatives
- Subjective valuation of Aegon's investments, allowances and impairments

2. Underwriting risks
- Differences between actual claims experience/underwriting and reserve assumptions
- Products with guarantees
- Restrictions on underwriting criteria and the use of data
- Unexpected return on offered financial and insurance products
- Reinsurance may not be available, affordable, or adequate
- Catastrophic events

3. Operational risks
- Competitive factors
- Difficulty in managing the company's acquisitions and divestments
- Difficulties in distributing and marketing products through its current and future distribution channels.
- Inability to adapt to and apply new technologies
- Failure of data management and governance
- Epidemics or pandemics

- Unsuccessful in managing exposure to climate risk and adequately adapting investment portfolios
- Unidentified or unanticipated risk events
- Failure of Aegon's information technology or communications systems
- Computer system failure or security breach
- Breach of data privacy or security obligations
- Inaccuracies in econometric, financial, or actuarial models, or differing interpretations of underlying methodologies
- Inaccurate, incomplete or unsuccessful quantitative models, algorithms or calculations
- Issues with third party providers, including events such as bankruptcy, disruption of services, poor performance, non-performance, or standards of service level agreements not being upheld
- Inability to attract and retain personnel

4. Political, regulatory and supervisory risks
- Requirement to increase technical provisions and/or hold higher amounts of regulatory capital as a result of changes in the regulatory environment or changes in rating agency analysis
- Political or other instability in a country or geographic region
- Changes in accounting standards
- Inability of Aegon's subsidiaries to pay dividends to Aegon N.V.
- Risks of application of intervention measures

5. Legal and compliance risks
- Unfavorable outcomes of legal and arbitration proceedings and regulatory investigations and actions
- Changes in government regulations in the jurisdictions in which Aegon operates
- Increased attention to ESG matters and evolving ESG standards and requirements
- Tax risks
- Judgments of US courts may not be enforceable against Aegon in Dutch courts
- Inability to manage risks associated with the reform and replacement of benchmark rates
- Inability to protect intellectual property

6. Risks relating to Aegon's common shares
- Volatility of Aegon's share price
- Offering of additional common shares in the future
- Significant influence of Vereniging Aegon over Aegon's corporate actions
- Currency fluctuations
- Influence of Perpetual Contingent Convertible over the market price for Aegon's common shares

Financial risks

Rapidly rising interest rates may adversely affect Aegon's profitability and available liquidity.

Aegon uses derivative instruments to help manage interest rate risk. In periods of rapidly rising rates Aegon is required to post collateral under these derivative contracts, which can cause a strain on liquidity, as experienced in 2022. In addition, rapidly rising interest rates can cause policy loans, surrenders and withdrawals to increase. This activity may result in cash payments by Aegon requiring the sale of invested assets at a time when the prices of those assets are affected adversely by the increase in market interest rates. This may result in realized investment losses.

These cash payments to policyholders also result in a decrease in total assets. Early withdrawals may also require accelerated amortization of deferred policy acquisition costs ('DPAC'), which in turn reduces net result.

In addition, if interest rates rise, unrealized losses on assets carried at fair value will be recorded in other comprehensive income (available-for-sale investments) as losses (investments at fair value through profit or loss) under International Financial Reporting Standards as adopted by the European Union ('EU-IFRS'). This is inconsistent with the EU-IFRS accounting on much of Aegon's liabilities, where corresponding economic gains from higher interest rates do not affect shareholders' equity or net income in the shorter term. Such temporal mismatch could cause Aegon's results of operations to fluctuate significantly in the short-term.

Interest rate volatility and sustained low or negative interest rate levels may adversely affect Aegon's profitability and shareholders' equity.
Aegon is exposed to interest rate risk as both its assets and liabilities are sensitive to movements in long- and short-term interest rates as well as to changes in the volatility of interest rates.

During periods of decreasing interest rates, sustained low or even negative interest rates, Aegon may not be able to preserve profit margins in spread-based businesses due to the existence of minimum interest rate guarantees and minimum guaranteed crediting rates provided in policies. Investment earnings may be lower because the interest earnings on new fixed-income investments are likely to have declined with the market interest rates. A prolonged low or even negative interest rate environment may also result in a lengthening of maturities of the policyholder liabilities from initial estimates, due to lower policy lapses and longer duration of annuities. In this context, negative interest rates have comparable but larger impacts than low but positive rates.

Particularly during periods of low interest rates, in-force life insurance and annuity policies may be relatively more attractive to consumers due to built-in minimum interest rate guarantees, resulting in increased premium payments on products with flexible premium features and a higher percentage of insurance policies remaining in force year-to-year. The majority of assets backing the insurance liabilities are invested in fixed-income securities.

Aegon, in managing its investments and derivative portfolio, considers a variety of factors, including the relationship between the expected duration of its assets and liabilities. However, if interest rates remain low or even negative, the yield earned upon reinvesting interest payments from current investments, or from their sale or maturity, may decline. Reinvestment at lower yields may reduce the spread between interest earned on investments and interest credited to some of Aegon's products and accordingly profitability may decline. In addition, borrowers may prepay or redeem fixed maturity investments or mortgage loans in Aegon's investment portfolio in order to borrow at lower rates. Aegon's ability to lower crediting rates on certain products to offset the decrease in spread may be limited by contractually guaranteed minimum rates or competitive influences.

Depending on economic developments, interest rates for securities with shorter maturities may remain at low or even negative levels for a prolonged period. In such an environment, an anchored expectation of low inflation or deflation could further push down the longer end of the interest rate curve, which could have significant implications for Aegon's profitability.

Disruptions in the global financial markets and general economic conditions may affect, and could have material adverse effects on, Aegon's businesses, profitability, liquidity and financial condition.
Aegon's profitability and financial condition may be materially affected by uncertainty, fluctuations or negative trends in general economic conditions, such as economic growth, levels of unemployment, consumer confidence, inflation and interest rate levels in the countries in which Aegon operates. Continuing global economic and geopolitical volatility (including the conflict between Ukraine and Russia), rising inflation and interest rates, for example, have caused significant volatility and disruption in the financial markets.

Any disruptions or downturns in the global financial markets or general economic conditions may result in reduced demand for Aegon's products as well as impairments and reductions in the value of the assets in Aegon's general account, separate account, and company pension schemes. Aegon may also experience a higher incidence of claims and unexpected policyholder behavior such as unfavorable changes in lapse rates. Aegon's policyholders may choose to defer or stop paying insurance premiums, which may impact Aegon's businesses, profitability, cash flows and financial condition, and Aegon cannot predict with any certainty if or when such actions may occur.

Governmental action in the United States, the Netherlands, the United Kingdom, the European Union and elsewhere to address market disruptions and economic conditions may impact Aegon's businesses. Aegon cannot predict the effect that these or other government actions, including economic sanctions, as well as actions by the European Central Bank (ECB) or the US Federal Reserve may have on financial markets or on Aegon's businesses, profitability, cash flows and financial condition.

Higher inflation may adversely affect Aegon's business plans and strategy and the profitability of its business.
Inflation has recently increased in the major global economies. It is driven by many factors, such as supply chain disruption, energy and commodity costs. While it remains uncertain whether inflation increases are transitionary or lasting, central banks have started to increase interest rates and adjust monetary policies to combat inflation.

A high inflation environment can adversely affect Aegon directly through higher claims and higher expenses or through broader macro-economic impacts that are associated with high inflation, such as a reduction to the market value of assets.

Certain products Aegon offers have a direct or very strong link to inflation, most notably index linked pension products. Other products have a correlation to inflation over the longer term, such as long term care products. It is Aegon's practice to hedge the indexation of pension products but it is not possible to hedge the inflation associated with long term care products as no instrument exists to match this risk. Aegon mitigates this risk by close management of claims costs and benefits in the US.

Operating expenses have a strong correlation with inflation (wage and price inflation). An increase in observed inflation may lead to increased expenses and a lower earnings if Aegon is unable to offset the expense of inflation through expense savings initiatives.

Higher inflation may have broader economic impacts on asset valuations and economic activity, which will adversely impact Aegon's business plans and strategy and its profitability.

Illiquidity of certain investment assets may prevent Aegon from selling investments at fair prices in a timely manner and Aegon's access to external financing sources may be constrained under certain circumstances.
Aegon must maintain sufficient liquidity to meet short-term cash demands under normal circumstances, as well as in crisis situations. Liquidity risk is inherent in many of Aegon's businesses. Each asset purchased and liability (e.g. insurance products) sold has unique liquidity characteristics. Some liabilities can be surrendered, while some assets, such as privately placed loans, mortgage loans, real estate and limited partnership interests, are to some degree illiquid. In depressed markets, Aegon may be unable to sell or buy significant volumes of assets at quoted prices.

Any security Aegon issues in significant volume may be issued at higher financing costs if funding conditions are impaired. The necessity to issue securities can be driven by a variety of factors; for instance, Aegon may need liquidity for operating expenses, debt servicing and the maintenance of capital levels of insurance subsidiaries. If impaired funding conditions were to persist, Aegon may need to sell assets substantially below the prices at which they are currently recorded to meet its insurance obligations.

Aegon makes use of bilateral and syndicated credit facilities to support liquidity requirements and meet payment obligations under adverse (market) conditions. An inability to access these credit facilities, for example due to non-compliance with conditions for borrowing or the default of a facility provider under stressed market circumstances, could have an adverse effect on Aegon's ability to meet liquidity needs and to comply with contractual and other requirements.

Aegon's derivatives transactions require Aegon to provide collateral against declines in the fair value of these contracts. Volatile financial markets may significantly increase requirements to provide collateral and adversely affect its liquidity position. Further, a downgrade of Aegon's credit ratings may also result in additional collateral requirements.

Aegon's investments are subject to credit risks, decline in value and defaults in debt securities, private placements, mortgage loan portfolios and other instruments held in Aegon's general and separate accounts, or the failure of certain counterparties, may have a material adverse effect on Aegon's businesses, profitability, cash flows and financial condition.
Credit risk is the risk of loss resulting from the default by, or failure to meet contractual obligations of, issuers and counterparties. Aegon also considers credit risk to include spread risk, that is, a decline in the value of a bond due to a general widening of credit spreads. For general account products, Aegon typically bears the risk for investment performance equaling the return of principal and interest on fixed income instruments. Aegon is exposed to credit risk on its general account fixed-income portfolio (debt securities, mortgages, consumer loans and private placements), over-the-counter ('OTC') derivatives and reinsurance contracts. In addition, financial institutions acting as a counterparty on derivatives may not fulfill their obligations. Default by issuers and counterparties on their financial obligations may be due to, among other things, bankruptcy, lack of liquidity, or operational failures, and any collateral or security they provide may prove inadequate to cover their obligations at the time of the default. Losses in excess of predicted losses due to any such default or series of defaults by issuers or counterparties may have a material adverse effect on Aegon's profitability and financial condition.

Additionally, Aegon is indirectly exposed to credit risk on the investment portfolios underlying separate account liabilities. Changes to credit risk can decrease the value of fixed interest assets in the separate accounts. Reduced separate account values will decrease fee income and may accelerate DPAC amortization. In addition, certain separate account products sold in the United States and the Netherlands include guarantees that protect policyholders against some or all of the downside risks in their separate account portfolios. Revision of assumptions might also affect the DPAC amortization schedule. These factors may have a material adverse effect on Aegon's profitability and financial position.

Aegon's investment portfolio includes Dutch government bonds, US Treasury, agency and state bonds, other government-issued securities and corporate bonds. Especially in a weak economic environment Aegon may incur significant investment impairments due to defaults and overall declines in the capital markets. Defaults or other reductions in the value of these securities and loans may have a material adverse effect on Aegon's businesses, profitability, cash flows and financial condition.

A decline in equity markets may adversely affect Aegon's profitability and shareholders' equity, sales of savings and investment products, and the value of assets under management.
Aegon and its customers run the risk that the market value of their equity investments can decline. Exposure to equity markets exists in both assets and liabilities. Asset exposure exists through direct equity investment where Aegon bears all or most of the volatility in returns and investment performance risk. Equity market exposure is also present in policyholders' accounts for insurance and investment contracts (such as variable annuities, unit-linked products, and mutual funds) where funds are invested in equities. Although most of the risk remains with the policyholder, guarantees within certain products may transfer some or all of this risk to Aegon. Lower investment returns also reduce the asset management and administration fee that Aegon earns on the asset balance in these products, and prolonged investment under-performance may cause existing customers to withdraw funds and potential customers not to grant investment mandates.

Some of Aegon's insurance and investment contract businesses have minimum return or accumulation guarantees, which require Aegon to establish reserves to fund these future guaranteed benefits when equity market returns do not meet or exceed these guarantee levels. Aegon's reported results under EU-IFRS are also at risk if returns are not sufficient to allow amortization of DPAC, which may impact the reported net result as well as shareholders' equity. Volatile or poor market conditions may also significantly reduce the demand for some of Aegon's savings and investment products, which may lead to lower sales and reduced profitability.

A downturn in the real estate market may adversely impact valuations and cash flows.
Aegon's investment portfolio has a large exposure to the residential real estate market in the Netherlands through the residential mortgages sourced by Aegon and the AMVEST funds. Aegon also has exposure to the real estate market in the US through commercial mortgage loans. Risks for Aegon in the US and the Netherlands in the event of a downturn in the real estate market include lower returns or valuation losses on its mortgage portfolio, lower real estate valuations, lower margins due to higher prepayment in the mortgage portfolio in the event of lower interest rates and increased payment defaults.

The default of a major financial market participant and systemic risk may disrupt the markets and affect Aegon.
The failure of a sufficiently large and influential financial market participant may disrupt securities markets or clearing and settlement systems in Aegon's markets. This may cause market declines or volatility. Such a failure may lead to a chain of defaults that may adversely affect Aegon and Aegon's contract counterparties. In addition, such a failure may impact future product sales as a potential result of reduced confidence in the insurance industry. The default of one or more large international financial institutions, which may result in disruption or termination of their cash, custodial and/or administrative services, may also have a material adverse impact on Aegon's ability to run effective treasury and asset management operations.

Even the perceived lack of creditworthiness of a government or financial institution (or a default by any such entity) may lead to market-wide liquidity problems and losses or defaults. This risk is sometimes referred to as 'systemic risk' and may adversely affect financial intermediaries, such as clearing members or futures commissions merchants, clearing houses, banks, securities firms and exchanges with which Aegon interacts on a daily basis and financial instruments of governments in which Aegon invests. Systemic risk could have a material adverse effect on Aegon's ability to raise new funds and on its business, financial condition, profitability, liquidity and/or prospects.

Reinsurers to which Aegon has ceded risk may fail to meet their obligations.
Aegon's insurance subsidiaries cede premiums to other insurers under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. The purpose of these reinsurance agreements is to spread the risk and offset the effect of losses. The amount of each risk retained depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse for the ceded amount

in the event a covered claim is paid. However, Aegon's insurance subsidiaries remain liable to their policyholders for ceded insurance if any reinsurer fails to meet the obligations assumed by it. A bankruptcy or insolvency or inability of any of Aegon's reinsurance counterparties to satisfy its obligations may have a material adverse effect on Aegon's financial conditions and results of operations.

A downgrade in Aegon's credit ratings may increase policy surrenders and withdrawals, adversely affect Aegon's relationships with distributors, and negatively affect Aegon's results of operations.
Claims-paying ability and financial strength ratings are factors in establishing the competitive position of insurers. A rating downgrade (or a change in outlook indicating the potential for such a downgrade) of Aegon or any of its rated insurance subsidiaries may, among other things, materially increase the number of policy surrenders and withdrawals by policyholders of cash values from their policies. Aegon cannot predict what actions rating agencies may take, or what actions Aegon may take in response to the actions of rating agencies. As with other companies in the financial services industry, Aegon's credit ratings may be downgraded at any time and without notice by any rating agency.

Withdrawals by policyholders may require the sale of invested assets, including illiquid assets, at a price that may result in realized investment losses. These cash payments to policyholders would result in a decrease in total invested assets and a decrease in net result. Among other things, early withdrawals may also cause Aegon to accelerate amortization of DPAC, reducing net result.

Aegon has experienced downgrades and negative changes to its outlook in the past and may experience rating and outlook changes in the future. A downgrade or potential downgrade, including changes in outlook, may result in higher funding costs on future long-term debt funding transactions and/or affect the availability of funding in the capital markets and lead to increased fees on credit facilities. In addition, a downgrade may adversely affect relationships with broker-dealers, banks, agents, wholesalers and other distributors of Aegon's products and services, which may negatively impact new sales and adversely affect Aegon's ability to compete. A downgrade of Aegon's credit ratings may also affect its ability to obtain reinsurance contracts at reasonable prices or at all.

Reference is made to section "Capital and liquidity management" for Aegon's current credit ratings.

Fluctuations in currency exchange rates may affect Aegon's financial condition and reported results of operations.
As an international group, Aegon is subject to foreign currency translation risk. At a local level, assets allocated to equity are kept in local currencies to the extent shareholders' equity is required to satisfy regulatory and Aegon's self-imposed capital requirements. Therefore, currency exchange rate fluctuations may affect the level of Aegon's consolidated shareholders' equity as a result of translation of the equity of Aegon's subsidiaries into euro, Aegon's reporting currency. Aegon holds the remainder of its consolidated capital base (capital securities, subordinated and senior debt) in various currencies in amounts that are targeted to correspond to the book value of Aegon's business units. This balancing is intended to mitigate currency translation impacts on equity and leverage ratios. Foreign currency exposure also exists when policies are denominated in currencies other than Aegon's functional currency. Currency risk in the investment portfolios backing insurance and investment liabilities is managed using asset liability matching principles. Aegon may also hedge proceeds from divestments or the foreign exchange component of expected dividends from its principal business units that maintain their equity in currencies other than the euro.

To the extent the foreign exchange component of proceeds from divestments or the expected dividends is not hedged, or actual dividends vary from expected, Aegon's net result and shareholders' equity may fluctuate. As Aegon has significant business segments in the Americas and in the United Kingdom, the principal sources of exposure from currency fluctuations are from the differences between the US dollar and the euro and between the UK pound and the euro. Aegon may experience significant changes in net result and shareholders' equity because of these fluctuations.

Aegon may be unable to manage asset liability management risks successfully through derivatives.
Aegon is exposed to changes in the fair value of its investments, as a result of the impact of interest rate, equity markets and credit spread changes, currency fluctuations and changes in mortality and longevity. Aegon uses common financial derivative instruments, such as swaps, options, futures, and forward contracts, to hedge some of the exposures related to both investments backing insurance products and Company borrowings. Aegon may not be able to manage these asset liability management risks associated with these activities successfully through the use of derivatives. In addition, a counterparty may fail to honor the terms of its derivatives contracts with Aegon. In addition clearing members and clearing houses may terminate their derivatives contracts with Aegon. Aegon's inability to manage risks successfully through derivatives,

a counterparty's failure to honor Aegon's obligations or a systemic risk that is transmitted from counterparty to counterparty may each have a material adverse effect on Aegon's businesses, net result and financial condition.

Valuation of Aegon's investments, allowances and impairments is subjective, and discrepant valuations may adversely affect Aegon's net result and financial condition.
The valuation of many of Aegon's financial instruments is based on subjective methodologies, estimations, and assumptions. Changes to investment valuations may have a material adverse effect on Aegon's net result and financial condition. In addition, the determination of the amount of allowances and impairments taken on certain investments and other assets is subjective and based on assumptions, estimations and judgments that may not reflect or correspond to Aegon's actual experience, any of which may materially impact Aegon's net result or financial condition.

Underwriting risks

Aegon's reported results of operations and financial condition may be affected by differences between actual claims experience and underwriting and reserve assumptions both due to incurred gains/losses and from potential changes in best estimate assumptions that are used to value insurance liabilities.
There is a risk that the pricing of Aegon's products turns out to be inadequate if the assumptions used for pricing do not materialize. Aegon's earnings depend significantly on the extent to which actual claims experience is consistent with the assumptions used in setting the prices for Aegon's products and the extent to which the established technical provisions for insurance liabilities, both under IFRS and statutory reporting, prove to be sufficient. If actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, Aegon's net income would be reduced. Furthermore, if less favorable claims experience became sustained, Aegon may be required to change its best estimate assumptions with respect to future experience, potentially increasing the technical provisions for insurance liabilities, which may reduce Aegon's net income and solvency ratio. In addition, under IFRS17 the Contractual Service Margin ('CSM'), established on transition or when writing new business represents the unearned profit that the company expects to earn in the future. If the assumptions relating to this future profitability (such as future claims, investment net income and expenses) are not realized, this can lead to changes in the CSM changing future profitability and if the CSM turns negative triggering onerous contracts leading to an immediate loss. This may have a material adverse effect on Aegon's results of operations and financial condition.

Sources of underwriting risk include policyholder behavior (such as lapses or surrender of policies), policy claims (such as mortality and morbidity) and expenses. In most cases, the expectations for these risks are used to calculate the technical provisions so the main risk is if the realizations turn out different than what was expected. For some product lines, Aegon is at risk if policy lapses increase, as sometimes Aegon is unable to fully recover up-front sales expenses despite the presence of commission recoveries or surrender charges and fees. In addition, some policies have embedded options which at times are more valuable to the client if they stay (lower lapses) or leave (higher lapses), which may result in losses to Aegon's businesses. Aegon sells certain types of policies such as term life insurance and accident insurance, whose profitability is at risk if mortality or morbidity increases. Aegon also sells certain other types of policies, such as annuity products, that are at risk if mortality decreases (longevity risk). For example, certain current annuity products, as well as products sold in previous years, have seen their profitability deteriorate as longevity assumptions have been revised upward. Despite the disruption caused by the COVID-19 pandemic, it remains likely for the long-term trend toward increased longevity to continue, such that Aegon's annuity products may continue to experience adverse effects due to longer expected benefit payment periods. Aegon is also at risk if expenses are higher than assumed.

Some of Aegon's products have guarantees that may adversely affect its results of operations, financial condition or liquidity.
Some products, particularly Aegon's variable annuity products in the US and defined benefit pension business in the Netherlands, include death benefit guarantees, guarantees of minimum surrender values or income streams for stated periods or for life, which may be more than account values. These guarantees are designed, among other things, to protect policyholders against downturns in equity markets and interest rates. The value of the guarantees depends on market prices of such products. Failure to re-price the products following a fall in interest rates or a move into more volatile markets could result in Aegon writing business at a loss and potentially writing higher volumes of loss making business if competitors re-price their products. Alternatively, if competitors re-price their products on aggressive pricing terms, then Aegon may be pressured to re-price with less favorable terms than it is willing to take without the pressure. Each of these circumstances may adversely affect Aegon's results of operations, financial condition or liquidity.

Restrictions on underwriting criteria and the use of data may adversely impact Aegon's results of operations.
Some jurisdictions impose restrictions on particular underwriting criteria, such as gender or race, or use of genetic test results, for determination of premiums and benefits of insurance products. Such restrictions, now or in the future, could adversely impact Aegon's results of operation if it is unable to take into consideration all factors that potentially bear correlation with risk. Further developments in underwriting, such as automation and use of additional types and sources of data, may also be affected by future regulatory developments regarding privacy and other restrictions with respect to the use of personal data.

Aegon's products may not achieve expected returns and Aegon may be confronted with litigation and negative publicity.
Aegon may face lawsuits from customers and experience negative publicity if Aegon's products fail to perform as expected, regardless of the suitability of products for customers or the adequacy of the disclosure provided to customers by Aegon and by the intermediaries who distribute Aegon's products. Products that are less well understood and that have a lower performance track record may be more likely to be the subject of such lawsuits. Any such lawsuits, court judgments and regulatory fines may have a material adverse effect on Aegon's results of operations, corporate reputation, and financial condition.

Reinsurance may not be available, affordable, or adequate to protect Aegon against losses.
As part of Aegon's overall risk and capital management strategy, Aegon purchases reinsurance for certain risks underwritten by Aegon's various business segments. Market conditions beyond Aegon's control determine the availability and cost of the reinsurance protection Aegon purchases. In addition, interpretations of terms and conditions may differ over time from anticipated coverage as contracts extend for decades, which may lead to denials of coverage and potentially protracted litigation, which may lead to Aegon incurring losses.

Catastrophic events, which are unpredictable by nature, may result in material losses and abruptly and significantly interrupt Aegon's business activities.
Aegon's results of operations and financial condition may be adversely affected by volatile natural and man-made disasters such as hurricanes, windstorms, earthquakes, terrorism, cyber-crime, riots, wars, fires and explosions, pandemics, and other catastrophes. Over the past several years, the presumed effects of climate change have started to become noticeable in the form of more extreme weather patterns, adding to the unpredictability and frequency of natural disasters in certain parts of the world and creating additional uncertainty as to future trends and exposure. Aegon is also exposed to the risk of epidemics or pandemics occurring in one or more of the countries in which Aegon operates or globally. For instance, Aegon can be impacted through higher mortality rates in the countries in which it operates and through lower sales and higher lapses on its products due to limitations on customer interactions, pressure on customer income and increased uncertainty. Such events may lead to considerable financial losses to Aegon's businesses. These catastrophic events may also lead to adverse market movements which increase the adverse impacts to Aegon's financial position. For instance, the prices and credit quality of investments can be impacted. In addition, monetary policy measures from central banks can result in fluctuations in interest rates, as Aegon recently experienced in a post lock-down world combined with the effects of the war in Ukraine. Furthermore, natural disasters, pandemics, terrorism, civil unrest, military actions, acts of war and fires may disrupt Aegon's operations and result in significant loss of property, key personnel, and information about Aegon and its clients. If its business continuity plans have not included effective and sufficient contingencies for such events, Aegon may also experience business disruption and damage to its corporate reputation and financial condition.

Operational risks

Competitive factors may adversely affect Aegon's market share and profitability.
Competition in Aegon's business segments is based on service, product features, price, commission structure, financial strength, claims paying ability, ratings, and name recognition. Aegon faces intense competition from a large number of other insurers, as well as non-insurance financial services companies such as banks, broker-dealers and asset managers, for individual customers, employers, other group customers, and agents and other distributors of insurance and investment products. Consolidation in the global financial services industry can enhance the competitive position of some of Aegon's competitors by broadening the range of their products and services and increasing their distribution channels and their access to capital. New competitors backed by private equity investors may lead to further pressure on Aegon's margins. In addition, development of alternative distribution channels for certain types of insurance and securities products, including use of digital technologies and platforms, may result in increasing competition as well as pressure on margins for certain types of products. Traditional distribution channels are also challenged by a ban on sales-based commissions in some countries. These competitive factors may result in increased pricing pressures on Aegon's products and services, particularly as competitors seek to win market share. This may harm Aegon's ability to maintain or increase profitability.

Adverse market and economic conditions can be expected to result in changes to the competitive landscape. Financial distress experienced by financial services industry participants as a result of weak economic conditions and newly imposed regulations may lead to acquisition opportunities. Additionally, the competitive landscape in which Aegon operates may be affected by government-sponsored programs or actions taken in response to, for instance, dislocations in financial markets. Aegon's ability or that of Aegon's competitors to pursue such opportunities may be limited due to lower earnings, reserve increases, capital requirements or a lack of access to debt capital markets and other sources of financing. Such conditions may also lead to changes by Aegon or Aegon's competitors in product offerings and product pricing that may affect Aegon and Aegon's relative sales volumes, market shares and profitability.

Aegon may have difficulty managing its expanding operations, and Aegon may not be successful in acquiring new businesses or divesting existing operations.
Over time, Aegon has made a number of acquisitions and divestments around the world and it is possible that Aegon may make further acquisitions and divestments in the future. Acquisitions and divestments involve risks that may adversely affect Aegon's results of operations and financial condition. These include: the potential diversion of financial and management resources from existing operations; difficulties in assimilating or disentangling operations, technologies, products and personnel; significant delays in completing the integration or disentangling of operations; the potential loss of key employees or customers; and potential losses from resulting litigation and tax and accounting issues. In addition, expansion into new and emerging markets may involve heightened political, legal and regulatory risks, such as discriminatory regulation, nationalization or expropriation of assets, price controls and exchange controls.

Aegon's acquisitions may result in additional indebtedness, costs, contingent liabilities, and impairment expenses related to goodwill and other intangible assets. Acquisitions may also have a dilutive effect on the ownership and voting percentages of existing shareholders if shares are used as consideration. Divestments of existing operations may result in Aegon assuming or retaining certain contingent liabilities. Aegon may not be able to divest assets within the time or at the price planned. All of these factors may adversely affect Aegon's businesses, results of operations and financial condition. There can be no assurance that Aegon will successfully identify suitable acquisition candidates or buyers for operations to be divested or that Aegon will properly value acquisitions or divestments. Aegon is unable to predict whether or when any prospective acquisition candidate or buyer for operations to be divested will become available, or the likelihood that any transaction will be completed once negotiations have commenced.

Aegon may experience difficulties in distributing and marketing products through its current and future distribution channels.
Although Aegon distributes its products through a wide variety of distribution channels, Aegon's ability to market its products could be affected if key relationships are interrupted. Distributors may elect to reduce or terminate their distribution relationship with Aegon due to adverse developments in its (or their) business. Further, key distribution partners may also merge or change their business models in ways that affect how Aegon's products are sold, or new distribution channels could emerge and adversely impact the effectiveness of its current distribution efforts.

When Aegon's products are distributed through unaffiliated firms, Aegon may not always be able to monitor or control the manner of their distribution despite its significant compliance training and programs. If Aegon's products are distributed by such firms in an inappropriate manner, or to customers for whom they are unsuitable, Aegon may suffer reputational and other harm to its business.

Aegon may be unable to adapt to and apply new technologies.
New technologies are transforming the insurance industry. New technologies include but are not limited to communication channels, automation, artificial intelligence and machine learning, additional processing platforms and cloud services, data analytics and distributed ledger technology. These technologies are changing the way insurance is distributed and sold. They are also changing the way insurers manage their businesses and the skills they need in their workforces. Furthermore, the new technologies are influencing customer and consumer demands. Technology makes it easier to move into new markets. This increases competition, not just among peers, but also from new competitors and disruptors. An inability to adapt and apply these technologies quickly, and in a controlled manner may impact Aegon's competitive position, and its ability to maintain profitability, and may adversely affect Aegon's future financial condition and results of operations.

Failure of data management and governance can result in regulatory and reputational risk as well as missed business opportunities.
Data is essential for Aegon's operational performance. However, much of the data held by Aegon is subject to various legal, regulatory and contractual restrictions. To be able to benefit from the data that Aegon holds, areas like data management and governance are of key importance. Most internal processes and customer interactions are dependent on accessible, reliable, and compliant data practices and operations. If Aegon fails to adequately execute on these obligations, it faces potential legal, regulatory, contractual and reputational risks. Aegon also must endeavor to obtain adequate data rights to be able to execute its business strategy. Failure to do so will expose it to additional legal risks, including litigation risks.

Aegon may be impacted by epidemics or pandemics.
Aegon's operations are exposed to the risk of an epidemic or a pandemic – such as Asian flu, SARs or COVID-19 – occurring in one or more of the countries in which it operates or globally. If the health of a significant number of employees or key functions is compromised or internal controls need to be executed in an atypical way, these could have an impact on core business processes, service levels to customers, and the effectiveness of the control environment. In addition, Aegon faces operational risks related to continued working from home/remote working by Aegon's workforce, such as additional remote access to company information which could increase information security risk. Also, Aegon can be impacted via its relationships with third parties. These third parties can also be impacted by an epidemic or pandemic with consequential impacts on Aegon such as disruption in service. The described risks may directly or indirectly impact Aegon's financial health and its ability to generate capital in the medium to long term.

Aegon may not be successful in managing its exposure to sustainability and climate risk and adequately adapting its investment portfolios for the transition to a low-carbon economy.
Climate change is a long-term risk associated with high uncertainty regarding timing, scope and severity of potential impacts. Climate risks can be grouped into physical risks and transition risks. Physical risks relate to losses from overall climate changes (i.e. changing weather patterns and sea level rise) and acute climate events (i.e. extreme weather and natural disasters). These physical risks not only impact property & casualty (P&C) insurance through increased claims, but also potentially life insurance, for instance through higher-than-expected mortality rates. Losses can also follow from credit risk and collateral linked to Aegon's mortgage portfolio. From a physical risk standpoint, Aegon is exposed to mortality risk and mortgage underwriting risks. Beyond insured losses, climate change may have disrupting and cascading effects on the wider economy and may lead to adverse market movements – prices and credit quality of investments and defaults on investments – and monetary policy measures resulting in lower interest rates.

Transition risks are those arising from the shift to a low-carbon economy. These risks are a function of policy, regulatory and economic uncertainty, including political, social and market dynamics and technological innovations. Transition risks can affect the value of assets and investment portfolios. Furthermore, Aegon may be unable to, or may be perceived as not taking sufficient action to, adjust to environmental and sustainability expectations or goals. For more information, see our risk factor titled *"Increased attention to ESG matters may subject Aegon to additional costs or risks or otherwise adversely impact Aegon businesses. Aegon may not be able to meet evolving ESG standards and requirements, or may fail to meet its sustainability and ESG-related goals and targets."*

Linked to both the physical and the transition risks, there could also be litigation and reputational risks following from (being perceived to) not fully considering or responding to the impacts of climate change, or not providing appropriate disclosure of current and future risks. Aegon may not be able to fully predict or manage the financial risks stemming from climate change, resource depletion, environmental degradation and related social issues. The risks can relate both to Aegon and the companies in which it invests. Efforts that Aegon may take to reduce the Company's climate-related risks may be costly (including requiring us to forego certain business opportunities the Company may otherwise pursue) and may not be successful.

Given the significant uncertainties related to climate change impacts and its long-term nature, it cannot be ruled out that climate change may have a material adverse effect on Aegon's businesses, results of operations and financial condition.

Aegon's risk management policies and processes may leave it exposed to unidentified or unanticipated risk events, adversely affecting its businesses, results of operations, and financial condition.
Aegon has devoted significant resources to the implementation and maintenance of a comprehensive enterprise risk management framework. Nevertheless, it is possible that risks present in its business strategies and initiatives are not fully identified, monitored, and managed or that risks are not properly measured. Risk measurements often make use of historic data

that may be inaccurate or may not predict future exposures. As a result, Aegon's businesses, results of operations, and financial condition may be adversely affected.

Failure of Aegon's information technology or communications systems may result in a material adverse effect on Aegon's businesses, results of operations, financial condition and corporate reputation.
Any failure of or gap in the systems and processes necessary to support business operations and avoid and/or detect systems failure, fraud, information security failures, processing errors, cyber intrusion, loss of data and breaches of regulation may lead to a material adverse effect on Aegon's results of operations and corporate reputation. In addition, Aegon must commit significant resources to maintain and enhance its existing systems in order to keep pace with applicable regulatory requirements, industry standards and customer preferences. If Aegon fails to maintain secure, compliant and well-functioning information systems, Aegon may not be able to rely on data for product pricing, compliance obligations, risk management and underwriting decisions. In addition, Aegon cannot assure investors or consumers that interruptions, failures or breaches in security of these processes and systems will not occur, or that if they do occur, that they can be timely detected and remediated. The occurrence of any of these events may have a material adverse effect on Aegon's businesses, results of operations, financial condition and corporate reputation.

A computer system failure or security breach of Aegon's IT systems or that of critical third parties may disrupt Aegon's business, damage Aegon's reputation and adversely affect Aegon's results of operations, financial condition, and cash flows.
Aegon relies heavily on computer and information systems and internet and network connectivity (collectively, "IT systems") to conduct a large portion of its business operations. This includes the need to securely store, process, transmit and dispose of (confidential) information, including personal information, through a number of complex systems. In many cases this also includes transmission and processing to or through customers, business partners, (semi-) governmental agencies and third-party service providers. IT system failures, cyber-crime attacks or security or data privacy breaches may materially disrupt Aegon's business operations, damage Aegon's reputation, result in regulatory and litigation exposure, investigation and remediation costs, and materially and adversely affect Aegon's results of operations, financial condition and cash flows.

The information security risk that Aegon faces includes the risk of malicious outside forces using public networks and other methods, including social engineering and the exploitation of targeted offline processes, to attack Aegon's IT systems and information, making it inaccessible to its intended users and potentially demanding ransom. It also includes inside threats, both malicious and accidental. For example, human error, bugs and vulnerabilities that may exist in Aegon's systems or software, unauthorized user activity and lack of sufficiently automated processing or sufficient logging and monitoring can result in improper information exposure or failure or delayed detection of such activity in a timely manner. Aegon also faces risk in this area due to its reliance in many cases on third-party systems, all of which may face cyber and information security risks of their own. Third-party administrators or distribution partners used by Aegon or its subsidiaries may not adequately secure their own IT systems or may not adequately keep pace with the dynamic changes in this area. Potential bad actors that target Aegon and applicable third parties may include, but are not limited to, criminal organizations, foreign government bodies, political factions, and others.

In recent years, information security risk has increased due to a number of developments in how information systems are used, not only by companies such as Aegon, but also by society in general. Threats have increased in frequency and magnitude, and are expected to continue to increase, as criminals and other bad actors become more organized and employ more sophisticated techniques. At the same time companies increasingly make information systems and data available through the internet, mobile devices or other network connections to customers, employees and business partners, thereby expanding the attack surface that bad actors can potentially exploit. Aegon's partners and service providers continue working remotely, which creates additional opportunities for cybercriminals to launch social engineering attacks and exploit vulnerabilities in non-corporate IT environments resulting in an increased cybersecurity risk.

The SEC and other regulators have also increased their focus on cybersecurity vulnerabilities and risks. The SEC proposed two rules in March 2022 related to cybersecurity disclosures and risk management that apply to registered investment advisors and funds and to Public Companies. Both rules are expected to have an impact to Aegon should they become effective as currently proposed.

Large, global financial institutions such as Aegon have been, and will continue to be, subject to information security attacks for the foreseeable future. The nature of these attacks will also continue to be unpredictable, and in many cases may arise from circumstances or at third parties that are beyond Aegon's control. Attackers are also increasingly using tools and techniques that are specifically designed to circumvent controls, to evade detection and even to remove or obfuscate forensic evidence. As a result, Aegon may be unable to timely or effectively detect, identify, contain, investigate or remediate IT systems in response to, future cyberattacks or security breaches. Especially if and to the extent Aegon fails to adequately invest in defensive infrastructure, timely response capabilities, technology, controls and processes or to effectively execute against its information security strategy, it may suffer material adverse consequences.

To date the highest impact information security incidents that Aegon has experienced are believed to have been the result of e-mail phishing attacks targeted at Aegon's business partners and customers. This in turn led to the unauthorized use of valid Aegon website credentials to engage in fraudulent transactions and improper data exfiltration. Additionally, Aegon has faced other types of attacks, including, but not limited to, other types of phishing attacks, distributed denial of service (DDoS) attacks, technology implementation and update errors, various human errors, e-mail related errors, paper-based errors, exploitations of vulnerabilities and certain limited cases of unauthorized internal user activity, including activity between different Aegon country units. Like many other companies, Aegon could also be subject to malware, ransomware and similar types of attacks or intrusions. There is no guarantee that the measures that Aegon takes will be sufficient to stop all types of attacks or mitigate all types of information security or data privacy risks.

Aegon maintains cyber liability insurance to decrease the financial impact of cyber-attacks and information security events, subject to the terms and conditions of the policy. However, such insurance may not be sufficient to cover all applicable losses that Aegon may suffer.

A breach of data privacy or security obligations may disrupt Aegon's business, damage Aegon's reputation and adversely affect financial conditions and results of operations.
Pursuant to applicable laws, various government and semi-governmental and other administrative bodies have established numerous rules protecting the privacy and security of personal information and other confidential or sensitive information held by Aegon. Notably, certain of Aegon's businesses are subject to laws and regulations enacted by US federal and state governments, the EU or other non-US/EU jurisdictions and/or enacted by various regulatory organizations relating to the privacy and/or information security of the information of customers, employees or others. Aegon's European operations are mainly subjected to the General Data Protection Regulation (GDPR). In addition, in several Asian jurisdictions but also in Latin America where Aegon has activities, new privacy and information security laws and regulations have been enacted or existing legislation has been strengthened and updated.

In the United States, the New York Department of Finance Services (NYDFS), pursuant to its cybersecurity regulation, requires financial institutions regulated by the NYDFS, including certain Aegon subsidiaries, to, among other things, satisfy an extensive set of minimum information security requirements, including but not limited to governance, management, reporting, policy, technology and control requirements. Other states have adopted similar cybersecurity laws and regulations. NYDFS also published the Draft Amendment to its Part 500 Cybersecurity Rules that includes significant changes to the original Rule potentially resulting in further implementation effort for Aegon.

Numerous other US state and federal laws also impose various information security and privacy related obligations with respect to various Aegon subsidiaries operating in the US, including but not limited to the Gramm-Leach-Bliley Act and related state laws and implementing regulations (GLBA), the California Consumer Privacy Act (CCPA), the California Privacy Rights Act (CPRA), and the Health Insurance Portability and Accountability Act (HIPAA), among many others. These laws generally provide for governmental investigative and enforcement authority, and in certain cases provide for private rights of action.

Numerous other legislators and regulators with jurisdiction over Aegon's businesses are considering or have already enacted enhanced information security risk management and data (and data privacy) laws and regulations, with the overall number and scope of such laws and regulations continuing to increase every year. A number of Aegon's subsidiaries are also subject to contractual restrictions with respect to the use and handling of the sensitive information of Aegon's clients and business partners.

Aegon, and numerous of its systems, employees, third-party providers and business partners have access to, and routinely process, the personal information of consumers and employees. Aegon relies on a large number of processes and controls to protect the confidentiality, integrity and availability of personal information and other confidential information that is accessible to, or in the possession of, Aegon, its systems, employees and business partners. It is possible that an Aegon or a third party's employee, contractor, business partner or system could, intentionally or unintentionally, inappropriately disclose or misuse personal or confidential information. Aegon's data or data in its possession could also be the subject of an unauthorized information security attack. If Aegon fails to maintain adequate processes and controls or if Aegon or its business partners fail to comply with relevant laws and regulations, policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of personal information or other confidential information could occur. Such control inadequacies or non-compliance could cause disrupted operations and misstated or unreliable financial data, materially damage Aegon's reputation or lead to increased regulatory scrutiny or civil or criminal penalties or (class action) litigation, which, in turn, could have a material adverse effect on Aegon's business, financial condition and results of operations.

In addition, Aegon analyzes personal information and customer data to better manage its business, subject to applicable laws and regulations and other restrictions. It is possible that additional regulatory or other restrictions regarding the use of such information may be imposed. Additional privacy and information security obligations have been imposed by various governments with jurisdiction over Aegon or its subsidiaries in recent years, and more obligations are likely to be imposed in the near future. Such restrictions and obligations could have material impacts on Aegon's business, financial conditions and results of operations.

Inaccuracies in econometric, financial, or actuarial models, or differing interpretations of underlying methodologies, assumptions and estimates, could have a material adverse effect on Aegon's business, results of operations and financial condition.
Aegon uses econometric, financial, and actuarial models to measure and manage multiple types of risk, to price products and to establish and assess key valuations and report financial results. All these functions are critical to Aegon's operations. Aegon has a model risk management framework in place to manage modelling risk. If, despite this framework, models, their underlying methodologies, assumptions and estimates, or their implementation and monitoring prove to be inaccurate, this could have a material adverse effect on Aegon's business, results of operations and financial condition.

Many of Aegon's business units offer investment products that utilize quantitative models, algorithms or calculations that could experience errors or prove to be incorrect, incomplete or unsuccessful, resulting in losses for clients who have invested in such products and possible regulatory actions and/or litigation against Aegon and/or its affiliates.
Aegon's business units may utilize quantitative models, algorithms or calculations (whether proprietary or supplied by third parties) (Models) or information, or data supplied by third parties (Data) for the management of, or to assist in the management of, investment products offered to clients. Examples of such investment products include volatility-controlled funds, mutual funds, separately managed accounts, and other types of advisory accounts. Models and Data are used to construct sets of transactions and investments, to provide risk management insights, and may be used to assist in hedging investments. If Models and Data prove to be incorrect or incomplete, any decisions made, in whole or part, in reliance thereon expose the investment product to additional risks. For example, by utilizing Models or Data, certain investments may be bought at prices that are too high, certain other investments may be sold at prices that are too low, or favorable opportunities may be missed altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. The applicable investment product bears the risk that Models or Data used will not be successful and the product may not achieve its investment objective.

Models can be predictive in nature. The use of predictive Models has inherent risks. For example, such Models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such Models may produce unexpected results, which can result in losses for an investment product. Furthermore, the success of relying on or otherwise using Models depends on a number of factors, including the validity, accuracy and completeness of the Model's development, implementation and maintenance, the Model's assumptions, factors, algorithms and methodologies, and the accuracy and reliability of the supplied historical or other Data.

Models rely on, among other things, correct and complete Data inputs. If incorrect Data is entered into even a well-founded Model, the resulting information will be incorrect. However, even if Data is input correctly, Model prices may differ substantially from market prices, especially for securities with complex characteristics. Investments selected with the use of Models may perform differently than expected as a result of the design of the Model, inputs into the Model or other factors.

Additionally, if investment products offered by Aegon's affiliates experience Model errors or use erroneous Data, this could result in regulatory actions and/or litigation brought against Aegon and/or its affiliates.

Issues with third party providers (outsourcing partners and suppliers), including events such as bankruptcy, disruption of services, poor performance, non performance, or standards of service level agreements not upheld may adversely impact Aegon's operational effectiveness and financial condition.
As Aegon continues to focus on reducing expenses necessary to support its business, a key part of its operating strategy has been to outsource certain services that are important to its business. Aegon outsources certain information technology, business processes, finance and actuarial services, investment management services and policy administration operations to third party providers and may do so increasingly in the future. If Aegon fails to maintain an effective outsourcing strategy or if third party providers do not provide the core administrative, operational, financial, and actuarial services Aegon requires and anticipates, or perform as contracted, such as compliance with applicable laws and regulations, or suffer an information security or data privacy breach, Aegon may not realize the desired operational improvements cost efficiencies or customers might experience lower service levels. In addition, Aegon may not be able to find an adequate alternative service provider, and instead experience financial loss, reputational harm, operational difficulties, increased costs, a loss of business and other negative consequences potentially impact policy holders/customers. This could have a material adverse effect on Aegon's financial condition. Aegon's reliance on third party providers does not relieve Aegon of its responsibilities and requirements towards its policy holders/customers. Any failure or negligence by such third-party providers in carrying out their contractual duties may result in Aegon being subjected to liability and litigation. Any litigation relating to such matters could be costly and time-consuming, and the outcome would be uncertain. Moreover, any adverse publicity arising from such litigation, even if the litigation is not successful, could adversely affect Aegon's reputation and distribution of its products. Finally, Aegon's ability to receive services from third party providers based in different countries might be impacted by political instability, cultural differences, regulatory requirements or policies inside or outside of the countries within which Aegon has operations. As a result, Aegon's ability to conduct its business might be adversely affected.

Aegon may be unable to attract and retain personnel who are key to the business.
As a global financial services enterprise, Aegon relies, to a considerable extent, on the quality of local management and personnel in the various countries in which Aegon operates. The success of Aegon's operations is dependent, among other things, on Aegon's ability to attract and retain highly qualified professional personnel. The right talent for critical positions and availability of required capabilities determines Aegon's ability to deliver on its strategic objectives. Competition for key personnel in most countries in which Aegon operates is intense. Aegon competes for talent in areas such as digital, information technology, with companies in the consumer products, technology, financial sectors. Aegon's success attracting and retaining key personnel is very much dependent on the competitiveness of the compensation and benefits package and flexibility for employees in the market in which it competes and the work environment it offers.

Political, Regulatory and Supervisory risks

Aegon may be required to increase its technical provisions and/or hold higher amounts of regulatory capital as a result of changes in the regulatory environment or changes in rating agency analysis, which may impact Aegon's financial condition and/or decrease Aegon's returns on its products.
Prudential regulatory requirements such as with respect to the calculation of technical provisions, capital requirements, the eligibility of own funds and the regulatory treatment of investments may change, which could require Aegon to increase technical provisions, hold higher amounts of regulatory capital and subject it to more stringent requirements with respect to investments and/or own funds. Important examples include changes to applicable capital requirements by the European Union and/or the interpretation thereof by the European Insurance and Occupational Pensions Authority ('EIOPA'), the National Association of Insurance Commissioners ('NAIC') in the US or US state regulators or local regulators in jurisdictions in which Aegon operates. Aegon cannot predict specific proposals that might be adopted, or what impact, if any, such proposals or, if enacted, such laws may have on its businesses, results of operations, or financial condition.

Prudential regulatory requirements may not only apply to the individual entities in the Aegon group but may additionally apply at group level or apply to part of the Aegon group. Consequently, those requirements may have different, and more or less impact depending on their scope. Important examples of such requirements are Solvency II group supervision and consolidated requirements resulting from the Capital Requirements Directive ('CRD') and the Capital Requirements Regulation ('CRR'), as applied to groups containing bank and/or asset management activities.

The way such requirements are applied to groups like Aegon has an impact on the Aegon group's capital position, as well as on the availability of capital at a group level. Changes to prudential regulatory requirements may have an impact on Aegon's competitive position versus companies that are not subject to these or similar requirements at group level. As an example, as part of the Solvency II group calculation, Aegon applies a specific methodology for its US insurance and reinsurance subsidiaries at group level, in addition to the requirements to which these subsidiaries are subject under their local prudential regime. This methodology is approved by Aegon's group supervisor, De Nederlandsche Bank N.V. ('DNB'), but remains subject to periodic review. Changes to this methodology might have an impact on Aegon's capital position, as calculated under Solvency II group requirements and/or the manner in which DNB otherwise exercises group supervision on Aegon, for example through more stringent requirements with respect to intra-group transactions, risk concentrations and reporting.

There are several important regulatory standards with respect to capital adequacy that apply to Aegon and are subject to change, which changes could impact Aegon's financial condition and results:
- On September 22, 2021 the European Commission has recently published a formal legislative proposal for amendments to the Solvency II Directive following an extensive technical advice by EIOPA to the European Commission. Proposals to amend the Solvency II Delegated Regulation, amend existing or introduce additional technical standards and/or EIOPA guidelines may follow in a later stage. The impact on Aegon's financial position and results depends on the final form of the requirements, standards and guidelines;
- Following the end of the Brexit transition period on December 31, 2020, UK insurers are no longer directly subject to regulation under the EU's Solvency II. The UK government held a consultation between the end of April and July 2022 as a part of its review of the insurance prudential regime in the UK, with the stated aim to introduce a simpler, clearer, and much more tailored regime, compared to European Union's Solvency II framework. Increasing divergence cannot be ruled out going forward which could further impact the UK capital ratio;
- In the US, the NAIC periodically updates various prudential requirements. The NAIC is currently embarking on a project to reconsider the RBC treatment of structured investments. These initiatives or other regulatory changes to capital factors may lead to higher risk-based capital requirements. In addition, the NAIC has constructed a US group capital calculation ('GCC') using an RBC aggregation approach that would be used by regulators as a monitoring tool. The results of the GCC could impact the translation of RBC in the Group capital ratio for the United States; and
- Aegon utilizes affiliated captive insurance companies to manage risks of various insurance policies issued before the adoption of principle-based reserves, including universal life with secondary guarantees and level term life insurance. These structures have been utilized to finance regulatory reserves. To the extent that state insurance regulations restrict or require insurers to restate the valuation of the assets used to finance these structures, this could increase costs or reduce available capital.

In addition to requirements imposed by regulatory and/or supervisory authorities, rating agencies may incorporate higher capital thresholds into their quantitative analyses, thus requiring additional capital for Aegon Group and/or its regulated subsidiaries to maintain their desired credit ratings.

The application of these capital standards and changes thereto could adversely affect Aegon's ability to compete with other insurers that are not subject to those capital requirements. These requirements may also lead Aegon to engage in transactions that affect capital and constrain Aegon's ability to pay dividends or repurchase its own shares. Furthermore, such requirements may constrain Aegon's ability to provide guarantees and may increase the cost to Aegon of offering certain products, resulting in price increases, discontinuance of offering of certain products or reducing the amount of risk Aegon takes on. Aegon may consider structural and other business alternatives in light of requirements or standards applicable with respect to systemic entities or activities, of which the impact on shareholders cannot be predicted. For further detail on developments in these areas, reference is made to the section 'Regulation and supervision' of Aegon's Integrated Annual Report 2022.

Political or other instability in an impacted country or region, could adversely affect Aegon's international business activities and financial condition.
Political developments such as, foreign investment restrictions, civil unrest, geopolitical tensions, or military action (e.g., the Russia - Ukraine war), and new or evolving legal and regulatory requirements on business investment, hiring, migration, and global supply chains could have an adverse effect on Aegon businesses, results of operations, financial condition and liquidity in many ways, including disruption to its business operations in countries experiencing geopolitical tensions as well as increased costs associated with meeting customer needs in such regions, and impediments to its ability to execute strategic transactions.

Changes in accounting standards may affect Aegon's reported results of operations and shareholders' equity.
Aegon's financial statements are prepared and presented in accordance with EU-IFRS. Any future changes in these accounting standards may have a significant impact on Aegon's reported results of operations, financial condition, shareholders' equity and dividend. This includes the level and volatility of reported results of operations and shareholders' equity. New accounting standards that have a significant impact on Aegon's reported results, financial condition and shareholders' equity include, but are not limited to, IFRS 9 – Financial Instruments and IFRS 17 – Insurance Contracts.

The IASB issued the complete version of IFRS 9 Financial Instruments in July 2014, which was endorsed by the European Union in November 2016. The IASB issued IFRS 17 Insurance Contracts in May 2017 and issued amendments to the standard in June 2020. Both IFRS 9 and IFRS 17 were endorsed by the European Union, except that the endorsement of IFRS 17 included an optional carve-out regarding the grouping of policies for certain contracts. For Aegon, both standards will apply across the group for reporting periods beginning on or after January 1, 2023.

Further detail on the impact from both the accounting standards IFRS 9 and IFRS 17 on Aegon are included in note 2 to the 2022 consolidated financial statements of Aegon.

Local statutes, regulators, and decisions of supervisory and other authorities may limit the ability of Aegon's subsidiaries and participations to pay dividends to Aegon N.V., thereby limiting Aegon's ability to make payments on debt obligations and operating expenses.
Aegon's ability to make payments on debt obligations and pay operating expenses is dependent upon the receipt of dividends from subsidiaries and participations, in particular, but not limited to the US, the Netherlands, and the UK. Many of these entities are subject to regulatory restrictions that can limit the payment of dividends. In addition, local regulators in the countries where Aegon operates, supervisory and other authorities (such as EIOPA or the European Systemic Risk Board) may decide to impose or advise on further restrictions to dividend payments, or discourage such payments, specifically in exceptional and unpredictable economic circumstances. This may affect Aegon's ability to satisfy its debt obligations or pay its operating expenses.

Risks of application of intervention measures may adversely affect Aegon's business, results of operations and financial condition.
The Dutch Act on Recovery & Resolution for Insurers ('R&R Act') allows DNB to intervene in situations where a Dutch insurer or reinsurer is faced with financial difficulties. The powers under the R&R Act may also extend to the level of the Group to which a Dutch insurer belongs, and to entities, in addition to insurance or reinsurance entities in the Netherlands, which are part of the Group, such as Aegon N.V. until the completion of the a.s.r. transaction.

In addition, the R&R Act allows DNB to require a Dutch insurance or reinsurance company or a group to remove, ex ante, material impediments to effective resolution of a Dutch insurance or reinsurance undertaking (such as the revision of financing arrangements, the reduction of exposures, the transfer of assets, the termination or limitation of business activities, or the prohibition on starting certain business activities, changing the legal or operational structure of the Group, or securing certain critical business lines). The use of this tool may adversely affect Aegon's business, results of operations and financial condition.

In September 2021, the European Commission published a formal proposal for a European Insurance Recovery & Resolution Directive, which will introduce minimum standards at European level for recovery & resolution frameworks in EU member states, such as the Dutch R&R Act. This might lead to the introduction of intervention tools, largely similar to those included in the R&R Act, in other EU member states in which Aegon's subsidiaries are active.

Furthermore, to parts of the Aegon group, in particular Aegon Bank N.V., the framework of the EU Directive on the recovery and resolution of credit institutions and investment firms (the 'Bank Recovery and Resolution Directive') is applicable. The Bank Recovery and Resolution Directive contains provisions that where both Aegon Bank N.V. and Aegon N.V. fail or are likely to fail, could be applied to mixed financial holding companies such as Aegon N.V., including the right of bail-in of creditors. Following the completion of the a.s.r. transaction, Aegon Bank N.V. will no longer form part of the Aegon group and Aegon N.V. will no longer qualify as a mixed financial holding company.

Lastly, when the stability of the financial system is threatened by the condition of a financial institution the Dutch Minister of Finance may intervene immediately, in which case legal or statutory provisions, applicable to the financial institution, might be superseded. The intervention measures available to the Minister of Finance include, in particular, the right to expropriate assets of the financial institution, as well as securities and/or other financial instruments issued by or with the cooperation of the financial institution. The exercise of this power may significantly impact the rights of the owners or holders of these assets, securities and/or financial instruments.

There is a risk that the possible exercise of powers, or any anticipated exercise of powers, by DNB or the Ministry of Finance could have a material adverse effect on the performance by the failing institution, including Aegon, of its obligations (of payment or otherwise) under contracts of any form, including the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations issued by the failing institution. The R&R Act and the regime of the Bank Recovery and Resolution Directive are described in the section 'Regulation and supervision' of Aegon's Integrated Annual Report 2022.

Legal and Compliance

The outcome of legal and arbitration proceedings and regulatory investigations and actions may adversely affect Aegon's business, results of operations and financial condition.
Aegon faces significant risks of litigation as well as regulatory exams and investigations and actions relating to its and its subsidiaries' businesses. Aegon is also subject to compliance with regulations applicable to it as a corporate entity.

Insurance companies and their affiliated regulated entities are routinely the subject of litigation, investigation and regulatory activity by various governmental and enforcement authorities, individual claimants, and policyholder advocate groups in the jurisdictions in which Aegon does business, including the United States, the Netherlands, and the United Kingdom. These actions may involve issues including, but not limited to, employment or distribution relationships; operational and internal controls and processes; investment returns; sales practices; claims payments and practices; transparency and adequacy of product disclosures including regarding costs; environmental and climate change related matters; competition and antitrust matters; data privacy; information security; and intellectual property.

Aegon entities are subject to anti-money laundering laws and regulations and these require Aegon to develop and implement customer identification and risk-based anti-money laundering programs, report suspicious activity, and maintain certain records. Further, Aegon entities are required to adhere to certain economic and trade sanctions programs, including EU, US, UK and UN programs, that prohibit or restrict transactions with suspected persons, governments, and in certain circumstances, geographies. Changes in, or violations of, any of these laws or regulations may require additional compliance procedures, or result in enforcement proceedings, sanctions or penalties, which could have a material adverse effect on Aegon's businesses, financial condition and result of operations.

Aegon entities are subject to anti-bribery legislation. Any violations of these or other anti-bribery laws by Aegon, its employees, subsidiaries or local agents, could have a material adverse effect on its businesses and reputation and result in substantial financial penalties or other sanctions.

Government and regulatory investigations may result in the institution of administrative, injunctive, or other proceedings and/or the imposition of monetary fines, penalties and/or disgorgement as well as other remedies, sanctions, damages and restitutionary amounts. Regulators may also seek changes to the way Aegon operates. In some cases, Aegon subsidiaries have modified business practices in response to inquiries.

Customers of certain of Aegon's products bear significant investment risks with respect to those products which are affected by fluctuations in equity markets as well as interest rate movements. When investment returns disappoint, are volatile, or change due to changes in the market or other relevant conditions, customers may threaten or bring litigation against Aegon.

The existence of potential claims may remain unknown for long periods of time after the events giving rise to such claims. Determining the likelihood of exposure to Aegon and the extent of any such exposure may not be possible for long periods of time after Aegon becomes aware of such potential claims. Litigation exposure as well may develop over long periods of time; once litigation is initiated, it may be protracted and subject to multiple levels of appeal, which can lead to significant costs of defense, distraction, and other constraints.

In some jurisdictions, plaintiffs may seek recovery of very large or indeterminate amounts under enhanced liability legal theories or claims of bad faith, which can result in tort, punitive and/or statutory damages. Damages alleged may not be quantifiable or supportable or may have no relationship to economic losses or final awards. As a result, Aegon cannot predict the effect of litigation, investigations or other actions on its business.

Separate from financial loss, litigation, regulatory action, legislative changes or changes in public opinion may require Aegon to change its business practices, which could have a material adverse impact on Aegon's businesses, results of operations, cash flows and financial condition. Disputes and investigations initiated by governmental entities and private parties may lead to orders or settlements, including payments or changes to business practices, even if Aegon believes the underlying claims are without merit.

Several US insurers, including Aegon subsidiaries, have been named in class actions as well as individual litigations relating to increases in monthly deduction rates ("MDR") on universal life products. Plaintiffs generally allege that the increases were made to recoup past losses rather than to cover the future costs of providing insurance coverage. Aegon's subsidiary in the US has settled two such class actions in the US District Court for the Central District of California. The settlement in the first of these cases, approved in January 2019, arose from increases implemented in 2015 and 2016. Over 99% of affected policyholders participated in that settlement. While less than 1% of policyholders opted out of the settlement, they represented approximately 43% of the value of the settlement fund. In the second case, Aegon's subsidiary agreed to settle a class action lawsuit arising out of MDR increases in 2017 and 2018. The court approved that settlement on September 16, 2020. Opt-outs in this case represent less than 7% of the value of the settlement fund. The settlement fund was reduced proportionally for opt outs. In 2022, settlements were reached with some of the remaining opt-out parties from the first of the settled class actions. The remaining opt-out cases and disputes are ongoing, and Aegon continues to hold a provision for the remaining opt-outs from the settlements that were approved by the court in 2019 and 2020. If this provision for these cases proves to be insufficient, then these cases could have an adverse effect on Aegon's business, results of operations, and financial condition. In October 2022, a new putative class action was filed against one of Aegon's subsidiaries challenging certain MDR increases, which began in 2022.

In addition, insurance companies and their affiliated regulated entities may face lawsuits that threaten their business models. For example, several US-based Aegon subsidiaries are defendants in a class action alleging that the business model improperly characterizes distributors as independent contractors instead of employees. Depending on the outcome, this lawsuit, along with similar claims against Transamerica subsidiaries and other companies, as well as regulatory action, could necessitate a change in the business model and/or could result in a significant settlement or judgment.

In the Netherlands, unit linked products (beleggingsverzekeringen) have been controversial and the target of litigation since 2005. Allegations include excessive cost, unfair terms, inadequate disclosure, and failure to perform as illustrated. Consumer groups have formed to address these issues and initiate mass claims against insurers. Regulators as well as the Dutch Parliament have been involved ever since, with the principal goal of achieving an equitable resolution. Aegon has made improvements across its product lines, including after settlements reached in 2009 with Stichting Woekerpolis and Stichting Verliespolis. Aegon also decided to reduce future policy costs for the large majority of its unit-linked portfolio. Some of the unit linked products are still involved in ongoing litigation. In September 2014, the consumer interest group Vereniging Woekerpolis.nl filed a claim against Aegon in court. The claim related to a range of unit linked products that Aegon sold in the past, including Aegon products involved in the earlier litigation. In June 2017 (and revised in December 2017), the court issued a verdict which upheld the principle that disclosures must be evaluated according to the standards at the time when the relevant products were placed in-force. Most of the claims of Vereniging Woekerpolis.nl were dismissed under this standard, although the court found that Aegon did not adequately disclose certain charges on a limited set of policies. The district court did not decide on the reasonableness of the cost levels and whether the previous compensation arrangements provide sufficient compensation. This court decision has been appealed by both parties. The Court of Appeal has stayed the class action proceedings during the preliminary proceedings at the Supreme Court in another class action of Vereniging Woekerpolis.nl against another insurance company. On February 11, 2022, the Supreme Court ruled in these preliminary proceedings. The answers to the preliminary questions regarding transparency and consent about costs and cost levels are a (re)confirmation of the EU Court ruling in a previous case against another Dutch insurance company. The legal debate will now continue at the level of the Court of Appeal, Aegon expects the uncertainty about the possible impact to continue for the foreseeable future. Aegon expects the claims and litigation, whether collective or on an individual basis and in court or through alternative dispute resolution mechanisms, on unit linked products to continue for the foreseeable future. Developments in similar cases against other Dutch insurers currently before regulators and courts may also affect Aegon.

Lawsuits have also been brought against providers of securities leasing products (aandelenlease producten). Although sales of securities leasing products ended more than a decade ago, litigation relating to these products has resurfaced.

In December 2020, Aegon reached an agreement on a settlement with Leaseproces B.V. for claims regarding Vliegwiel and Sprintplan customers represented by Leaseproces. The execution of the settlement was finalized in 2022. There are still some individual claims pending.

There is also an increasing risk of climate-related litigation. For example, plaintiffs have brought litigation against a variety of companies alleging that their actions have contributed to the increase of greenhouse gas emissions and resultant physical climate impacts or that such companies have been aware of the negative consequences of climate change for some time but failed to adequately disclose those risks to their investors or customers. While Aegon is not currently subject to any such litigation, certain company practices have been criticized by certain NGOs, including NGOs which have previously brought climate litigation successfully against Dutch companies. While Aegon has engaged with NGOs to reduce the risk of litigation, it cannot guarantee that these will be successful.

There can be no assurances that these matters will not ultimately result in a material adverse effect on Aegon's business, results of operations, competitive position, reputation, and financial condition. For additional information on proceedings in which Aegon is involved, reference is made to the consolidated financial statements, note 45 'Commitments and contingencies' of Aegon's Integrated Annual Report 2022.

Changes in government regulations in the jurisdictions in which Aegon operates may affect profitability and operating models.
Aegon's regulated businesses, such as insurance, banking, and asset management, are subject to comprehensive regulation and supervision. The primary purpose of such regulation is to protect clients of these regulated businesses (e.g. policyholders), rather than holders of Aegon shares, capital securities and debt instruments. Changes in existing laws and regulations may affect the way in which Aegon conducts its businesses, including its relationship with distributors of its products and other third parties and the structure of its relationship with employees. These changes may evolve over time and be open to interpretation through judicial and enforcement action. Such changes may also affect the profitability of its businesses and the products it offers. Additionally, the laws or regulations adopted or amended from time to time may impose greater restrictions on Aegon's financial flexibility and operations or may result in higher costs to operate than currently is the case, including but not limited to financial and accounting requirements; information security, data privacy, transfer, storage, and usage requirements; modeling and other actuarial requirements and standards; investments, reserves, and financial management.

Aegon may not be able to comply fully with, or obtain appropriate exemptions from, the wide variety of laws and regulations applicable to its businesses and legal entities. Failure to comply with or to obtain appropriate exemptions under any applicable laws and regulations may result in restrictions on Aegon's ability to do business in one or more of the jurisdictions in which Aegon operates and may result in fines and other sanctions, which may have a material adverse effect on Aegon's businesses, financial condition or results of operations.

Certain key regulatory proposals that could materially impact Aegon's financial condition and results of operations include the European Commission's proposal for amendments to the Solvency II framework, following the Solvency II 2020 review and the European Commission's proposal for an Insurance Recovery & Resolution Directive. Both proposals serve (inter alia) as the implementation of the IAIS Holistic Framework for Systemic Risk in the Insurance Sector in the European Union and to some extent the IAIS Common Framework for the supervision of internationally active insurance groups ('ComFrame').

Regulatory changes include preventive and corrective supervisory measures that aim to address macro-prudential concerns, referred to in the Holistic Framework for Systemic Risk in the Insurance Sector, as adopted by the IAIS in November 2019 and in the European Commission's proposal to amend the Solvency II Directive in the context of the Solvency II 2020 review, which includes macro-prudential tools, as well as in the European Commissions' proposal for an Insurance Recovery & Resolution Directive, both of which were published on September 22, 2021.

In addition, regulatory changes may include measures that are addressed specifically to certain types of insurers or groups, in particular larger and internationally active groups. ComFrame, which was adopted in November 2019 by the IAIS, establishes minimum supervisory standards and guidance on the effective group-wide supervision of Internationally Active Insurance Groups (IAIGs) and builds on the IAIS Insurance Core Principles (a set of principles that is applicable to all insurers). Therefore, IAIGs may be subject to additional standards that other insurers or other insurance groups are not subject to. In Europe, such additional standards would be introduced through the Solvency II framework.

On May 12, 2020, DNB announced, that it has identified Aegon as one of the two IAIGs in the Netherlands, based on the size and international activities of the Aegon group. Although generally large insurance groups are subject to a high level of supervisory scrutiny by DNB, thus far no requirements have been introduced in the Netherlands or by DNB that have specifically been targeted at IAIGs.

The implementation of ComFrame and the holistic framework, as well as other requirements aimed to address macro-prudential or concerns or concerns related to its capacity as internationally active group, may cause Aegon to engage in transactions that affect capital or constrain Aegon's ability to pay dividends or repurchase its own shares. Furthermore, such requirements may constrain Aegon's ability to provide guarantees and increase the cost to Aegon of offering certain products resulting in price increases, leading to the discontinuance of offering of certain products or reducing the amount of risk Aegon takes on. Aegon may consider structural and other business alternatives in light of requirements or standards applicable with respect to systemic entities or activities, of which the impact on shareholders cannot be predicted.

As referred to above, the Solvency II 2020 review covers a broad range of topics of the Solvency II framework. Aegon, at Group level is, and Aegon's EU insurance subsidiaries are, subject to the Solvency II framework. If the European Commission's Directive proposal is taken over by the European co-legislators without material changes, and depending on the scope of further amendments to the Solvency II Delegated Regulation, the related technical standards and EIOPA guidelines (that might be necessary as a consequence of changes to the Solvency II Directive), the amendments to the Solvency II framework may have a significant impact on the activities, profitability and financial condition of Aegon and Aegon's subsidiaries in the European Union.

The potential impact of the regulatory developments discussed above is expected to be significantly affected by the completion of the a.s.r. transaction.

In the United States, the Patient Protection and Affordable Care Act (PPACA) adopted in 2010 has been challenged in whole or in part since its adoption. Changes to the PPACA and to other laws and regulations impacting the US health insurance industry could have a material adverse effect on Aegon's financial condition, results of operations, and competitive position. The extent to which employers or individuals may discontinue their purchase of supplemental health insurance products as a result of any such changes may significantly impact Transamerica's supplemental health insurance products business. The extent of any such changes or the corresponding impact on Transamerica's supplemental health insurance business cannot be determined at this time.

On June 5, 2019, the SEC adopted Regulation Best Interest (Regulation BI), a new rule requiring broker-dealers and investment advisers to recommend only those financial products to their customers that are in their customers' best interest, and to clearly identify any potential conflicts of interest and financial incentives the broker-dealer may have in connection with the sale of such products. In addition, the Department of Labor (DOL) has announced its expectation that it will proceed to propose yet another iteration of investment advice guidance under the Employee Retirement Income Security Act of 1974, as amended (ERISA), possibly one even more rigorous than its 2016 Rule that was vacated by the Fifth Circuit Court of Appeals.

The foregoing regulations and proposed regulations, along with any future regulations by the federal government and/or states that impose new, heightened, conflicting or differing standards of care or restrictions on broker-dealers, insurance agents, or advisers, could have a material impact on annuity sales and, as applicable, life insurance sales.

Changes in pension and employee benefit regulation, social security regulation, financial services regulation, taxation and the regulation of securities products and transactions, and regulation of employee workplace standards may adversely affect Aegon's ability to sell new policies or claims exposure on existing policies.

The introduction of state-run retirement programs for private-sector employees in the United States could directly compete with private-market retirement plans. More than 30 US states have considered legislation that would establish state-run plans but fewer than 10 states have enacted legislation, and among those, even fewer have implemented them. Federal ERISA law raises questions as to whether such plans are pre-empted by ERISA.

In general, changes in laws and regulations may materially increase Aegon's direct and indirect compliance costs and other ongoing business expenses and have a material adverse effect on Aegon's businesses, results of operations or financial condition.

Increased attention to ESG matters may subject Aegon to additional costs or risks or otherwise adversely impact Aegon businesses. Aegon may not be able to meet evolving ESG standards and requirements, or may fail to meet its sustainability and ESG-related goals and targets.

Companies across industries, including insurance companies, asset managers, and banks are facing increasing scrutiny from a variety of stakeholders related to their ESG and sustainability practices. Such companies are expected and/or required to engage in certain initiatives and/or disclose the extent to which their activities and products, including their investments and the activities of the companies they invest in, meet ESG standards which may be set by regulators, sustainability-focused NGOs, or other third parties. For example, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters, and such ratings are used by some investors to inform their investment or voting decisions. These requirements and standards are continuously and rapidly evolving and have not yet crystalized. Aegon's current ESG focus and associated risks are discussed further in the section of this annual report titled "Our business environment". While Aegon strives to meet applicable ESG standards to the best of its abilities, it may not be successful in doing so, due to the dynamic nature and evolution of these standards and might not be able to anticipate in all respects the further evolution of such standards. This may have an impact on its reputation, products and sales, as well as on its activities and investments, including long term investments. Compliance with these standards may require it to incur substantial costs, including but not limited to the gathering, monitoring, and disclosure of relevant information. Aegon may face additional costs in the event its efforts do not meet expectations. In addition, as part of its corporate efforts, Aegon has adopted certain sustainability and ESG-related goals, targets and metrics, including greenhouse gas emissions reduction and diversity and inclusion targets and other sustainability initiatives. However, such initiatives may be costly or subject to numerous conditions that are outside its control, and the Company cannot guarantee that they will have the desired effect. If Aegon cannot meet these goals fully or on time, or if it is perceived to have not sufficiently addressed ESG matters, the Company may face reputational damage, litigation or unexpected costs. Reputational impacts may also impact Aegon’s ability to recruit and retain customers and employees.

Moreover, while Aegon may create and publish voluntary disclosures regarding ESG matters from time to time, many of these statements are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of any established single approach to identifying, measuring and reporting on many ESG matters. Such disclosures may also be at least partially reliant on third-party information that Aegon has not independently verified or cannot be independently verified. In addition, Aegon expects there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters, and increased regulation will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, there has been a trend in certain states of the U.S. to constrain the use of ESG-related considerations by financial institutions in business decision-making. Balancing these countervailing expectations may subject us to additional costs, require us to forego certain business opportunities, or otherwise adversely impact our business or results of operations. Such ESG matters may also impact Aegon's suppliers or customers, which may adversely impact its business, financial condition, or results of operations.

Tax risks may have a material adverse effect on Aegon's businesses, profits, capital position, and financial condition.
Tax risks are risks associated with the organization's tax practices that might lead to a negative effect on the goals of the organization and to financial or reputational damage. The majority of tax risks relate to both Aegon's products and its businesses. Types of tax risks vary from changes in legislation, compliance risks, reporting risks, or a perception of aggressive tax practices.

The first type of risk may materialize due to (i) changes in tax laws, (ii) changes in interpretation of tax laws, (iii) later jurisprudence or case law, or (iv) the introduction of new taxes or tax laws. These tax risks include for example the risk of changes in tax rates, changes in loss carry-over rules and changes in customer taxation rules. Most of Aegon’s insurance products enjoy certain policyholder tax advantages. This permits, for example, the build-up of earnings on gross premium amounts with deferred taxation, if any, when the accumulated earnings are actually paid to Aegon's customers. Legislators have, from time to time, considered legislation that may make Aegon’s products less attractive to consumers, including legislation that would reduce or eliminate this deferral of taxation. This may have an impact on insurance products and sales. Non-compliance is caused by inaccurate, incomplete, and/or not timely reports of tax information, filings and/or payments required by regulatory agencies. Materialization of this risk could lead to increased tax charges, penalties, and interest.
Failure to manage reporting risks may lead to tax positions in financial reporting that do not represent a true and fair view.

The risk of the perception of aggressive tax practices may lead to reputational impact and could negatively affect Aegon's businesses. Overall, tax risks may have a material adverse effect on Aegon’s businesses, profits, capital position, and financial condition.

Judgments of US courts may not be enforceable against Aegon in Dutch courts.
There is no treaty between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Judgments of US courts, including those predicated on the civil liability provisions of the US federal securities laws, may not be enforceable in Dutch courts. Therefore, Aegon’s investors that obtain a judgment against Aegon in the United States may not be able to require Aegon to pay the amount of the judgment unless a competent court in the Netherlands gives binding effect to the judgment, or, if possible, the US investor has brought a successful original action in a Dutch court. Therefore, investors are required to undertake more action in order to enforce a US court judgment than in relation to any US counterparty.

Aegon may not manage risks associated with the reform and replacement of benchmark rates effectively.
Aegon recognizes that the reform of Interbank Offered Rates ('IBORs') and any transition to replacement rates entail risks for all its businesses across its assets and liabilities. These risks include, but are not limited to:

- Financial risks, arising from any changes in the valuation of financial instruments linked to benchmark rates, such as derivatives and floating rate notes, issued by, or invested in by Aegon;
- Pricing risks, as changes to benchmark indices could impact pricing mechanisms on some funding instruments or investments;
- Operational risks, due to the potential requirement to adapt informational technology systems, trade reporting infrastructure and operational processes; and
- Conduct risks, relating to communication regarding potential impact on Aegon's customers, and engagement during the transition period.

The EUR 2 billion syndicated revolving credit facility and the USD 2 billion Letter of Credit "LOC" facility have been updated in order to prepare for the cessation of the relevant benchmark rates.

The United Kingdom's Financial Conduct Authority (the "FCA"), which regulates London Interbank Offered Rate ("LIBOR"), has announced that the publication of USD LIBOR on the current basis would cease and no longer be representative immediately after June 30th 2023. All sterling, euro, Swiss franc, Japanese yen and one-week and two-month USD LIBORs had already ceased to exist at the end of 2021. If Aegon adopts alternative benchmarks for its current or future debt, interest rates on its debt obligations may be adversely affected.

Aegon may not be able to protect its intellectual property and may be subject to infringement claims.
Aegon relies on a combination of contractual rights with third parties and copyright, trademark, patent, and trade secret laws to establish and protect Aegon's intellectual property. Third parties may infringe on or misappropriate Aegon's intellectual property, and it is possible that third parties may claim that Aegon has infringed on or misappropriated their intellectual property rights. Any resulting proceedings in which Aegon would have to enforce and protect its intellectual property or defend itself against a claim of infringement of a third party's intellectual property, may require significant effort and resources and may not prove successful. As a result of any proceeding in which Aegon would have to enforce and protect its intellectual property, Aegon may lose intellectual property protection, which may have a material adverse effect on Aegon's businesses, results of operations, financial condition and Aegon's ability to compete and pursue future business opportunities. As a result of any proceeding in which Aegon would have to defend itself against a claim of infringement of a third-party's intellectual property, Aegon may be required to pay damages and provide injunctive relief, which may have a material adverse effect on Aegon's businesses, results of operations and financial condition.

Risks relating to Aegon's common shares

Aegon's share price could be volatile and could drop unexpectedly, and investors may not be able to resell Aegon's common shares at or above the price paid.
The price at which Aegon's common shares trade is influenced by many factors, some of which are specific to Aegon and Aegon's operations, and some of which are related to the insurance industry and equity markets in general. As a result of these factors, investors may not be able to resell their common shares at or above the price paid for them. In particular, the following factors, in addition to other risk factors described in this section, may have a material impact on the market price of Aegon's common shares:

- Investor perception of Aegon as a company;
- Actual or anticipated fluctuations in Aegon's results of operations;
- Announcements of intended acquisitions, disposals (and related approvals or refusals from governmental or regulatory authorities) or financings, or speculation about such acquisitions, disposals (and related approvals or refusals from governmental or regulatory authorities) or financings;
- Changes in Aegon's dividend policy, which may result from changes in Aegon's cash flow and capital position;
- Offering of additional shares by Aegon or sales of blocks of Aegon's shares by significant shareholders, including Vereniging Aegon;
- A downgrade or rumored downgrade of Aegon's credit or financial strength ratings, including placement on credit watch;
- Potential litigation or regulatory actions involving Aegon or the insurance industry in general;
- Changes in financial estimates and recommendations by securities research analysts;
- Fluctuations in capital markets, including foreign exchange rates, interest rates and equity markets;
- The performance of other companies in the insurance sector;

- Regulatory developments in the United States, the Netherlands, the United Kingdom, and other countries in which Aegon operates;
- International political and economic conditions, including the effects of terrorist attacks, military operations and other developments stemming from such events, and the uncertainty related to these developments;
- News or analyst reports related to markets or industries in which Aegon operates; and
- General insurance market conditions.

Aegon and its significant shareholders may offer additional common shares in the future, and these and other sales may adversely affect the market price of the outstanding common shares.
Aegon may decide to offer additional common shares in the future, for example, to strengthen Aegon's capital position in response to regulatory changes or to support an acquisition.

An additional offering of common shares by Aegon, the restructuring of Aegon's share capital, the sales of common shares by significant shareholders, or the public perception that an offering or such sales may occur, may have an adverse effect on the market price of Aegon's common shares.

Vereniging Aegon, Aegon's major shareholder, holds a large percentage of the voting shares and therefore has significant influence over Aegon's corporate actions.
Vereniging Aegon holds 32.6% of Aegon's voting shares. For details on the shareholding of Vereniging Aegon, its developments, the Amended 1983 Merger Agreement and the Voting Rights Agreement, please see the section Major shareholders on pages 342 through 344 of the Integrated Annual Report 2022.

Following the 1983 Amended Merger Agreement between Aegon N.V. and Vereniging Aegon, Vereniging Aegon has a call option on common shares B, which Vereniging Aegon may exercise to keep or restore its total stake at 32.6%, irrespective of the circumstances which cause the total shareholding to be or become lower than 32.6%.

As a matter of Dutch corporate law, common shares and common shares B offer equal full voting rights, as they have equal nominal values (EUR 0.12). The financial rights attached to a common share B are 1/40 of the financial rights attached to a common share. The Voting Rights Agreement between Aegon N.V. and Vereniging Aegon ensures that under normal circumstances, i.e. except in the event of a Special Cause, Vereniging Aegon will no longer be able to exercise more votes than is proportionate to the financial rights represented by its shares. This means that in the absence of a Special Cause, Vereniging Aegon will cast one vote for every common share it holds and one vote only for every 40 common shares B. It is at the sole discretion of Vereniging Aegon if a Special Cause has occurred. A Special Cause includes the acquisition of a 15% interest in Aegon N.V., a tender offer for Aegon N.V. shares or a proposed business combination by any person or group or persons, whether individually or as a group, other than in a transaction approved by the Executive Board and the Supervisory Board. In the event of a Special Cause, Vereniging Aegon's voting rights will increase to 32.6% for up to six months. Consequently, Vereniging Aegon may have substantial influence on the outcome of corporate actions requiring shareholder approval.

Currency fluctuations may adversely affect the trading prices of Aegon's common shares and the value of any cash distributions made.
Since Aegon's common shares listed on Euronext Amsterdam are quoted in euros and Aegon's common shares listed on NYSE New York are quoted in US dollars, fluctuations in exchange rates between the euro and the US dollar may affect the value of Aegon's common shares. In addition, Aegon declares cash dividends in euros, but pays cash dividends, if any, on Aegon's New York registry Shares in US dollars based on an exchange rate set the business day following the shareholder meeting approving the dividend. As a result, fluctuations in exchange rates may affect the US dollar value of any cash dividends paid.

Perpetual Contingent Convertible Securities (or other securities that permit or require Aegon to satisfy its obligations by issuing common shares) that Aegon may issue could influence the market price for Aegon's common shares.
In April 2019, Aegon issued EUR 500 million Perpetual Contingent Convertible Securities ('PCCS'). Upon the occurrence of a conversion trigger event the PCCS will be converted into common shares of the Company at the prevailing conversion price. A conversion trigger event shall occur if at any time: (i) the amount of eligible own funds items eligible to cover the Solvency Capital Requirement is equal to or less than 75% of the Solvency Capital Requirement; (ii) the amount of own fund items eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement; (iii) in case the Minimum Capital Requirement is an event, such event occurs; or (iv) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed.

The conversion price was set at EUR 2.994 per common share and will be adjusted upon occurrence of dilutive events like stock splits, extraordinary dividends or stock dividends, rights issues and others. A reduction of the conversion price will result in an increase in the number of common shares to be issued.

The PCCS and other convertible securities may influence the market for Aegon's common shares. For example, the price of Aegon's common shares may become more volatile and may be depressed by the issue of common shares upon conversion of the PCCS and/or any convertible securities or by the acceleration by investors of any convertible securities (or other such securities) that Aegon may have issued. Negative price developments may also result from hedging or arbitrage trading activity by holders of such convertible securities that may develop involving such convertible securities (or other such securities) and Aegon's common shares. Any such developments may negatively affect the value of Aegon's common shares.

Non-financial information 2022

Basis of preparation

This Integrated Annual Report has been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as the Integrated Reporting <IR> Framework, which is currently a joint responsibility of the IFRS Foundation's International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB). Aegon has used the Integrated Reporting Framework since 2014, and this chapter includes a table demonstrating Aegon's alignment with the "Guiding Principles" and the "Content Elements" of the <IR> Framework.

In 2022, Aegon took steps to prepare for the forthcoming requirements of the Corporate Sustainability Reporting Directive (CSRD) of the European Union. To that end, we undertook our first double materiality assessment (DMA) as one of the steps toward meeting the requirements of the CSRD; and we proactively identified and included additional disclosures in this Annual Report. We used the results of the DMA to frame our sustainability-related disclosures against the identified material topics. More specifically, for each material topic, we mapped our existing indicators against the requirements and in some cases we identified new indicators for disclosure. In preparation for the CSRD we restructured the tables in the "Value created" section and mapped the performance indicators to the material topics.

This chapter of the Annual Report is also designed to provide evidence and support Aegon's overarching approach to value creation. Accordingly, the "Value created" section (pages 429-441) is structured based on five main stakeholder groups as presented in the "Sharing value with our stakeholders" section (pages 28-37).

Moreover, this chapter of the Annual Report contains disclosures related to sustainability initiatives such as the UN Global Compact (UNGC), the UN Sustainable Development Goals (SDGs), the UNEP-FI's Principles for Sustainable Insurance (PSI), and the Task Force on Climate-related Financial Disclosures (TCFD), as well as information required by regulatory authorities such as the EU Non-Financial Reporting Directive (NFRD) and the EU Taxonomy Regulation. The non-financial information in this section is also part of the "Management report" as defined by Dutch law.

In this Annual Report, we use the words "non-financial" and "sustainability" interchangeably. We also use the term "ESG" when referring to environmental, social or governance related risk or performance.

Defining content

This section of the Annual Report contains non-financial information that is deemed important to either Aegon's stakeholders or Aegon. Aegon applies the principle of "materiality" to determine the content that is disclosed in this Annual Report. In previous years, Aegon followed the <IR> Framework and the "materiality" definition used by this Framework. This year, in preparation for the forthcoming CSRD requirements, Aegon conducted its first double materiality assessment, and used it as the basis for its sustainability-related disclosures. (Further information on our sustainability reporting program can be found under the sections "Sustainability" on page 25, and "Regulation and Compliance" on page 405.)

The "double materiality" concept, outlined by the draft European Sustainability Reporting Standards (ESRS), requires that the significance of sustainability matters is assessed based on two perspectives: financial materiality, which covers the financial effects on the company and impact materiality, which covers the impact on people or environment. A sustainability matter meets the double materiality criterion if it is material from either the impact perspective, or the financial perspective, or both perspectives. Accordingly, Aegon considers each materiality perspective in its own right, meaning, it discloses information that is material from both perspectives, as well as information that is material from only one perspective.

The scope of the 2022 double materiality assessment covers all business units where Aegon has majority ownership or operational control, and their related value chain partners. The assessment does not include joint ventures or associates.

The 2022 double materiality assessment uses company and stakeholder insights provided as part of the Business Environment Scan (BES) exercise. These are complemented by a broader impact assessment, which is formed through interviews with internal and external experts as well as desk research. These views led to a long list of sustainability matters, which were grouped into a shortlist. The shortlist was assessed against financial and impact materiality to reach an initial assessment. The outcome was discussed by our Local Sustainability Board chairs, endorsed by our Global Sustainability Board, and approved by our Management Board.

The assessment identified ten material topics and validated Aegon's priority themes of climate change and inclusion and diversity. This is reflected in our Sustainability Roadmap 2025 which aims to further integrate sustainability into Aegon's business, particularly in the areas of business conduct and risk management, responsible products and responsible investing. For more details on the ten material topics identified and their associated opportunities, risks, and impacts view “Embracing Double Materiality” section (pages 11-15).

Reporting process for non-financial data

Unless otherwise stated, the non-financial metrics detailed in this section of the Annual Report cover the same period as the financial statements, which is the full calendar year 2022. Whenever possible, figures for the past two full calendar years have also been included (in the tables provided in the “Value created” section) for comparison purposes. It is important to note that there have been divestments that were closed during the financial year 2022; therefore historical figures might not be always relevant for comparison. Explanatory notes and definitions are provided as footnotes to the accompanying tables in the “Value created” section (pages 429-441).

The non-financial data included in this section is collected mainly through an online data collection platform. The aggregated data has been reviewed by dedicated subject matter experts at Aegon. The non-financial information in this Annual Report has not been subject to an external audit or review.

In 2022 we further enhanced our Sustainability Reporting Program, building on the process initiated the previous year. The program aims to meet evolving regulatory requirements, provide data for sustainability performance benchmarks, and support our Sustainability Roadmap and other sustainability commitments. Responsibility for sustainability reporting was extended beyond Aegon’s Global Corporate Sustainability Team to include the company’s finance function, which has been tasked with collecting non-financial data, establishing processes and controls, and implementing robust reporting tooling. This will also help to prepare for limited assurance on non-financial reporting as required from 2024 under the CSRD. For more information on the CSRD, please refer to the section on page 408.

Estimations

Estimations (i.e. assumptions or extrapolations) may be applied where data is incomplete or unavailable. For this reporting year, the following significant estimations have been made:

- EU Taxonomy’s eligibility assessment (please see “EU Taxonomy” section on page 408).
- Operational energy consumption, air travel and associated GHG emissions: we extrapolate by the area of floorspace where we are missing data on energy use,
- Investment carbon footprint: We use extrapolation for indicators including Relative intensity, Weighted average carbon intensity, and Carbon risk rating when underlying carbon data is not available. The availability of data for each indicator is expressed in a coverage ratio as disclosed in the TCFD (pages 422-428) and Value created sections (pages 436-437).

Restatements

When compiling and disclosing non-financial data, in some cases values reported in prior years have been reclassified to align with changing circumstances in the 2022 reporting year. Such circumstances might include, but are not limited to, changes in the definitions of data and refining the methodology for data approximation. For this reporting year, the following significant restatements have been made:

- The definition of “Direct employees” changed in 2022 compared to previous years. Based on the new definition, direct employees include employees of Aegon N.V. and its 100% subsidiaries only, and is therefore limited to entities over which Aegon has direct control. In previous years, the employees of joint ventures and associates were presented as part of Direct employees. The 2021 figures have been restated to reflect the new definition. This also impacts the following indicators in Value created table “Employees”: Number of direct employees, as well as all indicators disclosed under the headings Recruitment and retention, Average investment in training and career development per employee and Proportion of women employees, and the following indicators in Value created table “Society”: Total GHG emissions / employee (location-based) and Total GHG emissions / employee (market-based). The 2020 figures were not updated for practical reasons. For more information see the Value created section (pages 429-441).
- In the Value created table “Customers” we disclose the number of customers, including a breakdown by region. The number of customers of our joint venture in Brazil is now reported in the category International. In previous years this was reported under Americas. The 2020 and 2021 figures were restated to reflect this change.
- In the Value created table "Society", the 2021 figures for the indicators "Absolute reduction against baseline" and "Relative reduction of scope 1+2 against baseline 2019 (%)" regarding operational carbon footprint have been restated. The 2021 figures have been restated to remove carbon emissions due to air travel (Scope 3).

Reporting scope

The scope of non-financial data reported in this section includes all entities over which Aegon has management control. Divested businesses, or joint ventures and associates, are excluded from the scope unless otherwise stated in the footnotes for the data tables in the “Value created” section. In 2020 we announced the divestment of our Eastern European businesses, and these were excluded from our 2021 reporting. Closings were not finalized for our Poland and Romania businesses in 2022, and they continue to be excluded from our reporting.

The “Disclosure by segment” table provides an overview of the scope of non-financial data included in this chapter of the Annual Report for each of our segments. In some cases, the scope does not apply to certain segments, and this is indicated in the table.

Disclosure by segment

Indicator topics by stakeholder	Americas	The Netherlands	United Kingdom	International	Asset Management	Holding and other activities
Customers						
Number of customers	●	●	●	●	●	–
Benchmarked Net Promoter Score (NPS)	●	●	●	○	–	–
Complaints	●	●	●	●	–	–
Fines and settlements	●	●	●	●	●	●
Claims, benefits and retirement plan withdrawals	●	●	●	●	●	–
Employees						
Workforce	●	●	●	●	●	●
Recruitment and retention	●	●	●	●	●	●
Employee engagement	●	●	●	●	●	●
Inclusion and diversity	●	●	●	●	●	●
Health and safety	●	●	●	●	●	●
Compensation and benefits	●	●	●	●	●	●
Collective bargaining	○	●	○	○	○	○
Business partners						
Premiums and commissions	●	●	●	●	●	–
Goods and services	●	●	●	○	●	●
Investors						
Corporate governance	●	●	●	●	●	●
Supervisory Board oversight	●	●	●	●	●	●
Financial returns	○	○	○	○	○	●
Sustainability benchmarks	●	●	●	●	●	●
Society						
Responsible investment	●	●	●	●	●	●
Climate change (investment footprint)	●	●	●	●	●	–
Climate change (operational footprint)	●	●	●	●	●	●
Compliance	●	●	●	●	●	●
Information security	●	●	●	●	●	●
Responsible tax	●	●	●	●	●	●
Community investment	●	●	●	●	●	●

● reported
○ not reported
– not applicable

The Integrated Reporting Framework

Disclosure	Topic	Page reference[1] (or details of omissions if applicable)
Guiding principles	Strategic focus and future orientation	Our business environment (pages 8-15)
		Our strategy and value creation (pages 16-20)
		Sustainability (pages 21-25)
	Connectivity of information	The topics mentioned in Our business environment (pages 8-15) are linked to information provided in Sharing value with our stakeholders (pages 28-37), and performance data provided in Value Created (pages 429-441)
	Stakeholder relationships	Sharing value with our stakeholders (pages 28-37)
		Sustainability (page 21)
	Materiality	Basis of preparation (pages 396-398)
		Embracing double materiality (pages 11-15)
	Conciseness	The section "About Aegon (pages 1-40)" is structured around our material topics, risks, opportunities, strategy, and the performance and value associated with these. We have also applied the materiality principle to define the content of this Annual Report as explained in the Sustainability (page 13) and the Basis of preparation (pages 396-397)
	Reliability and completeness	Basis of preparation (pages 396-398)
	Consistency and comparability	This Integrated Annual Report (IAR) is prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as the Integrated Reporting Framework. Aegon has used the <IR> Framework since 2014. We are making the shift to integrating more material frameworks; like that of the Task Force on Climate-related Financial Disclosures (pages 422-428).
Content elements	Organizational overview and external environment	About Aegon (pages 2-3)
		Our business environment (pages 8-15)
	Governance	Corporate governance, including Sustainability governance (pages 44-49)
	Business model	Our strategy and value creation (pages 16-20)
		Value creation (pages 26-27)
	Risk and opportunities	Our business environment (pages 8-15)
		Sustainability (pages 21-25)
	Strategy and resource allocation	Our strategy and value creation, including Sustainability (pages 16-25)
		Sharing value with our stakeholders (pages 28-37)
	Performance	Performance in 2022 (pages 38-40)
		Value created (pages 429-441)
	Outlook	Our business environment (page 8-15)
		Performance in 2022 (pages 38-40)
	Basis of preparation and presentation	Basis of preparation (pages 396-399)

1 All page numbers in this table refer to Aegon's Integrated Annual Report 2022, unless otherwise stated. Where there are several examples, only principal references are included.

Sustainability approach

Our ambition

As introduced in "Our strategy and value creation" (pages 16-20) and "Sustainability" sections (pages 21-25), in 2022, we continued to take steps to further embed sustainability into Aegon's strategic approach. Our ambition is to embed sustainability across the business through Aegon's Sustainability Roadmap 2025. The roadmap sets out the steps we are taking on our two priority themes, climate change, and inclusion and diversity, and other material topics identified by our initial double materiality analysis (pages 11-15).

We have set targets for our sustainability approach based on careful assessment of stakeholder needs, regulatory developments and industry trends. Further details on how our key business activities impact our key stakeholders can be found in the "Sharing value with our stakeholders" section (pages 28-37).

From roadmap to action

Realizing our sustainability ambition and delivering our roadmap requires close collaboration across all levels of the organization. To achieve this, we have put in place a clear governance approach (please see the governance diagram on page 25). The Corporate Sustainability Team is at the center of this collaboration to help develop and update Aegon's sustainability roadmap, and monitor progress on behalf of the MB and Global Sustainability Board (GSB).

To further strengthen ownership of Aegon's sustainability ambition and roadmap, a number of sustainability indicators are linked to executive remuneration. Further details are shared on pages 65-84.

The different owners at Corporate Center and in the business units, are responsible for translating the roadmap goals into detailed action plans and milestones. These milestones and actions are regularly discussed in the Local Sustainability Boards and Global Sustainability Board. Each year, the Sustainability Roadmap 2025 will be reviewed and updated to make sure it incorporates the latest stakeholder expectations and industry developments.

Together we go further

We acknowledge that we cannot achieve our sustainability ambitions on our own. Tackling global challenges such as climate change and inequality requires collaboration with our stakeholders. Our sustainability approach is focused on engaging with our clients, NGOs, industry bodies, regulators, and other stakeholder groups to find out where we can support one another and create partnerships. In 2022, we added a stakeholder engagement officer to the Corporate Sustainability Team to deliver on this ambition.

Non-financial key performance indicators

In alignment with our company strategy and our material topics, we have identified key performance indicators (KPIs) to measure our non-financial performance. In addition, we have set targets for 2022 and 2023 for a number of these KPIs.

The table on the next page provides an overview of our KPIs and targets for 2022 and 2023 for our non-financial material topics, including our performance in 2022. The table excludes the material topic of "solid financial performance", which is handled in detail in the "Financial performance" section of this Annual Report (page 38).

Non-financial key performance indicators

Material Topic	KPI(s)	Target for 2022	Performance in 2022	Target for 2023
Climate change *Priority theme*	• Weighted average carbon intensity for corporate fixed income and listed equity in our general account[1] (metric tons CO_2e / EURm revenue)	• 25% reduction by 2025 against 2019 baseline	• On track. 20% reduction by 2022 against 2019 baseline	• 25% reduction by 2025 against 2019 baseline
	• Absolute operational carbon emissions[2] (Scopes 1&2) (metric tons CO_2e)	• 25% reduction by 2025 against 2019 baseline	• Well ahead of target. 59% reduction by 2022 against 2019 baseline	• 25% reduction by 2025 against 2019 baseline
	• Amount of investments in activities to help mitigate climate change or adapt to the associated impacts by 2025 (USD billion)	• No target 2022	• Not measured	• USD 2.5 billion investments by 2025
	• Number of engagements with the largest corporate carbon emitters in our investment portfolio by 2025	• No target 2022	• Not measured	• Engagement with top 20 corporate carbon emitters by 2025
Inclusion and diversity *Priority theme*	• Proportion of women in senior management[3] (%)	• Minimum 36%	• 36%	• Minimum 38%
Responsible investing	• Number of engagements with investee companies[4]	• No target 2022	• 832	• No target 2023
Responsible products, treating customers fairly	• Significant fines to address cases of mis-selling (number and EUR)	• 0 fines	• 0 fines	• 0 fines
Talent management	• Result of the most recent employee engagement survey[5] (%)	• At least 70%	• 70%	• At least 72%
Business conduct and risk management	• Proportion of employees completed training on Code of Conduct	• 95% completed training	• 99% completed training	• 95% completed training
Customer experience	• Benchmarked Net Promoter Score(SM) (NPS®) in our core markets[6]	• In line with or above the average of those of our peers	• US = market average • NL < market average • UK < market average	• In line with or above the average of those of our peers
Cybersecurity and data protection	• Proportion of employees completed the annual training on Information Security (%)	• No target 2022	• 95%	• No target 2023
Good health and wellbeing	• Employee absence rate[7] (%)	• No target 2022	• 2.4%	• No target 2023

1 Aegon has committed to transitioning its general account* investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050. The commitment includes an intermediate target to reduce the carbon intensity for corporate fixed income and listed equity in our general account by 25% in 2025 compared with 2019. For details on the methodology used, please see the TCFD section (Methodology) on page 428. (* The general account portfolio consists of assets where Aegon can take the investment decisions, considering the legal obligations of Aegon as prescribed by local laws and regulations. A similar approach applies to selected investments where Aegon AM in its capacity of manager takes the investment decisions. For discretionary investments for account of third parties and off-balance sheet investments, the investment decisions are driven by the relevant third parties as well as the legal and/or fiduciary obligations of Aegon, as prescribed by local laws and regulations.)

2 Aegon has set a target to reduce the carbon footprint of its operational activities by 25% by 2025 against a 2019 baseline (using the location-based measurement). Operational GHG emissions include Scope 1 and 2 emissions.

3 In this context, senior management includes our Management Board and extends up to two levels below the Management Board (depending on the number of employees in each business unit). The 2021 and 2022 target and performance data do not include employees in our Central & Eastern Europe businesses that are in the process of being divested. The 2023 target does not cover Aegon the Netherlands due to the expected divestment in 2023.

4 Aegon actively engages with investee companies across a wide range of industries to improve their ESG profile and address sustainability issues.

5 The Global Employee Survey is provided through Culture Amp®. All employees, including those in joint ventures, participate in the survey on a voluntary basis. New hires employed for under three months do not participate. Employee engagement is measured on a five-point scale (strongly disagree to strongly agree), and it is the average score of four statements:
- The company motivates me to go beyond expectations
- I am proud to work for this company
- I see myself still working at this company in two years' time
- I would recommend this company as a great place to work

In 2022, three engagement surveys were conducted throughout the year (Q1, Q2, and Q3). The participation rate for the most recent survey was 79%.

6 Customer satisfaction is measured in terms of benchmarked Net Promoter Score(SM) (NPS®), and is based on the question: "How likely are you to recommend Aegon/Transamerica to a friend or colleague?" It is a single, easy-to-understand metric that predicts overall company growth and customer lifetime value. Customers answer based on a 0 to 10 scale, where those answering 9 or 10 are deemed "promoters", those answering 7 or 8 are "passive", and 0 to 6 are "detractors". NPS® is calculated by subtracting the percentage of detractors from the percentage of promoters. On an annual basis, we measure the NPS of our core markets (the Netherlands, the United Kingdom, and the United States) and compare findings against peers in each local market. To achieve this, each core market worked with local research experts who specialize in NPS benchmarking. The peer groups are re-assessed each year to ensure a fair representation of the market.
- The Netherlands: In partnership with Ipsos, the aggregated gap-to-market average score was calculated as a weighted average of the gap-to-market average of the various lines of business in active markets in the Netherlands. Weights are based on the number of contracts in each business line.
- The United Kingdom: With input from Bilendi, an independent market sample was obtained to gather information about Aegon and its competitors. The gap-to-market score is calculated as the difference between the Aegon NPS® and the average NPS® of all active brands in the market.
- The United States: In partnership with Qualtrics, the required sample size was collected through an external consumer panel for both the Life and Retirement businesses. The aggregated gap-to-market average is calculated by weighing the gap-to-market average for Life and Retirement. Weights are based on the number of contracts for Life and the number of participants for Retirement.
- With regards to the definition of "peers" for each core market:
- In the Netherlands, the competitive set used per line of business for the survey consisted of 31 brands (life), 37 brands (pension schemes), 25 brands (savings), 42 brands (P&C), and 35 brands (mortgages)
- In the United Kingdom, the competitive set used for the survey consisted of 10 brands (pension provider peers)
- In the United States, the competitive set per line of business used for the survey consisted of 19 brands (life) and 19 brands (retirement)

7 Employee absence refers to time off from work as a result of illness or injury. It excludes permitted leave of absence such as holiday, study/training, maternity or paternity leave and compassionate leave.

Policies and procedures

Aegon is committed to doing business responsibly. We have internal policies and, procedures explaining how decisions should be made in areas such as procurement, investment, tax, product development, remuneration, and information security. The following table demonstrates the incorporation of sustainability themes into Aegon's decision-making processes through specific policies, statements, and procedures with a focus on our material topics. The Aegon website includes a dedicated library for these policies.

Policies, statements, and procedures related to other relevant (emerging) topics are also included as a separate table below.[1]

Material topic	Related Policy / Statement / Procedure	Description
Climate change	Environmental Policy	Externally published statement outlining how Aegon seeks to reduce the negative impacts of its direct business operations on the environment whilst maximizing opportunities for performance improvement.
	Responsible Investment Policy	Please see below in this table the description of the Responsible Investment Policy.
Inclusion and diversity	Statement on Inclusion and Diversity	Externally published statement setting out Aegon's approach to inclusion and diversity to create an environment where our employees can bring their authentic selves to work. The statement incorporates our commitment to enabling this through our actions and inclusive policies. The statement applies to all Aegon businesses worldwide.
Responsible investing	Responsible Investment Policy	Externally published policy acting as the basis for how our assets should be managed consistently with our responsible business objectives and relevant laws and governance standards. It is applicable to all of our proprietary assets globally, regardless of country of operation or whether they are managed by Aegon business units or externally. Local business units within Aegon may implement additional mechanisms to further identify, manage, and mitigate ESG risks, within the context of local norms and stakeholder expectations. The policy covers all major asset classes and sets out minimum social and environmental standards for Aegon's investments that incorporates exclusions in areas including controversial weapons, tobacco, Arctic or oil sands production, and transportation and thermal coal. The policy also incorporates a commitment to net-zero emissions, to help to ensure the reduction in the weighted average carbon intensity of the company's investment portfolio is aligned with its net-zero ambitions.
	Investment and Counterparty Risk Policy	An internal policy which includes requirements for constructing investment mandates between the asset owner and the asset manager. Sustainability risks relating to the investment portfolio need to be identified, assessed and managed, and taken into account in the Asset Liability Management strategy. It applies to all assets and liabilities from the general account and the separate account of all material businesses of Aegon for which it has operational control.
Solid financial performance	Enterprise Risk Management (ERM) Policy	Internal policy document which sets the risk appetite of the company. Among others, it aims to ensure that Aegon and its operating companies are adequately capitalized and that obligations towards policyholders are always adequately met. It applies to all material businesses of Aegon for which the company has operational control.
	Capital Management Policy	Internal policy document which governs the company's view on the level of capitalization of local units, and the capitalization of the company through the amount of Cash Capital and gross financial leverage. In addition, it sets out key expectations on when business units are expected to pay remittances, and when business units can expect capital support from the Holding.
Responsible products, treating customers fairly	Pricing and Product Development Policy	Internal policy overseen by the Global Chief Actuary, detailing the company's approach to pricing and product development. It takes into account, among others, ensuring a reasonable distribution of return/value to all stakeholders, fair treatment of customers, and taking customer needs, including sustainability preferences, into account in the product approval process.
Talent management	Talent principles and talent review framework	Internal guidelines and processes setting out the company's approach to talent management, to ensure we have the right people in the right place to deliver on our business ambitions.
	Performance and development cycle	Internal guidelines and processes setting out the company's approach to performance management for its people with a focus on current performance, and future development and growth potential.
Business conduct and risk management	Code of Conduct	Externally published document prescribing a mandatory set of conditions for how Aegon employees should conduct business, comply with all applicable laws and regulations, and exercise sound judgment in reaching ethical business decisions in the long-term interests of our stakeholders. Training on the Code of Conduct is mandatory for all employees.

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[1] These policies and procedures are simply being provided for informational purposes and are not incorporated into our Annual Report on Form 20-F, except where expressly indicated.

Material topic	Related Policy / Statement / Procedure	Description
Business conduct and risk management	Speak Up	Externally published policy supplementing the Aegon Code of Conduct. Aegon Speak Up provides a safe environment for anyone who wishes to raise a concern about suspected or observed misconduct that involves Aegon. The policy applies to all Aegon businesses worldwide (including all business units, subsidiaries and joint ventures that are majority owned, and controlled by Aegon). It also extends to customers, business partners, shareholders and the public in general.
	Anti-Bribery and Corruption Policy	The Aegon Code of Conduct contains guidance on the prevention of bribery and corruption (including gifts and entertainment). The internally published Aegon Anti-Bribery and Corruption (ABC) Policy provides further principles and guidelines to help Aegon employees to make the right decision. The policy is applicable to all Aegon business units.
	Conflict of Interest Policy	The Aegon Code of Conduct contains guidance on conflicts of interest. The internally published Aegon Conflict of Interest Policy defines the principles regarding potential conflicts of interest applicable to all Aegon business units, which should be implemented in their local unit. The aim of the policy is to provide further guidelines to help Aegon employees recognize a potential conflict of interest and to help them handle the situation.
	Operational Risk Policy	Internal policy covering the operational risk universe (taxonomy), including conduct. It aims to ensure that Aegon maintains a prudent operational risk profile under both normal business conditions and under extreme conditions caused by unforeseen events. It applies to all businesses of Aegon for which it has operational control.
Customer experience	Market Conduct Compliance Policy	Internal policy containing key requirements regarding market conduct, aiming to prevent or mitigate customers detriment, to support a proper management of conflicts of interests (including acting in accordance with the best interest of customers) and to ensure that the interests, objectives and characteristics of customers are duly taken into account. It applies to all strategic business units over which Aegon has operational control.
	Benchmarked NPS® Process	Internal process document outlining the process to measure Benchmarked NPS® in Aegon's core markets (the United States, the United Kingdom, and the Netherlands). The quality control, including the approach and methodology, is centrally ensured, while the business units in the company's core markets are responsible for commissioning field studies, as well as monitoring and communicating results.
Cybersecurity and privacy	Global Information Security Policy	Internal policy overseen by the Global Chief Information Security Officer, setting out the company's approach to cyberthreats and data protection. The policy applies to all Aegon businesses worldwide (including all units, entities, or joint ventures where Aegon has operational control) and is supported by mandatory training in data and cybersecurity.
Good health and wellbeing (longevity)	Global Health and Safety Statement	Externally published statement committing Aegon to provide and maintain high health and safety standards across all its business units worldwide, outlining our objectives and expectations.

Other topics	Related Policy / Statement / Procedure	Description
Community investment	Charitable Donations Standards	Externally published set of standards covering Aegon's objectives with regard to community investment, including key themes ("financial security and education" and "wellbeing and longevity"), selection criteria, governance, and approval. The standards also detail Aegon's contribution to humanitarian aid.
Compensation and benefits	Global Remuneration Framework	Internal framework, detailing the company's approach to pay. The Framework is based on the principle of pay for performance, setting down the principles of governance covering both fixed and variable pay. On variable pay, remuneration for Aegon executives and other senior management is based on both financial and non-financial performance metrics (including employee engagement and customer loyalty scores).
Human rights	Statement on Human Rights	Externally published statement designed to frame Aegon's ongoing stewardship of human rights, including both the direct impacts of our daily operations as well as the indirect impacts of our business activities. Based on the Universal Declaration of Human Rights, core standards of the International Labor Organization (ILO), and the principles of the UN Global Compact. The statement commits Aegon to upholding international human rights standards at all businesses where the company has sufficient management control and, where possible, to help ensure partners uphold the same standards. The statement is supported by a regular human rights risk assessment, covering Aegon's businesses in the Americas, Europe, and Asia. (Note: Please see below for further information on our approach to human rights.)
Responsible sourcing	Vendor Code of Conduct	Externally published document containing the standards for the business relationship between Aegon and its vendors in order to enable Aegon to manage the most material business conduct, social, and environmental risks (also referred to as sustainability risks) associated with its procurement of goods and services under the following categories: - Corporate governance - Human rights - Labor rights and good health and wellbeing - Climate change and biodiversity Aegon requires its vendors to comply with the Code and assesses the ESG-related performance of those vendors against its standards.
Responsible tax	Global Tax Policy and Principles of Conduct	Externally published policy outlining Aegon's approach to responsible taxpaying, which seeks to align the long-term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society. Aegon seeks to pay "fair taxes", which means paying the right amount of tax in the right places.

Human Rights

Statement on Human Rights

Aegon has an externally published Statement on Human Rights, which represents our overarching position and approach regarding responsible stewardship of human rights. This includes both the direct impacts of our daily operations as well as the indirect impacts of our business activities.

Aegon's Statement on Human Rights is based on the Universal Declaration of Human Rights, core standards of the International Labor Organization (ILO), and the principles of the UN Global Compact. The statement commits Aegon to upholding international human rights standards at all businesses where the company has sufficient management control and, where possible, to encourage partners to uphold the same standards.

In addition to our Human Rights Statement, human rights considerations are built into Aegon's Responsible Investment Policy, Vendor Code of Conduct, and Statement on Inclusion and Diversity. Aspects of human rights are also covered by our Code of Conduct, our Speak Up program, and our policies including Anti-bribery and Corruption, Conflict of Interest, Employment Screening, Anti-Money Laundering, Sanctions, Anti-Fraud, Distribution Risk Management, and Third Party Risk Management.

Aegon UK also issues a modern slavery statement (in line with the UK government's 2015 Modern Slavery Act).

Indicators

Results of Aegon's biennial global Human Rights Risk Assessment (conducted internally and based on external sources). The assessment scores Aegon's countries against a combination of 10 publicly available indicators including: Civil and political rights, Corruption, Human development, Health coverage, Property rights, Illicit economy, Gender development, Working conditions, Rule of law, and Internet inclusion.

Outcome / Performance 2022

In 2022, we carried out our biennial Human Rights Risk Assessment (HRRA). Aegon also annually assesses ethics and culture via the Systematic Integrity Risk Assessments (SIRA), part of which is to assure it is not directly or indirectly violating the principles in the Code of Conduct and our core values.

The findings from these assessments are that for most Aegon units, the operating environment presents little or no significant human rights risk. Aegon is exposed to reduced risks in the potentially more difficult environments of Hungary, Turkey, and Indonesia due to divestments in those countries. In the Americas corruption is a concern, as well as the working conditions. We face human rights risks in China and India, although most of these risks relate to outside political factors.

Compliance and Risk leaders in countries with higher risk levels were asked to assess the local environment and to put in place action plans to manage identified risks. Preventative and remedial measures were recommended to local management in higher risk countries, and the 2022 HRRA concluded that the necessary measures are in place with respect to specific risks.

Regulation and compliance

Around the world, governments are passing legislation to make sure that companies are more transparent about how sustainable their economic activities are. For example, the EU Sustainable Finance Disclosure Regulation (SFDR) is driving more transparency regarding how financial market participants and financial advisors integrate sustainability risks and, where appropriate, sustainability factors (the impact of economic activities on people and the environment) into their investment decisions or insurance advice. According to SFDR, financial market participants should disclose information on those procedures and descriptions, and the impact of sustainability risks on the performance of the financial products, as well as, where appropriate, the impact of these products on people and the environment. To do so, they need sustainability-related information about their investees (companies). This is why the European Union has been developing two other key pieces of legislation, namely the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. The CSRD and EU Taxonomy aim to ensure that investees report on these topics, so financial institutions can use this information in return. The 2021 reporting year was the first step in the implementation of the EU Taxonomy.
For more information on the EU Taxonomy please refer to the "EU Taxonomy Regulation" section on page 408.

EU Non-Financial Reporting Directive

Non-financial reporting has been a regulatory requirement for Aegon since the implementation of EU Directive 2014/95/EU on non-financial reporting, hereafter referred to as the EU Non-Financial Reporting Directive (NFRD), as of the 2018 reporting year. The NFRD requirements applicable to Aegon N.V. are included in article 29a of Directive 2013/34/EU (Accounting Directive). In the Netherlands, article 29a of the Accounting Directive is implemented in Dutch law, on the basis of article 391 of Book 2 of the Dutch Civil Code in the Decree on the contents of the management report ("Besluit inhoud bestuursverslag"), in the Decree on the establishment of further provisions on the content of the Annual Report ("Besluit tot vaststelling van nadere voorschriften omtrent de inhoud van het jaarverslag") and in the Decree on the publication of non-financial information ("Besluit bekendmaking niet-financiële informatie").

The NFRD requires "large companies" such as Aegon to disclose information regarding the way they operate and manage social and environmental challenges. The disclosures pursuant to the NFRD relate to the impact on the company's development, performance, and position, which indicates financial materiality. In addition, the NFRD disclosures should relate to the impact of the company's activities with respect to environmental and social matters. This refers to the external impacts of the company.

More specifically, the NFRD requires companies to report on social, employee, and environmental matters (including climate change), human rights, bribery and anti-corruption, as well as to disclose information on board diversity. Information on board diversity is included in the diversity section of Aegon's Corporate Governance Statement. Climate-related information forms part of the information that needs to be disclosed on environmental matters, including those provided on the basis of the recommendations of the Task Force on Climate-Related Disclosures (TCFD). These disclosures are covered in the TCFD section of this report.

On the basis of the above-mentioned Decrees, Aegon is required to publish non-financial information in a (consolidated) non-financial statement. To this end, the table on the next page details the disclosures required, additionally referencing the corresponding requirement of the NFRD itself and the corresponding requirements in the Dutch decrees.

EU Non-Financial Reporting Directive[1]

Topic	Sub-topic	Section Reference (IAR 2022)	Equivalent requirement under Dutch law[2]
Business model	Brief description of company's business model	Our strategy and value creation (pages 16-20) Value creation (pages 26-27)	Decree non-financial information (article 3.1.a)
Relevant environmental matters (including climate-related impacts)	Description of policies relating to environmental matters (including due diligence processes implemented)	Sustainability (pages 21-24) Table under "Policies and procedures" (pages 402-403) TCFD (pages 422-428)	Decree non-financial information (article 3.1.b)
	The outcome of these policies	Sustainability (pages 21-24) Sharing value with our stakeholders (page 36) TCFD (pages 422-428) Tables under "Value created": Society/Responsible investment and Climate change (Investment footprint, and Operational footprint) (pages 436-441)	
	Description of the principal risks (in own operations and in value chain) and how these risks are managed	Our business environment (pages 8-15) Risk management (pages 85-90) Regulation and supervision (pages 97-100) Risk factors Aegon N.V. (pages 371-394) TCFD (pages 422-428)	Decree non-financial information (article 3.1.c)
	Non-financial key performance indicators relating to environmental matters	Sustainability approach/ Non-financial key performance indicators (pages 400-401) TCFD (pages 422-428) Tables under "Value created": Society/Responsible investment and Climate change (Investment footprint, and Operational footprint) (pages 436-441)	Decree non-financial information (article 3.1.d)
Relevant social and employee matters	Description of the policies relating to social and employee matters (including due diligence processes implemented)	Sustainability (pages 23-24) Table under "Policies and procedures" (pages 402-403)	Decree non-financial information (article 3.1.b)
	The outcome of these policies	Sustainability (pages 23-24) Sharing value with our stakeholders (pages 28-34, 36) Tables under "Value created": Customers/Customer experience (Customer satisfaction) (page 429) Employees/Inclusion and diversity, Talent management and Good health and wellbeing) (pages 430-432) Society/Responsible investment (pages 436-441)	
	Description of the principal risks (in own operations and in value chain) and how these risks are managed	Our business environment (pages 8-15) Risk management (pages 85-90) Regulation and supervision (pages 97-100) Risk factors Aegon N.V. (pages 371-394)	Decree non-financial information (article 3.1.c)
	Non-financial key performance indicators relating to social and employee matters	Sustainability approach/ Non-financial key performance indicators (pages 400-401) Tables under "Value created": Customers/Customer experience (Customer satisfaction) (page 429) Employees/Inclusion and diversity, Talent management (Recruitment and retention, and Employee engagement), and Good health & wellbeing (pages 430-432) Society/Responsible investment (pages 436-441)	Decree non-financial information (article 3.1.d)

1 As included in the EU Accounting Directive.
2 The EU Non-Financial Reporting Directive was transposed into Dutch law through two decrees relating respectively to non-financial information and diversity policy ("Besluit bekendmaking niet-financiële informatie"/"Besluit Bekendmaking diversiteitsbeleid", included in the "Besluit tot vaststelling nadere voorschriften omtrent de inhoud van het jaarverslag").

Topic	Sub-topic	Section Reference (IAR 2022)	Equivalent requirement under Dutch law[2]
Relevant matters with respect for human rights	Description of policies relating to respect for human rights (including due diligence processes implemented)	Additional table under "Policies and procedures" (page 403) Sustainability approach/Human rights (page 404)	Decree non-financial information (article 3.1.b)
	The outcome of these policies	Sustainability approach/Human rights (page 404) Tables under "Value created": Employees/Inclusion and diversity (Work-related incidents and complaints) (pages 430-432) Society/Responsible investment (pages 436-441)	
	Description of the principal risks (in own operations and in value chain) and how these risks are managed	Sustainability approach/Human rights (page 404)	Decree non-financial information (article 3.1.c)
	Non-financial key performance indicators relating to human rights matters	Sustainability approach/Human rights (page 404)	Decree non-financial information (article 3.1.d)
Relevant matters with respect to anti-corruption and bribery	Description of policies relating to anti- corruption and bribery matters (including due diligence processes implemented)	Table under "Policies and procedures" (pages 402-403) Governance and risk management/Code of conduct (page 100)	Decree non-financial information (article 3.1.b)
	The outcome of these policies	Tables under "Value created": Society/Responsible investment and Compliance (pages 436-441)	
	Description of the principal risks with regard to anti-corruption and bribery; and, how these risks are managed	Our business environment (pages 8-15) Risk management (pages 85-90) Regulation and supervision (pages 97-100) Risk factors Aegon N.V. (pages 371-394)	Decree non-financial information (article 3.1.c)
	Non-financial key performance indicators relating to anti-corruption and bribery	Sustainability approach/Non-financial key performance indicators (pages 400-401) Tables under "Value created": Society/Responsible investment and Compliance (pages 436-441)	Decree non-financial information (article 3.1.d)
Diversity	Diversity of the Management Board and Supervisory Board	Diversity section of Aegon's Corporate Governance Statement 2022. Regulation and compliance/ Dutch Act on gender diversity at the top (pages 412-413) Tables under "Value created": Employees/Inclusion and diversity (pages 430-432) Investors/Corporate governance (pages 434-435)	Decree content of the management report (article 3a)

1 As included in the EU Accounting Directive.
2 The EU Non-Financial Reporting Directive was transposed into Dutch law through two decrees relating respectively to non-financial information and diversity policy ("Besluit bekendmaking niet-financiële informatie"/"Besluit Bekendmaking diversiteitsbeleid", included in the "Besluit tot vaststelling nadere voorschriften omtrent de inhoud van het jaarverslag").

EU Corporate Sustainability Reporting Directive

From January 1, 2024, the Corporate Sustainability Reporting Directive (CSRD) will apply to large companies, such as Aegon N.V., and replace the NFRD. As mentioned in "Reporting process for non-financial data" section on page 397, Aegon is preparing for this change. The CSRD will require companies, including Aegon N.V., to include in their management report information necessary to understand their impacts on sustainability matters, and how sustainability matters affect their development, performance, and position, including the information that they are required to disclose pursuant to article 8 of the Taxonomy Regulation. In line with and building on the approach of the NFRD, the CSRD also adopts a "double-materiality" perspective.

The detailed reporting requirements under the CSRD will be included in sustainability reporting standards. The first set of standards is expected to be formally adopted by the European Commission by the end of the first half of 2023. This first set of standards comprises of standards that will apply to all companies subject to the CSRD. Sector-specific standards will follow in subsequent years. When adopting these technical standards, the European Commission needs to take into consideration the technical advice of the European Financial Reporting Advisory Group (EFRAG), that has been tasked with providing technical advice to the European Commission on sustainability reporting standards. EFRAG submitted its technical advice to the European Commission on November 22, 2022. In its technical advice, EFRAG has taken into consideration input received during a public consultation of an earlier draft of this technical advice (ESRS Exposure Drafts).

The EU Taxonomy is linked to the CSRD. While the EU Taxonomy currently only focuses on environmental objectives, the CSRD will set sustainability standards based on a broader sustainability perspective.

EU Taxonomy Regulation

The EU Taxonomy Regulation was adopted by the European Union in 2021 and is one of the cornerstones of the EU Action Plan on financing sustainable growth. The EU Taxonomy is a classification system to define environmentally sustainable economic activities, based on the following criteria:

- Substantially contributing to one of the six EU environmental objectives:
  1. Climate change mitigation
  2. Climate change adaptation
  3. Sustainable use and protection of water and marine resources
  4. Circular economy
  5. Pollution prevention and control
  6. Protection and restoration of biodiversity and ecosystems
- Doing no harm to any of the other objectives, and
- Meeting minimum safeguards, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

For each of the six environmental objectives, delegated acts are being developed at EU level. Thus far, one delegated act for two objectives, climate change adaptation and climate change mitigation, has been finalized and is in effect. This delegated act was amended in 2022 to include certain nuclear and gas-related activities in the EU Taxonomy. The delegated acts concerning the other four environmental objectives are expected to be published by the European Union in 2023. Accordingly, we will include the related EU Taxonomy disclosures in our Annual Report 2023.

Article 8 of the EU Taxonomy Regulation

Article 8 of the EU Taxonomy Regulation requires companies to report how and to what extent their activities are associated with economic activities that qualify as environmentally sustainable. The requirements apply to companies that are obliged to publish non-financial information in accordance with the NFRD. The information should be included in the non-financial statement or consolidated non-financial statement information.

Article 8 of the EU Taxonomy Regulation aims to ensure that large public-interest entities (such as Aegon) report on these topics, so financial institutions and other stakeholders can use this information in return.

Disclosure of EU Taxonomy-eligible economic activities and investments

In the Annual Report 2022, Aegon must disclose the proportion of Taxonomy-eligible economic activities and investments related to climate change mitigation and climate change adaptation only. When estimates and proxies are used, disclosures under Article 8 of the Taxonomy Regulation may not be classified as "mandatory" and should be classified as "voluntary".

To assess the eligibility of our investments, we often depend on the information provided by our investees. In many cases, this information is not yet available. Therefore, we have used alternative methods and estimates which we describe below under "Assumptions and data limitations". These investments are included in the voluntary disclosures. Actual information to assess eligibility is only available for our underwriting activities and investments in mortgage loans and real estate. Therefore, these investments and activities form our mandatory disclosures. The distinction between "mandatory" and "voluntary" disclosures is explicitly mentioned in the EU Taxonomy tables below.

"Eligible" means that an economic activity is described in one of the delegated acts as mentioned above, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts to qualify as sustainable. "Alignment" means that an eligible economic activity meets the technical screening criteria to qualify as sustainable. Aegon N.V. needs to disclose the alignment of its economic activities for the first time in its Annual Report 2023.

Scope of assets and activities covered by the EU Taxonomy disclosures

Aegon's EU Taxonomy performance indicators are split between underwriting activities and on-balance investments.

Investments

To calculate the proportion of Taxonomy-eligible investments, the total of covered investments is used as the denominator, which includes general account investments, investments for accounts of policyholders, derivatives, and real estate for own use. The total covered assets in proportion to the total balance sheet is 80% (EUR 321 billion out of EUR 403 billion). We also include in the covered assets, on a voluntary basis, investments in companies that are not obliged to publish non-financial information, unless the data is not available to assess Taxonomy-eligibility. This includes investments in companies established outside the EU.

Own activities

The underwriting disclosure includes an assessment of all non-life business as prescribed by the EU Taxonomy. Non-life business only relates to the EU Climate Change Adaptation objective, as these products can significantly contribute to the protection of policyholders for the negative impact of climate change but do not contribute to the Climate Change Mitigation objective.

We have only classified non-life activities as eligible when there is a reference in the policy conditions to one or more of the climate-related perils as defined by the EU Taxonomy Climate Delegated Act (such as storm, flood, cold wave/ frost, or drought). We have assessed that this is applicable to our motor vehicle, other motor, and property insurance of Aegon the Netherlands. As a consequence, we have classified our medical expense, income protection, and worker's compensation insurance products as non-eligible.

The Taxonomy Regulation allows different methods to measure the total premium of eligible products. The total premium of eligible products can be calculated at line-of-business level, product level, or coverage level. Aegon takes a product-level approach, which means that the total gross written premium of all eligible products is taken into account.

Assumptions and data limitations

To determine the eligibility of our investments in 2021 and 2022, we used publicly available sector information (referred to as NACE codes), collected by an external data vendor to map the investments in shares, debt securities, and part of our private loans to the EU Taxonomy. We have measured eligible investments for the full carrying amount. In the alignment phase in 2023, we will use actual information from the underlying companies to assess the alignment percentage, which will likely be lower than 100% of the IFRS value for most investments.

Our mortgage and real estate portfolios are classified as 100% eligible in line with the EU Taxonomy. We do not expect all properties to meet the screening criteria in 2023, which is in large part based on the energy label information of the underlying properties. As a result, we expect that the actual alignment of our mortgage and real estate portfolio in 2023 will also be lower than 100%.

The eligibility assessment of our investment funds is more difficult since we depend on external asset managers to provide relevant sustainability information on the underlying companies. Similar to 2021, we have a data limitation in 2022 for assessing the eligibility of our investment funds. As a result, we have classified these investments as non-eligible. This mainly impacts the eligibility of investments for account of policyholders.

For our 2022 disclosures, we do not make a distinction between the two climate objectives of climate change mitigation and climate change adaptation. For investments, the distinction becomes relevant in the alignment phase as the screening criteria for mitigation are different than those for adaptation. In the eligibility phase, these categories are very similar and the information needed to make a distinction is not yet available. As mentioned above, non-life activities are all related to climate change adaptation.

EU Taxonomy eligibility

EU Taxonomy underwriting	Eligibility based on actual information (mandatory disclosure)	
	Absolute premium (EUR million)	*% of non-life premium*
Eligible non-life activities	86	5%
Of which reinsured	6	
Taxonomy-non-eligible	1,827	95%
Total premium non-life	**1,913**	

EU Taxonomy investment (on-balance)	Eligibility based on actual information (mandatory disclosure)		Eligibility including estimates (mandatory and voluntary disclosure)	
	Absolute value (EUR million)	*Percentage of investments covered*	*Absolute value (EUR million)*	*Percentage of investments covered*
Eligible investments (numerator)	44,217	13%	56,858	18%
Of which general account investments	43,625		53,814	
Of which Investments for account of policyholders	443		2,895	
Of which real estate for own use	149		149	
Non-eligible investments (numerator)	259,717	81%	247,076	77%
Excluded from numerator only: exposures to derivatives	11,155	3%	11,155	3%
Excluded from numerator only: exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU and data is not available	5,622	2%	5,622	2%
Total investments covered (denominator)	**320,711**		**320,711**	
Excluded from numerator and denominator: exposures to central governments, central banks and supranational issuers	21,138		21,138	
Total investments in scope	**341,850**		**341,850**	
Which includes:				
Investments general account	131,443		131,443	
Investments for account of policyholders	199,102		199,102	
Derivatives	11,155		11,155	
Real estate for own use	149		149	

[1] The percentage of eligible investments of total investments in scope is 13% (44,217/341,749) and over total assets is 11% (44,217/402,682).

Note: When estimates and proxies are used, disclosures under Article 8 of the Taxonomy Regulation may not be classified as "mandatory" and should be classified as "voluntary". Actual information to assess eligibility is currently only available for our investments in mortgage loans and real estate. Therefore, these investments form the mandatory disclosures.

Breakdown of eligible investments	Eligibility per investment class covered			Eligibility determined based on actual information *(part of mandatory disclosure)*	Eligibility determined based on estimates *(part of voluntary disclosure)*
	Eligible (absolute value) (EUR million)	*Total value of investment class covered (EUR million)*	*Percentage of investment class covered*		
General account investments in scope:					
Shares	10	493	2%	No	Yes
Debt securities	8,065	52,279	15%	No	Yes
Mortgage loans	41,021	41,021	100%	Yes	No
Private loans	2,059	4,514	46%	No	Yes
Policy loans	0	2,043	0%	No	Yes
Real estate	2,604	2,604	100%	Yes	No
Other[1]	55	6,331	1%	No	Yes
Total eligible general account investments (numerator)	**53,814**	**109,284**	**49%**		
Investments for account of policyholders in scope:					
Shares	1,661	11,751	14%	No	Yes
Debt securities	698	4,965	14%	No	Yes
Unconsolidated investment funds	90	171,717	0%	No	Yes
Real estate	443	443	100%	Yes	No
Other[1]	2	6,088	0%	No	Yes
Total eligible investments for account of policyholders (numerator)	**2,895**	**194,964**	**1%**		
Total eligible real estate assets for own use (numerator)	**149**	**149**	**100%**	**Yes**	**No**

1 Mainly includes deposits with financial institutions and money market funds which do not qualify for eligibility.

Dutch Act on gender diversity at the top

On September 28, 2021, the Dutch Senate adopted the Act on Gender Diversity at the Top (the "Act"), which aims to improve the gender diversity on corporate boards of listed and large companies in the Netherlands. To comply with the Act, certain Dutch entities of Aegon are expected to set appropriate and ambitious target figures for gender diversity: (i) for the Board of Directors, (ii) of the Supervisory Board, and (iii) at the sub-board level. These targets are to be accompanied with a plan on how to achieve the targets. The Act came into force on January 1, 2022.

Gender diversity targets for large companies

The Act consists of two components: a gender-balanced Supervisory Board and appropriate and ambitious gender diversity targets, including mandatory reporting requirements. In practice, this means Aegon N.V. will be required to:

1. Comply with a minimum quota of one-third women and one-third men on the Supervisory Board of Aegon N.V. The Act determines that the 30% gender balance is to be heeded for future appointments. The diversity quota applies to an initial appointment of a Supervisory Board member, but not to a reappointment if it occurs within eight years of the year of appointment. There is no obligation to make changes to the existing Board positions at this time.
2. Set appropriate and ambitious targets for all Dutch subsidiaries that qualify as "large"[1] in the form of a target to promote gender diversity. These include gender diversity in (i) the Board of Directors, (ii) the Supervisory Boards, and (iii) the "sub-board" of these entities.
3. Draw up a plan of action to achieve these objectives. In the plan of action, the company shall in any event explain the policy and measures by which a more balanced distribution will be achieved.
4. Report in the Annual Report of Aegon N.V. (for the first time in the Annual Report 2022):

- Number of female and male in positions on the Board of Directors, the Supervisory Board and at the sub-board level
- Ambitious targets and the plans to realize these
- If a target has not been met, the reason why.

5. Report to the Dutch Social and Economic Council ("Sociaal-Economische Raad" (SER)) annually, within 10 months after the close of the financial year, on the same matters as listed under item 4.

[1] This is the case if a company meets at least two of the following criteria on two consecutive balance sheet dates:
- the value of the assets exceeds EUR 20 million;
- the net turnover is more than EUR 40 million;
- the average number of employees is 250 or more

Target setting

In accordance with the requirements of the Act, the following targets have been adopted by the Aegon Executive Board.

Aegon N.V.:

- The ambition for the Executive Board of Aegon N.V. is a minimum of 33% of each gender by 2026 in the event the Executive Board is composed of three or more members.
- The Executive Board of Aegon N.V. is part of the larger Management Board. For the Management Board an ambition of 33% in 2026 applies irrespective of whether members are also members of the Executive Board.

Subsidiaries:

- The target for the Supervisory Board (if existing) for each subsidiary is a minimum of 33% of each gender.
- The target for the Board of Directors for each subsidiary is a minimum of 33% of each gender.

The Sub-board Level:

- The target for the composition of staff at sub-board level for all entities in scope of the Act is a minimum of 33% of each gender.

Actions to enhance gender balance

Key actions from our plan to enhance our position include:

1. Conclude the "Glass ceiling" research with clear actions to address identified barriers:

- Include non-financial performance indicators for gender diversity in senior management remuneration.
- Actively manage staffing developments that create opportunities to further strengthen the gender ratio in senior management.
- Target 50% female succession candidates for senior management functions by end of 2023.
- Actively monitor gender diversity in promotions.
- Continue to support "Women in Finance" employee resource group in the Netherlands.

2. Less directly, but also impactful, is strengthening inclusion and diversity practices throughout the organization:

- Appoint a Global Head of Inclusion and Diversity and create a company-wide inclusion and diversity strategy.
- Appoint Management Board members as executive sponsors of our inclusion and diversity focus areas (gender balance, disability, life stages, sexual orientation and race and ethnicity), making our intentions clear to our colleagues, the marketplace and the communities we serve.
- Conduct a maturity assessment and inclusion survey on our diversity journey so we have baseline data to track our progress and help us define impactful interventions.
- Embed inclusive leadership behavior as part of our Best Life Leadership Program to promote and harness diversity of thought and create a more inclusive workplace.
- Enhance our Speak Up culture to allow people to safely voice concerns and issues.

The table below provides an overview of the composition of the Boards by gender by eligible entity as at December 31, 2022.

	Aegon N.V.	Aegon Nederland N.V.	Aegon Levens-verzekering N.V.	Aegon Spaarkas N.V.	Aegon Schade-verzekering N.V.	Aegon Bank N.V.	Aegon Hypotheken B.V.	Robidus Groep B.V.	TKP Pensioen B.V.	Aegon Investment Management B.V.
Board of Directors										
Female	0	1	1	1	1	1	0	0	1	1
Male	2	2	2	2	2	1	2	3	3	2
Total female and male	**2**	**3**	**3**	**3**	**3**	**2**	**2**	**3**	**4**	**3**
% female (actual)	**0%**	**33%**	**33%**	**33%**	**33%**	**50%**	**0%**	**0%**	**25%**	**33%**
Supervisory Board										
Female	4	2	2	2	2	1	0	2	2	0
Male	5	2	2	2	2	2	0	1	1	0
Total female and male	**9**	**4**	**4**	**4**	**4**	**3**	**0**	**3**	**3**	**0**
% female (actual)	**44%**	**50%**	**50%**	**50%**	**50%**	**33%**	**0%**	**67%**	**67%**	**0%**

	Aegon N.V.	Aegon Nederland N.V.	Aegon Levens-verzekering N.V.	Aegon Spaarkas N.V.	Aegon Schade-verzekering N.V.	KNAB	Aegon Hypotheken B.V.	Robidus Groep B.V.	TKP Pensioen B.V.	Aegon Asset Management
Sub-Board Level (Senior management)[1]										
Female	49	9	n.a.	n.a.	n.a.	1	n.a.	3	2	21
Male	124	24	n.a.	n.a.	n.a.	3	n.a.	12	2	42
Total female and male	**173**	**33**	**n.a.**	**n.a.**	**n.a.**	**4**	**n.a.**	**15**	**4**	**63**
% female (actual)	**28%**	**27%**	**n.a.**	**n.a.**	**n.a.**	**25%**	**n.a.**	**20%**	**50%**	**33%**

	Aegon N.V.	Aegon Nederland N.V.	Aegon Levens-verzekering N.V.	Aegon Spaarkas N.V.	Aegon Schade-verzekering N.V.	Aegon Bank N.V.	Aegon Hypotheken B.V.	Robidus Groep B.V.	TKP Pensioen B.V.	Aegon Investment Management B.V.
Total										
Female	53	12	3	3	3	3	0	5	5	22
Male	131	28	4	4	4	6	2	16	6	44
Total female and male	**184**	**40**	**7**	**7**	**7**	**9**	**2**	**21**	**11**	**66**
% female (actual)	**29%**	**30%**	**43%**	**43%**	**43%**	**33%**	**0%**	**24%**	**45%**	**33%**

n.a. - not applicable

[1] We have defined sub-board level to be the senior management of the Dutch entities that are not already a member of the Supervisory Board or Executive Board of any of the entities in scope of the Act. For Aegon Investment Management B.V. we define sub-board level as the senior management of Aegon Asset Management. For Aegon Bank N.V., we define sub-board level as the senior management of KNAB. The definition of senior management is the same as our existing definition used for remuneration and reporting purposes. Aegon Levensverzekeringen N.V., Aegon Spaarkas N.V., Aegon Schadeverzekering N.V. and Aegon Hypotheken B.V. are legal entities. The operational activities fall under Aegon Nederland N.V. and therefore sub-board level is not applicable.

Our commitments

Aegon applies over-arching and sector-specific global sustainability frameworks and initiatives, both to align with and to report against its sustainability strategy, policies, and performance.

We understand that we cannot achieve our sustainability ambitions on our own. We are therefore contributing towards a number of over-arching international initiatives, including the United Nations Global Compact (UNGC), the UN Sustainable Development Goals (SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD). These initiatives guide our internal practices and policies, and help shape our overall approach to sustainability. In addition, Aegon has also signed up and committed to sector-specific initiatives, including the UNEP-FI's Principles for Sustainable Insurance (PSI), and the Dutch International Responsible Business Conduct (IRBC) Agreement. This section of the report provides an overview of key commitments and disclosures. A full list of our commitments is available on our website.

In addition, in 2022, Aegon became a company-wide signatory to the Principles for Responsible Investment (PRI), joining Aegon Asset Management. More information can be found in the "Sustainability" section (page 24).

United Nations Global Compact

In 2021, Aegon N.V. became a signatory of the United Nations Global Compact (UNGC), thereby committing to implement universal sustainability principles in the fields of human rights, labor, environment, and anti-corruption, as well as taking steps to support the UN goals; currently the SDGs. As a signatory, Aegon is committed to disclosing its progress annually via a Communication on Progress (COP) submission.

In addition to integrating the measurement of the outcomes under the UNGC Principles into our annual reporting cycle, we have detailed Aegon's policies and procedures to support each Principle and of how we align and implement them. The following table summarizes Aegon's progress towards implementing the principles in 2022.

UNGC Principles	Policy and implementation	Resources / References
Human Rights		
1. Businesses should support and respect the protection of internationally proclaimed human rights; and	• Our Statement on Human Rights commits the company to uphold international human rights standards.	Our Statement on Human Rights
	• Consideration for human rights to provide safe and healthy working conditions to our employees is built into our Code of Conduct and our Statement on Inclusion and Diversity.	Our Code of Conduct Our Statement on Inclusion and Diversity
	• Our Responsible Investment Policy includes alignment with our responsible business objectives (human rights is one of the policy's topics) and relevant laws and governance standards.	Our Responsible Investment Policy
	• We ask our suppliers to agree to comply with the UNGC principles.	Our Vendor Code of Conduct
	• We committed to and/or partnered with initiatives that support the development of human rights, including the Universal Declaration of Human Rights.	Our approach to human rights
	• We contribute to the public debate, interacting with all levels of government in the countries where we operate (when applicable) to express views on matters that affect our operations, employees, customers, and communities.	Our approach to government and policy affairs
	• We support our most vulnerable communities in direct and tangible ways.	Our approach to community investments Our approach to Inclusive insurance coverage

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UNGC Principles	Policy and implementation	Resources / References
2. make sure that they are not complicit in human rights abuses.	• We carry out a biennial Human Rights Risk Assessment to identify, prevent, and mitigate adverse human rights impacts that may be linked to our operations.	Our approach to human rights
	• Human rights risks are integrated in our Enterprise Risk Management (ERM) framework and subsequently in various internal control systems, particularly Aegon's biennial Human Rights Risk Assessment.	Our Statement on Human Rights
	• Our Responsible Investments' exclusion list aims to prevent investments in companies and countries that we believe systematically breach human rights.	Our Responsible Investment Policy
Labor		
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	• We incorporated both the Universal Declaration of Human Rights and the core labor and human rights standards of the International Labor Organization (ILO), including the recognition of the right to freedom of association and the right to collective bargaining into our employee policies, as well as Vendor Code of Conduct and Responsible Investment Policy.	Our Statement on Human Rights Our Vendor Code of Conduct Our Responsible Investment Policy
	• In countries with the highest human rights risks, we suggest alternative employee representation where there is no independent trade union.	Our approach to human rights
	• We include labor rights considerations in our Responsible Investment Policy, including those related to freedom of association, effective recognition of the right to collective bargaining, the elimination of all forms of discrimination with respect to employment, the elimination of all forms of forced labor, and the effective abolition of child labor.	Our Responsible Investment Policy
4. the elimination of all forms of forced and compulsory labor;	• We incorporated both the Universal Declaration of Human Rights and the core labor and human rights standards of the International Labor Organization (ILO) into our employee policies. We consider certain human rights fundamental and universal for our workforce.	Our Statement on Human Rights Our Code of Conduct Our Statement on Inclusion and Diversity
	• Our responsible procurement practices assess the risks associated with our supply chain, our business and distribution partners, our outsourced arrangements, and our interactions with governmental agencies.	Our approach to responsible procurement Our Vendor Code of Conduct Our Statement on Human Rights
5. the effective abolition of child labour; and	• We incorporated the core labor and human rights standards of the International Labor Organization (ILO) into our employee policies. We also engage with our portfolio companies on issues related to human rights, including those related to forced and compulsory labor and abolition of child labor.	Our Statement on Human Rights Our Responsible Investment Policy
	• In line with our Vendor Code of Conduct, we score our suppliers for sustainability performance through the EcoVadis rating platform, which also covers the topic of effective abolition of child labor.	Our Vendor Code of Conduct Our Statement on Human Rights Our approach to responsible procurement

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UNGC Principles	Policy and implementation	Resources / References
6. the elimination of discrimination in respect of employment and occupation.	• We incorporated the core labor and human rights standards of the International Labor Organization (ILO) into our employee policies. This includes embedding inclusion and diversity in Aegon's Inclusion and Diversity Statement, in our ERM framework, and in Aegon's Global Employee Survey to enable more targeted interventions and track our progress.	Our approach to inclusion and diversity Our Statement on Inclusion and Diversity Our Statement on Human Rights
	• Aegon's Speak Up case-by-case program and policy encourage employees to voice any concerns regarding potential misconduct and not tolerate reprisal for reporting in good faith an occurrence that they believe is unlawful, unethical, or otherwise improper conduct.	Our approach to human rights Aegon's Speak Up program
	• Our recommended preventative or remedial measures for local management in the countries with the highest risk include enforcing a zero-tolerance approach to corruption and discrimination in the workplace.	Our approach to human rights
Environment		
7. Businesses should support a precautionary approach to environmental challenges;	• Through our Responsible Investment policy, we expect and encourage investee companies to work toward reducing their environmental impact.	Our Responsible Investment Policy
	• We have signed up to several international commitments (Net-Zero Asset Owner Alliance, CDP, Paris Pledge for Action) that guide our internal practices and policies, and help shape our overall approach to sustainability. We are a founding member of the United Nations Environment Program Finance Initiative's Principles for Sustainable Insurance.	Our sustainability commitments Our approach to climate change Our disclosures against the Principles for Sustainable Insurance
	• In line with our Vendor Code of Conduct, we score our suppliers for sustainability performance through the EcoVadis rating platform, which also covers environmental topics.	Our Vendor Code of Conduct Our approach to responsible procurement
8. Businesses undertake initiatives to promote greater environmental responsibility.	• In line with our Responsible Investment Policy, through our investments, we encourage the development and diffusion of technologies that offer solutions to environmental issues, including those which reduce GHG emissions.	Our Responsible Investment Policy
	• We score our suppliers for their environmental performance through the EcoVadis rating platform.	Our approach to responsible procurement
9. Businesses encourage the development and diffusion of environmentally friendly technologies.	• In line with our Responsible Investment Policy, through our (impact) investments, we encourage the development and diffusion of technologies that offer solutions to environmental issues, including those which reduce GHG emissions.	Our Responsible Investment Policy
Anti-corruption		
10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Our internal policies and Code of Conduct sets out rules, guidelines, and education programs that shape and govern the actions of all our employees. We report outcomes in our Annual Report.	Our Code of Conduct Our Integrated Annual Reports
	• In line with our Vendor Code of Conduct, we score our suppliers for sustainability performance through the EcoVadis rating platform, which also covers the topic of anti-corruption.	Our approach to responsible procurement Our Vendor Code of Conduct
	• Our Responsible Investment Policy expects the companies in which we invest to adhere to high ethical standards and operate free from corruption.	Our Responsible Investment Policy

United Nations Sustainable Development Goals

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs). These goals cover poverty reduction, education, gender equality, climate change, and health. Accompanying each of these goals is a series of targets and indicators.

At Aegon, we are committed to supporting the UN SDGs, both as a financial services provider and as an investor.

We recognize that sustainable development is in the long-term interest of business and the global economy, but that a sustainable future for people and the planet will not be attainable without cooperation between the public and private sectors.

In line with our two priority themes, climate change and inclusion and diversity, we have detailed our contributions to the SDGs relating to these two themes in the table below.

Sustainable Development Goal		Aegon's contribution to relevant SDG targets in 2022 (References from IAR2022)	Resources/ References
5. Gender equality Achieve gender equality and empower all women and girls	5.1	End all forms of discrimination against all women and girls everywhere. • The theme of "Gender development" is explicitly implemented in Aegon's biennial Human Rights Risk Assessment process. Consideration for gender equality is incorporated into numerous Aegon policies including the Code of Conduct and Aegon N.V. Responsible Investment Policy as a fundamental element of human rights.	page 404
	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. • In 2022, Aegon appointed a Global Head of Inclusion and Diversity. A specific area of attention is maintaining a healthy gender balance at the senior management level across Aegon's business units. In the Netherlands specifically, Aegon is actively taking steps to increase female leadership participation, in line with the "Diversity at the top" Act, which took effect in January 2022.	page 23
	5.c	Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels. • In the UK, Aegon Asset Management (Aegon AM) is working with AAI EmployAbility which supports businesses to access graduate and returner talent of all ages, skillsets and backgrounds. Aegon AM is an active participant in the Diversity Works program which specifically works to bring female talent from black, Asian and minority ethnicities into the workforce.	Aegon AM's website on inclusion and diversity
7. Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all	7.3	By 2030, ensure universal access to affordable, reliable and modern energy services. • Aegon Hypotheken, Aegon's mortgage business in the Netherlands, is taking steps toward an energy-neutral mortgage portfolio, through which it will only finance zero-on-the-meter homes by 2050. Its customers are able to finance up to 106% of the value of a home, 6% of which can be used toward sustainable improvements. They also receive personalized information through the MyAegon app to help make their homes more sustainable.	page 22
		• Cedar Rapids was named the home of Alliant Energy's first community solar garden in Iowa. Transamerica and Aegon AM have committed in 2022 to purchase 60% of the garden's solar blocks and become the anchor tenant for the project.	page 36
10. Reduced inequalities Reduce inequality within and among countries	10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. • Wider progress on inclusion and diversity topics is monitored through Aegon's Global Employee Survey. The third quarter edition of the survey showed positive increases for two key metrics: 78% of employees responded favorably to a set of questions on openness and inclusion, compared with 74% in the third quarter of 2021, while 76% answered favorably on the topic of diversity and equity, up from 72%.	page 23
		• For the fourth time, in 2022, Transamerica has been named to Seramount's "100 Best Companies" list and the "Inclusion Index."	Seramount's 100 Best Companies list
		• Aegon AM has signed up to a collaboration with Black Professionals Scotland, who empowers Scotland-based black ethnic minority professionals and supports organizations in meeting their inclusion and diversity agenda.	Aegon AM's website on inclusion and diversity

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Sustainable Development Goal	Aegon's contribution to relevant SDG targets in 2022 (References from IAR2022)		Resources/ References
10. Reduced inequalities Reduce inequality within and among countries	10.3	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. As part of Aegon's transformation journey, we adopted a company-wide strategy on inclusion and diversity in 2022; and our business units have signed up to our vision. Two fundamental elements of Aegon's new inclusion and diversity strategy are: ▪ Authentic action: the recognition that, as an organization, we are on a journey to improve. We need to turn good intentions into actions to create a positive difference for our people and communities. ▪ Starting at the top: the members of Aegon's senior leadership are expected to act as role models for inclusion and diversity, including by sharing their own inclusion stories and championing a specific area of diversity excellence among employees.	page 23
13. Climate action Take urgent action to combat climate change and its impacts	13.2	Integrate climate change measures into national policies, strategies and planning. ▪ In addition to our company-wide commitment to transitioning our general account investment portfolio to net-zero greenhouse gas (GHG) emissions by 2050, we committed to: ▪ Investing USD 2.5 billion in activities to help mitigate climate change or to adapt to the associated impacts of climate change, by 2025. ▪ Engage with at least the top 20 corporate carbon emitters in the portfolio by 2025.	page 21 page 21
		▪ In 2022, Aegon worked with Ortec Finance for a second consecutive year to conduct an extensive and systematic climate risk assessment for its general and separate account assets across all business units. The analysis investigated three plausible climate pathways (orderly, disorderly, and failed transitions) to explore potential future climate policies, interventions, and consequences of society's failure to mitigate climate change.	page 22
		▪ We strive to work with partners who share our values and can demonstrate accountability in terms of their environmental stewardship and climate mitigation. In 2022, 50% of Aegon's top 25 suppliers participated voluntarily in EcoVadis, a business sustainability ratings provider.	page 22
		▪ In 2022, the weighted average carbon intensity (WACI) of our own investment portfolio's corporate income and listed equity assets reduced by 20% compared to our 2019 baseline.	page 22
		▪ In 2022, the carbon footprint of our operational activities decreased by 59% compared to our 2019 baseline.	page 22
		▪ Aegon evolved its Short Dated Investment Grade Bond Fund to focus on the transition to a net-zero global economy. The fund was renamed as the Aegon Global Short Dated Climate Transition Fund and is classified under Article 8 of the European Union's Sustainable Finance Disclosure Regulation.	page 24

UNEP-FI's Principles for Sustainable Insurance

Aegon is one of the founding signatories of the UNEP FI's Principles for Sustainable Insurance (PSI). The aim of the PSI is to make sure sustainability becomes "business as usual".

The PSI comprises four basic principles. As a signatory, Aegon reports annually on the actions taken to implement the PSI's four principles on its website. The following table summarizes actions taken towards implementing the principles in 2022.

Principles	Our goals	Our progress (as of 2022)
1. We will embed in our decision-making environmental, social and governance (ESG) issues relevant to the insurance business.	Streamline the company-wide sustainability governance.	• In 2021, we established our Global Sustainability Board (GSB) to enhance governance and oversight of our sustainability approach. The GSB consists of relevant Management Board members, Local Sustainability Board Chairs, and senior management. Since its establishment, the GSB enabled to: identify priority sustainability themes; join the Net-Zero Asset Owner Alliance; establish internal working groups crucial to the operationalization of our sustainability strategic approaches such as the Net-Zero Working Group or the Active Management Working Group; and initiate the process to enhance our sustainability reporting. • As per our Executive Board's Remuneration Policy, at least 50% of a member's variable compensation must be determined by non-financial performance indicators, where at least one must be ESG-related.
	Integrate ESG issues into key stakeholder discussions, decision-making, risk management, underwriting, and capital adequacy decision-making processes.	• In 2021, we initiated dialogues with key stakeholders and investors which highlighted climate change, and inclusion and diversity as key priority themes. • We performed our first double materiality assessment in 2022 and identified 10 material topics which are linked to our policies and procedures, internal metrics, and KPIs. We will further enhance this process in the coming years in line with the new European Sustainability Reporting Standards (ESRS). • We became a UN PRI signatory in November 2022. • We signed up for the UN Global Compact and committed to the 10 Principles in November 2021. • ESG risks are covered by Aegon's risk universe and the risk function regularly reports on ESG risks.
	Develop products and services which reduce risk, have a positive impact on ESG issues, and encourage better risk management.	• Aegon UK offers Workplace Default Funds to transition funds to more sustainable alternatives. • Transamerica offers Workplace ESG propositions in 401(k) and 403(b) plans. • Aegon NL offers sustainable mortgage solutions (customers are able to finance 106% of the value of a home, allowing for 6% to be used toward sustainable improvements). • Aegon Asset Management (Aegon AM) manages the Global sustainable equity fund, its flagship sustainability-themed product. It also manages the Euro ABS fund ("best-in-class" ESG solution ABS).
	Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions.	• In January 2022, we updated our Responsible Investment Policy, to integrate some of the latest climate science. • Our business units provide a range of responsible investment solutions to pursue ESG objectives alongside financial returns. • We worked with Ortec Finance in 2021 and 2022 to perform an extensive, and systematic climate risk assessment for the general and separate account assets of all business units within Aegon.

CONTINUED >

Principles	Our goals	Our progress (as of 2022)
2. We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.	Establish the company's expectations and requirements on ESG issues.	• Aegon's Responsible Investment Policy recognizes a broad range of recurring sustainability and ESG topics, varying from climate change to corporate governance. • We became a UN PRI signatory in November 2022. • Since 2020 we have worked with sustainability rating company EcoVadis to evaluate the ESG risks involved in our partnerships with our top 250 vendors (representing over 80% of Aegon's total procurement spend).
	Integrate ESG issues into tender, and selection processes for suppliers.	• We integrate all applicable laws, regulations, and ethical business practices into our selection process for vendors and apply a risk-based approach to assess performance and compliance with these minimum standards and preferred behaviors. • In 2022, Aegon undertook the tendering process for the mandatory rotation of its auditor. The tender's selection criteria emphasized the composition of the proposed supplier teams, supporting our ambition to help increase the diversity of our supply chains.
	Support the inclusion of ESG issues in professional education, and ethical standards in the insurance industry.	• We participated in a UNEP-FI endorsed industry-wide paper: *Insuring A Low-Carbon Future: A practical guide for insurers on managing climate-related risks and opportunities* (2019).
	Advocate for issues and initiatives that benefit our customers, employees, wider society, and our businesses.	• Our Global Government & Public Affairs department aims to support regulators and lawmakers. We advocate for people worldwide to have access to insurance and financial services, for people to be aware of opportunities for flexible employment in old age, and for governments to plan and provide for their citizens in an age of increasing longevity. • The new Dutch pension system will allow pensions to adapt more directly to economic developments, allowing for greater pension purchasing power, and in the United States, the SECURE 2.0 Act of 2022 will make saving for retirement easier and more effective for both employers and their employees. Aegon has long been a strong supporter of both legislative initiatives.
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.	Support prudential policy and regulatory and legal frameworks that enable risk reduction, innovation, and better management of ESG issues.	• We participate in many international projects that aim to fulfill this goal; for example, an Organisation for Economic Co-operation and Development (OECD) working group on the future of work, and the Living, Learning and Earning Longer initiative led by the World Economic Forum (WEF).
	Engage in dialogue and participate in research initiatives (incl. academia and scientific community) with business, and industry associations to better understand and manage ESG issues across industries and geographies.	• Our Silver Starters program (developed jointly with the Leyden Academy on Vitality and Ageing) provides online entrepreneurship coaching to those over 50 years old, to promote lifelong learning, and healthy attitudes to aging.
	Engage in dialogues with governments and regulators to develop integrated risk management approaches, and risk transfer solutions.	• We became a founding member of the Global Coalition on Aging in 2010. The coalition seeks to raise awareness of aging issues among policymakers and the general public.
	Encourage media incentives and publish resources available to media to promote public awareness of ESG issues and sound risk management.	• We regularly publish research on financial planning, retirement, health, and insurance issues so that society can effectively plan for a longer and more active retirement.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.	Assess, measure, and monitor our progress in managing ESG issues, and proactively, and regularly disclose this information publicly.	• We monitor our progress towards our main sustainability topics: climate change and inclusion and diversity through a set of metrics, and KPIs disclosed in our annual reports. • Each year, we publicly publish progress against the PSI principles.
	Participate in relevant disclosure or reporting frameworks, and are open to dialog with clients, regulators, rating agencies, and other stakeholders to gain a mutual understanding of the value of disclosure through the Principles.	• We apply the Integrated Reporting Framework. • We publish our Communication on Progress (COP) report for the UN Global Compact (UNGC) on a yearly basis. • We became a signatory of the Principle for Responsible Investment (PRI) in 2022. • We have started to evaluate and implement the draft ESRS standards in 2022. • We engage sustainability benchmarks, regulators, investors, and other stakeholders on a regular basis. We publish our progress toward ratings publicly. • Our Annual Report includes a dedicated section on Task Force on Climate-related Financial Disclosures (TCFD), which follows its four-pillar framework to facilitate disclosure.

International Responsible Business Conduct Agreement in the insurance sector

In 2018, Aegon stated its intent to support the spirit and objectives of the Dutch International Responsible Business Conduct (IRBC) Agreement in the insurance sector (also known as the "covenant"). By doing so, Aegon will attempt to act, where possible, in accordance with the objectives and undertakings agreed in the covenant and will be receptive to commitment, cooperation, and knowledge-sharing during the implementation of the covenant. The covenant is a collaborative initiative of the Dutch government, non-governmental organizations, and Dutch insurers.

The objective of the covenant is to prevent, mitigate, and/or remediate adverse impacts on stakeholders and the environment that are caused or contributed to by Aegon's investee companies. The covenant asks insurance companies to apply investment policies and practices in accordance with the processes and principles of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Aegon N.V.'s Responsible Investment Policy draws heavily on the aforementioned global norms. To emphasize our commitment to these norms, Aegon became a signatory to the UN Global Compact (UNGC) in 2021. The Policy is instrumental to Aegon's investment practices as executed by Aegon Asset Management (Aegon AM), the company's global asset manager responsible for managing most of Aegon's investments.

At the beginning of 2022, Aegon AM conducted a screening of its investments to identify investee companies that breach or run the risk of breaching aspects of its Responsible Investment Policy. Next to global norms, we considered companies' supply chain oversight, biodiversity controversies, access-to-medicine programs, and labor rights controversies. Based on these screening results, Aegon AM identified over 64 companies. Throughout 2022, Aegon AM engaged with these companies and monitored their progress. Engagements focused on addressing the issue for which an investee company was identified. In addition to engagements related to these specific breaches of the Responsible Investment Policy, Aegon AM engaged with companies on various environmental, social and governance related topics. This included climate change, human and labor rights, and remuneration. More information on the active ownership approach and practices on behalf of Aegon and other clients is set out in the Responsible Investment Report, published by Aegon AM.

In 2022, Aegon continued its support for the covenant. Throughout the year various publications on topics such as human rights due diligence, gender equality, and access to remedy (which is one of the three pillars of the United Nations Guiding Principles) were made publicly available. Aegon supported an online seminar on the social impact of the energy transition, highlighting the risks of forced labor practices related to the manufacturing of solar panels and how to mitigate these risks. Publications and webinars, together with thematic frameworks, bring together relevant information, international legislation and regulations, and other support that insurers can use when managing their investments. With biodiversity being the IRBC Agreement's focal theme for 2021 and 2022, Aegon AM contributed to a newly published thematic framework on biodiversity. In addition to contributing to this framework, Aegon AM and other signatories of this covenant continued the collaborative engagement efforts with three major listed food producers of meat and dairy products, on biodiversity loss. In addition to addressing deforestation related to the use of soy, we discussed the transition to alternative protein sources less dependent on soy, and the companies' support and involvement in nature-inclusive farming and regenerative agricultural practices.

In the wake of the COVID-19 pandemic, Aegon continued its efforts to address access to adequate health services and improved access to medicine. Using the lessons learned from the 2020 access-to-medicine annual theme, we conducted follow-up engagements with several pharmaceuticals ahead of the proxy voting season. We expect more strategic considerations and related executive compensation practices around access to vaccines, medicines, diagnostics, and healthcare in general. These engagements were meant to deliver input for the companies' consideration in future commitments, policy development, and the evaluation of their executive compensation policy.

As mitigating climate change is an important focal area for Aegon, we challenged investee companies to set ambitious science-based greenhouse gas (GHG) reduction targets and expect them to work towards those with ambitious decarbonization plans. To that end, we engaged with the companies on a regular basis and discussed progress towards their targets and the realization of the 2015 Paris Agreement. For more information on Aegon's 2022 efforts to mitigate climate change, please see the TCFD section of this report.

Task Force on Climate-related Financial Disclosures

Climate change represents one of the biggest risks to society, the economy, and financial institutions. Mitigating climate change, including the reduction of greenhouse gas (GHG) emissions, is a major global challenge. Aegon believes that governments, companies, and investors have a responsibility to mitigate climate change and its impacts, and facilitate a transition to a climate-resilient economy.

The present disclosure builds on earlier disclosures made since 2017. It is made on behalf of Aegon N.V., an integrated diversified international financial services group, as both an asset owner and an asset manager.

Similar to previous years, it follows the Task Force on Climate-related Financial Disclosures (TCFD)'s four-pillar framework to facilitate disclosure. Aegon strives to continuously enhance its reporting and business practices and welcomes feedback from stakeholders on the appropriateness and relevance of this disclosure.

Governance

Set up by the Corporate Sustainability team, Aegon's sustainability approach is overseen by the Global Sustainability Board (GSB). The GSB meets quarterly and advises the Management and Executive Boards on Aegon's strategic sustainability agenda, including climate change. The Supervisory Board has ultimate oversight. Through its Nomination and Governance Committee, the Supervisory Board is advised and kept appraised of business and regulatory developments regarding sustainability. Further information of sustainability governance is provided in the "Sustainability" (page 25) and "Sustainability governance" sections (page 49).

The GSB is supported in its mission by Local Sustainability Boards that translate the global sustainability agenda into actions within local business units and provide market-relevant feedback.

With respect to climate change, the GSB is also supported by the Net-Zero Working Group (NZWG). The NZWG is tasked with undertaking the required analysis and coordination of actions on Aegon's general account investments in support of our 2050 net-zero commitment and obligations under the Net-Zero Asset Owner Alliance. It draws on staff-level representation from across the company to generate insight and recommendations for the GSB on potential management actions.

Additional climate oversight is provided by the Group Risk and Capital Committee (GRCC), which oversees the Financial Risk function's climate scenarios that analyze the potential climate impacts on our accounts. There is also the Non-Financial Risk Committee (NFRC) which oversees the Operational Risk function's annual climate risk assessment that identifies possible physical and transition risks that could impact Aegon.

Strategy

At Aegon, we have embedded sustainability as a central pillar within our company strategy. Aegon is committed to a responsible way of doing business and seeks to meet the increasing expectations of multiple stakeholders – investors, customers, employees, business partners, and the wider community. Through these engagements, Aegon has established two thematic sustainability priorities for its strategy: inclusion and diversity, and climate change. Both themes support our corporate purpose. The effects of climate change are already impacting our ability to live our best lives, therefore the need for action is urgent and universal. As such, we have committed to transitioning our general account investment portfolio to net-zero GHG emissions by 2050.

As an insurance company, Aegon can support the transition to a climate-resilient economy and a net-zero world using both sides of its balance sheet. We finance climate resilience through our investment activities while mitigating climate risk through integrating ESG into our risk management processes and the savings and protection solutions we provide.

Aegon collaborated with Ortec Finance for a second consecutive year to conduct an extensive and systematic climate risk assessment for its general and separate account assets across all business units. The analysis, which is in line with industry standards set by the Intergovernmental Panel on Climate Change (IPCC) and Network of Central Banks and Supervisors for Greening the Financial System (NGFS), evaluated three plausible climate pathways (Orderly, Disorderly and Failed transitions) to explore potential future climate policies, interventions, and consequences of the world failing to mitigate changes.

Overview of climate scenarios considered

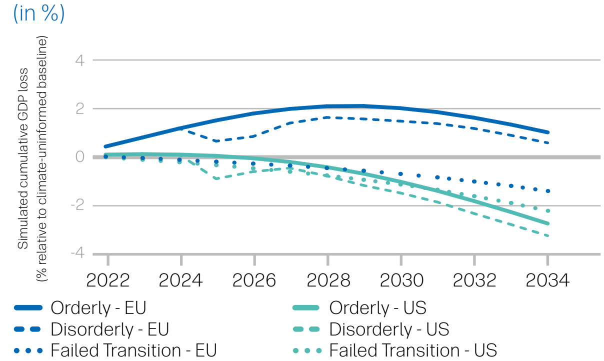
Orderly	Disorderly	Failed Transition
Orderly transition pathway Net-Zero by **2050**	**Disorderly** transition pathway Net-Zero by **2050**	**Business-as-usual** (only currently committed transition efforts)
Smooth market pricing-in dynamics	Disruptive effects on financial markets with sudden repricing	Fails to meet the Paris Agreement goals
CO_2 emissions ~ **SSP1-RCP1.9**	CO_2 emissions ~ **SSP1-RCP1.9**	CO_2 emissions ~ **SSP3-RCP7.0**
Locked-in physical impacts of **1.5°C** by 2100	Locked-in physical impacts of **1.5°C** by 2100	Dramatic physical impacts of **4.3°C** by 2100

The employed climate model considers both transition risks (i.e. policy and technological changes) and physical risks (i.e. gradual impact and extreme weather events) associated with climate change to produce a climate change adjusted economic and financial outlook. The model outcomes enable us to identify potential vulnerabilities in our portfolio in terms of asset type, geography, and sector, and aid in decision-making processes related to climate risk management.

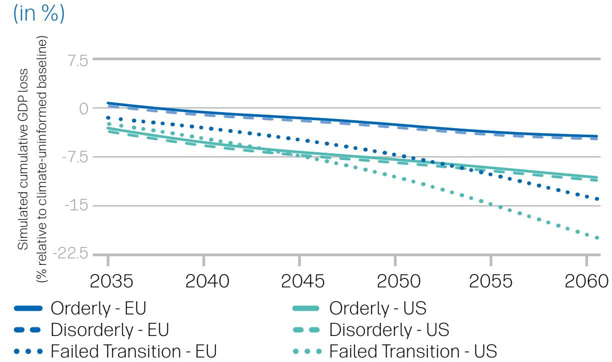
The present model has adopted a more stringent net-zero emission target for 2050, as compared to the 2070 target assumed in the previous year's analysis. Due to the slower-than-forecasted transition of the world towards a greener future, updated scenarios also project an accelerated rate of decarbonization in order to attain the net-zero targets. This has resulted in greater climate-induced impacts on the macroeconomy, as compared to the previous year, with the United States experiencing a more pronounced impact than the European Union. In addition to changes in model assumptions this year's analysis reflects changes to the Aegon general account holdings over the year. The change in composition of Aegon's general account holding has been influenced by different factors over the year, one of which includes reducing the Weighted Average Carbon Intensity (WACI) of the corporate fixed income and listed equity investments.

As shown by the "Climate impact on nominal investment return" chart, the 2022 outcomes show broadly comparable results for the transition scenarios (Orderly, Disorderly), with a more adverse impact in the event of a failed transition scenario (the latter attributable to the significant allocation of US assets in our portfolio). Notwithstanding the above changes, we continue to observe that the Aegon general account portfolio remains resilient to key systemic climate risk drivers across all modelled climate scenarios over a 40-year horizon. This is largely attributed to the high allocation of fixed income assets, which serves to limit the cumulative climate-related impact on returns.

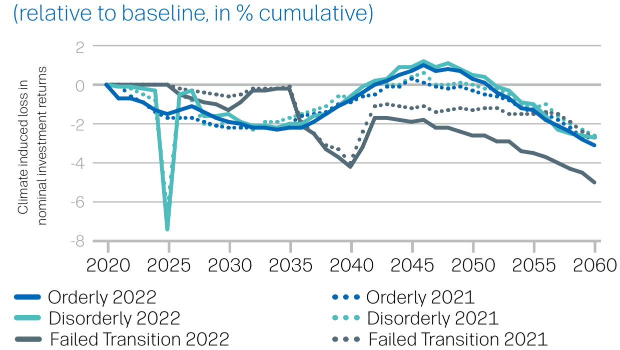
Short-term climate-induced GDP losses for EU & US
(in %)



Long-term climate-induced GDP losses for EU & US
(in %)



Climate impact on nominal investment return
(relative to baseline, in % cumulative)



The results provide an initial directional signal; however, climate-related risks are dynamic in nature. Transition risks are expected to dominate in the near to medium term if society is to achieve the net-zero objectives while physical risks will materialize at any time as global temperatures continue to rise. As a result, continuing to monitor developments in climate science, policy, technology, and consumer sentiment is critical for understanding and adapting to the future.

Risks

For our life insurance business, most of our liabilities are exposed to mortality and morbidity rates, both the current levels and the uncertainty around how these will develop relative to our assumptions over the coming decades. An important driver when assessing the value of our liabilities is how past trends in longevity are extrapolated into the future. Climate change plays a role in the development of future mortality and morbidity rates, just like other factors – including the continuing COVID-19 pandemic, medical advancements, limits to human biology, and changes in lifestyle. The relationship between mortality and morbidity and climate change is complex, and the nature of the impact can also vary geographically. Furthermore, it is expected that climate change will have a relatively lower impact on longevity and health of the insured population compared with the general population, as this group is more affluent and is more likely to be able to better adapt to changing conditions. Taking all this into consideration, Aegon follows widely adopted industry methods where the extrapolation of future longevity is performed based on past experiences of mortality and morbidity rates, without separately modelling each of the underlying drivers such as climate change. With this approach the changing circumstances are gradually introduced into our assumptions.

In contrast, our investments are exposed to both physical and transition risks. While we expect the transition risks associated with policy and market actions intended to mitigate climate change to be most salient in the near term, the value of our holdings can reasonably be expected to be influenced by both these risks in the longer term. However, previous scenario analysis has shown that our relatively high allocation to fixed income, including government bonds, should limit our overall exposure.

For our property and casualty (P&C) business, we expect a more direct impact from climate change through, for example, higher claim frequencies arising from an increase in extreme weather events. However, prices for P&C insurance can be adjusted periodically. Prices are determined by closely monitoring past claim frequencies and adjusting the premiums over time while maintaining an adequate level of expected profitability.

Case Study: Aegon Global Short Dated Climate Transition Fund

The Aegon Global Short Dated Climate Transition Fund is a simple, liquid, and transparent short-dated investment grade bond strategy. The fund marries both financial and climate related considerations with the aim to deliver a cash return of at least 1.25% gross of fees over rolling three-year periods and to deliver that with at least 30% lower carbon intensity than the broader credit market.

It embeds dedicated and proprietary climate transition research to direct investments to companies that have robust and credible plans to transition towards a low carbon economy and therefore are better aligned with investors' net-zero goals. More broadly, it adopts a best-in-class ESG approach to construct the portfolio with issuers who we have identified as having better ESG categories, with the lowest ESG risks.

Opportunities

As an investor, Aegon has an important role to play in supporting the climate transition. By making climate-smart investment choices, we can contribute to a cleaner, healthier environment and provide our clients with opportunities to reduce their own climate impacts. Climate change continues to be a focus of our investment strategy and is guided by our Responsible Investment Policy.

Risk management

Identification and management

This year, Aegon undertook its first “double materiality” assessment, which identified climate change as a material sustainability topic. For further detail, see the “Defining content” section (page 396).

Climate change is a long-term risk associated with high uncertainty regarding timing, scope, and severity of potential impacts. 2022 saw no material changes to the overall climate risk identification, assessment, and evaluation processes described in previous years’ disclosures.

As previously mentioned, Aegon collaborated with Ortec Finance for a second consecutive year to conduct an extensive and systematic climate risk assessment for its general and separate account across all business units. Aegon also performs regular operational assessments of its exposure to climate risk. The assessments use research and position papers from renowned institutions as input and are executed in cooperation with subject matter experts from Aegon’s risk, asset management, legal, compliance, and sustainability functions. In 2022, Aegon updated its group-level assessment, considering findings from local climate risk assessments executed by Aegon’s business units and developments captured in available United Nations’ Intergovernmental Panel on Climate Change (IPCC) reports. The risk assessment identifies the relevant risks for the company and assesses severity per risk in terms of likelihood and impact and its manageability in terms of the speed of materialization and the possibilities for mitigation. The assessment concludes with recommendations and considerations to be taken forward and is included as part of our Own Risk Solvency Assessment (ORSA).

Active ownership

Engagement with corporates

As an institutional investor, Aegon expects investee companies to work toward reducing their environmental impact. We engage with the companies we invest in both individually and collectively through networks to encourage better climate-related risk practices, including emissions measurement, disclosure, target setting, and reporting in line with TCFD recommendations.

Aegon and its business units are active members or participants in several collaborative initiatives targeting climate action, including but not limited to: Net-Zero Asset Owner Alliance, Net-Zero Asset Managers Initiative, Principles for Responsible Investment (PRI), the Institutional Investors Group on Climate Change (IIGCC), and Climate Action 100+ (CA100+).

For further details on Aegon’s active ownership activities, see the Responsible Investment report published by Aegon Asset Management.

Engagement with policymakers

Aegon acknowledges the importance and necessity of government action in addressing climate change. Engagement with policymakers is critical to shaping our investment environment, and we work independently and in collaboration with industry groups to engage on key climate issues.

At the European level, Aegon supports the goals of the EU strategy for financing the transition to a sustainable economy and recognizes the important role financial actors play in the transition. Aegon has engaged with officials and contributed to consultations on the corresponding regulations on sustainable taxonomy and sustainability disclosures, the incorporation of sustainability risks into the Solvency II regulatory regime, and the development of standards for the reporting of non-financial information. Aegon has also continued to advocate for action to complete the Capital Markets Union to unlock capital from institutional and cross-border investors to fund sustainable transition projects in Europe.

In the United States, Aegon has engaged with policymakers at both the federal and state levels to advocate for appropriate climate-related regulation. Aegon has supported regulatory measures that appropriately differentiate between the climate exposures of life insurers and property-casualty insurers. At both the federal and state levels, Aegon has supported TCFD-based disclosure standards that would provide uniform and consistent information to stakeholders, while reducing the potential for duplication and redundancy. Aegon expects that these efforts will support the transition to a more sustainable economy.

Metrics and targets

Own operations

In line with its net-zero commitment announced in November 2021, Aegon has set a supporting target to reduce the carbon footprint of its operational activities by 25% by 2025, compared to the 2019 baseline. The target includes the consumption of natural gas and electricity. In 2022, the carbon footprint of Aegon's operational activities was 59% lower than in 2019. Through implementing our hybrid working policy and other initiatives, we will work towards achieving our target. Aegon will also look towards expanding the scope of measurement of our greenhouse gas emissions and explore setting further targets against these in the future.

Investments and holdings

Targets

In late 2021, as part of its commitment to the Net-Zero Asset Owner Alliance, Aegon set initial targets for its investments. Following the guidance in the Inaugural 2025 Target Setting Protocol, for 2025, Aegon intends to reduce the weighted average carbon intensity (WACI) of corporate fixed income and listed equity in its general account by 25% against a 2019 baseline.

In 2022, the weighted average carbon intensity of our corporate fixed income and equity investments reduced by 20% compared to 2019. As of 2023, the WACI reduction target has been included in Executive remuneration.

Weighted Average Carbon Intensity of Corporate Fixed Income and Listed Equity

		2019	2022	Change
Weighted average carbon intensity	tCO_2e/EURm revenue	490	390	(20%)

* Source: Aegon calculation. Values as of 31 December 2022. Climate metrics calculated per Methodology section below. Climate change data availability may change over time and characteristics will vary. Certain information ©2023 Sustainalytics, MSCI ESG Research L.L.C. Reproduced with permission. Not for further distribution.

In December 2022, Aegon introduced two additional short-term targets, which further commit the company to investing USD 2.5 billion in activities to help mitigate climate change or adapt to the associated impacts by 2025 and engaging with at least the top 20 corporate carbon emitters in the portfolio by 2025. We will report our progress against these targets as of the Annual Report 2023.

Global General Account – Corporate Fixed Income and Listed Equity

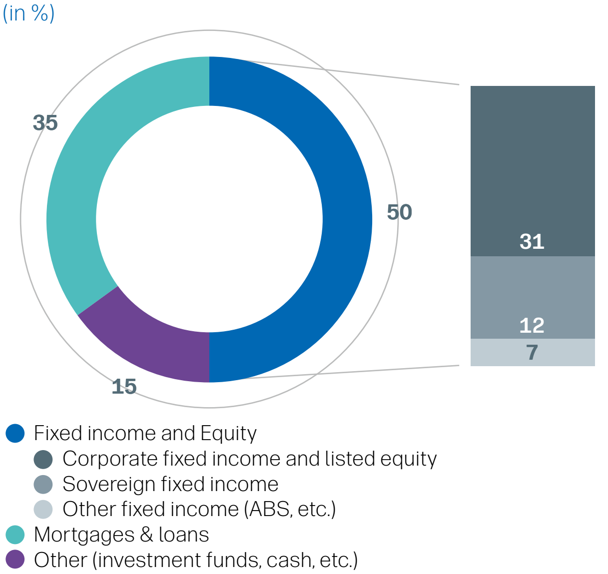
		Corporate FI	Coverage
Absolute footprint	tCO_2e	2,640,000	89%
Relative intensity	tCO_2e/EURm invested	84	89%
Weighted average carbon intensity	tCO_2e/EURm revenue	390	96%
Carbon Risk Rating	Sustainalytics rating	10.5	85%

* Source: Aegon calculation. Values as of December 31, 2022. Climate metrics calculated per Methodology section below. Relative intensity, Weighted average carbon intensity, and Carbon risk rating figures are extrapolated when underlying carbon data is not available. The availability of data for each indicator is expressed in a coverage ratio as disclosed above. Climate change data availability may change over time and characteristics will vary Certain information ©2023 Sustainalytics, MSCI ESG Research L.L.C. Reproduced with permission. Not for further distribution.

Disclosure

Since 2020, we have extended the scope of measurement and reporting of the carbon footprint of our investments to our global general account holdings.

Global general account by asset class
(in %)

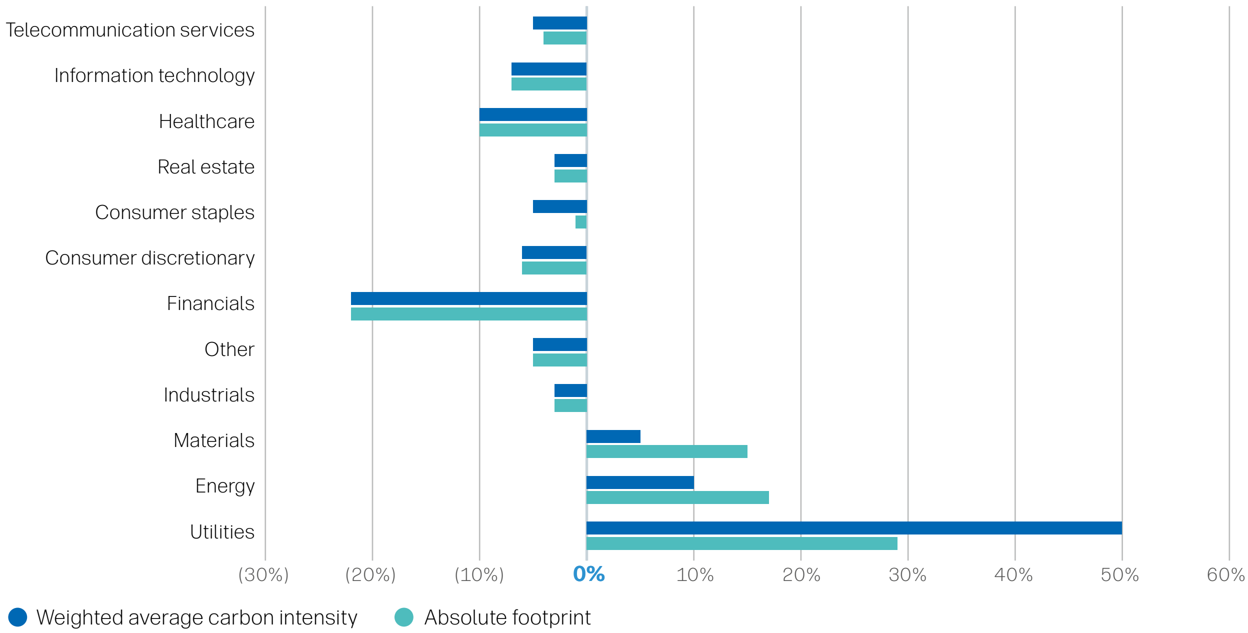


Source: Aegon calculation. Values are as of December 31, 2022 and may not add up to 100% due to rounding.

Corporate fixed income and listed equity results are dominated by holdings in the utilities, energy, and materials sectors where their contribution to the footprint and intensity of the account greatly outweighs their financial position.

The chart below provides an indication of active weight by sector against both the absolute footprint and weighted average carbon intensity.

Active Contribution by Sector
(in %)



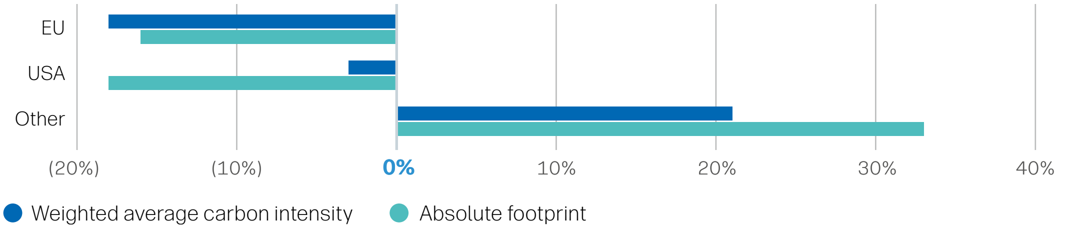
Global General Account – Sovereign Fixed Income

		Sovereign FI	Coverage
Absolute footprint	tCO_2e	7,528,000	100%
Relative intensity	tCO_2e/EURm invested	510	100%
Weighted average carbon intensity	tCO_2e/EURm GDP	310	100%
Climate change resiliency	ND GAIN rating	66	100%

* Source: Aegon calculation. Values as of 31 December 2022. Climate metrics calculated per Methodology section below. Climate change data availability may change over time and characteristics will vary.

While our largest sovereign holdings are in US and EU member state-issued bonds, the results are dominated by holdings from other countries, including emerging markets, where their contribution to the footprint and intensity of the account greatly outweighs their financial position. The chart below provides an indication of active weight by region against both the absolute footprint and WACI.

Active contribution by region
(in %)



Methodology

Corporate fixed income and listed equity metrics were calculated following the Partnership for Carbon Accounting Financials (PCAF) guidelines and include Scope 1 and 2 emissions. For sovereign assets, Aegon follows a "whole economy" approach based on country-level emissions and GDP. The WACI was calculated in line with the TCFD's recommendations. Carbon risk for corporate issuers is measured using the Sustainalytics Carbon Risk Rating, while climate vulnerability for sovereign issues is measured using the Notre Dame Global Adaptation Initiative (ND-GAIN) Country Index. Target figures are set in line with Net-Zero Asset Owner Alliance guidance.

Next steps

Aegon will seek to continue to improve its climate change strategy, governance, approach to risk and opportunity measurement, and implementation in the coming years, as is reflected in our Sustainability Roadmap 2025.

Value created

Aegon strives to create long-term value for a broad range of stakeholders, including its customers, employees, business partners, and investors, as well as society at large. Our Value Creation Model (pages 26-27) provides a high-level overview of the value we create, preserve or erode for each stakeholder group.

This section builds on Aegon's Value Creation Model. It presents granular performance indicators related to our Model inputs, outputs, and outcomes with a specific focus on sustainability. These performance indicators are framed around our five stakeholder groups, and are further defined by their contribution to the priority topics identified through Aegon's double materiality assessment. Performance indicators that are not directly linked to our material topics, but are of relevance for a specific stakeholder group, including sustainability benchmarks, are also included in this section.

Many figures in the tables have been rounded off, as a result of which some totals may not add up precisely. Year-on-year changes have been calculated using unrounded numbers.

Customers

Delivering long-term value to customers is central to Aegon's purpose of *Helping people live their best lives* and provides the foundation for the company's strategy.

While we aim at increasing our customer base and delivering customer value in terms of claims, benefits, and plan withdrawals, our main focus stays on customer satisfaction.

Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Number of customers (in millions)					
	Total customers[1]	29.5	31.7	**(7%)**	30.4
	Americas	10.8	11.8	**(8%)**	11.4
Customer experience	*The Netherlands*	2.7	2.7	**1%**	2.5
	United Kingdom	4.1	3.9	**5%**	3.8
	International	11.9	13.4	**(11%)**	12.6
	New customers[2]	3.8	3.8	**(1%)**	4.6
Customer satisfaction					
	Benchmarked Net Promoter Score (NPS)[3]				
	United States	= Market Average	= Market Average	←→	n.m.
	The Netherlands	< Market Average	< Market Average	←→	n.m.
Customer experience	*United Kingdom*	< Market Average	> Market Average	↓	n.m.
	Customer complaints[4]	79,892	86,075	**(7%)**	80,510
	Significant fines to address cases of mis-selling (in EUR millions)[5]	0.0	0.0	-	8.2
	Claims, benefits and retirement plan withdrawals (in EUR billions)	60.0	61.9	**(3.1%)**	57.4

n.a. – not applicable
n.m. – not measured
pp – percentage points

1 Customers are those with individual, group or corporate policies. We also include those participating in pension plans controlled by trustees or who have white label products serviced by Aegon or Transamerica. There may be some duplications in markets where we operate under more than one brand. Customers of our joint ventures are included on a 100% basis. The customers of our joint venture in Brazil are reported in the category International. In previous years this was reported under Americas. The 2020 and 2021 numbers were restated to reflect this change. The decrease in the number of customers for the Americas from 2021 to 2022 mainly relates to customers with no balance value. In 2022, these customers are excluded from the total number, while for previous years they were included and not restated.

2 New customers are those who acquired a product or service during the reporting period (and who were not previously customers of Aegon). There may be some duplications in markets where we operate under more than one brand. Customers of our joint ventures are included on a 100% basis.

3 Customer satisfaction is measured in benchmarked Net Promoter Score(SM) (NPS®). On an annual basis, we measure the NPS in our core markets (the Netherlands, the United Kingdom, and the United States) and compare findings against peers in each local market. The peer groups are re-assessed each year to ensure a fair representation of the market. Our target is to ensure that customer satisfaction in each of our core markets remains at or above the average of our peers. See "Non-financial key performance indicators" on pages 400-401 for more details.

4 Includes all written and verbal complaints from our customers.

5 Includes any fines for mis-selling in excess of EUR 100,000.

Employees

Employees are a key part of our success, and, at Aegon, we want them to share in that success. As our business progresses and grows, we are better able to provide fulfilling careers, advancement opportunities, and development.

Our value creation efforts for our employees focus on topics including inclusion and diversity, employee engagement, employee training and development, and good health and wellbeing.

Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Workforce					
Talent management	Number of employees[1]	19,087	22,271	**(14%)**	22,322
	Americas	6,153	7,675	**(20%)**	7,960
	The Netherlands	3,609	3,855	**(6%)**	3,930
	United Kingdom	2,621	2,476	**6%**	2,307
	International	4,281	6,590	**(35%)**	6,598
	Asset Management	1,464	1,675	**(13%)**	1,527
	Holding and other activities	958	n.m.	**n.m.**	n.m.
	Number of direct employees[2]	14,747	15,837	**(7%)**	17,989
Recruitment and retention					
Talent management	Number of new hires	2,547	1,884	**35%**	2,217
	Number of leavers[3]	2,491	2,039	**22%**	2,831
	Proportion voluntary leavers	86%	86%	**0pp**	69%
	Proportion involuntary leavers[3]	14%	14%	**(0pp)**	31%
	Turnover rate	18%	15%	**3pp**	15%
	Voluntary	16%	13%	**3pp**	10%
	Involuntary[3]	3%	2%	**1pp**	5%
Employee engagement					
Talent management	**Global Employee Survey[4]**				
	Engagement	70	68	**3%**	72
	Leadership	61	57	**7%**	63
	Inclusion	78	74	**5%**	79
	Diversity	76	72	**6%**	73
	Participation rate	79%	77%	**2pp**	82%
	Training and development				
	Investment in training and career development (in EUR millions)	10.9	9.5	**14%**	10.8
	Average investment in training and career development per employee (EUR)	736	602	**22%**	486

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Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Inclusion and diversity					
	Global Employee Survey[4]				
	Inclusion	78	74	**5%**	79
	Diversity	76	72	**6%**	73
	Gender				
	Number of employees (women)	6,426	6,322	**2%**	n.m.
	Proportion of women employees	48%	47%	**1pp**	50%
	Number of women in senior management	177	169	**5%**	n.m.
	Proportion of women in senior management[5]	36%	34%	**2pp**	32%
	Number of women in Supervisory Board	4	3	**33%**	n.m.
	Proportion of women in Supervisory Board	44%	38%	**7pp**	38%
Inclusion and diversity	Number of women in Executive Board	0	0	**-**	n.m.
	Proportion of women in Executive Board	0%	0%	**0pp**	0%
	Number of women in Management Board	4	2	**100%**	n.m.
	Proportion of women in Management Board[6]	33%	20%	**13pp**	17%
	Work-related incidents and complaints				
	Number of work-related incidents and/or complaints (reported)	84	n.m.	**n.m.**	n.m.
	Of which incidents of discrimination	12	n.m.	**n.m.**	n.m.
	Number of work-related incidents resulting in material fines, penalties, and compensation	0	n.m.	**n.m.**	n.m.
Health and safety					
Good health and wellbeing	Number of days lost to employee absence[7]	88,688	96,479	**(8.1%)**	93,464
	Employee absence rate	2.3%	1.7%	**0.7pp**	1.7%

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Other information	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Fair compensation and benefits	Total employment costs (in EUR billions)	2.1	1.9	**10.2%**	2.0
	Salary costs (in EUR billions)	1.3	1.3	**4.2%**	1.3
	Ratio of CEO compensation to average compensation[8]	23:1	28:1	↓	32:1
	Policy compliance (Global Remuneration Framework)[9]	95%	95%	**0pp**	95%
Collective bargaining	Proportion of employees covered by collective bargaining / labor agreements[10]	17.8%	17.3%	**0.5pp**	17.6%

n.a. – not applicable
n.m. – not measured
pp – percentage points

1 Number of employees on the last day of the reporting period, including all direct employees in Aegon, tied agents and employees in Aegon's subsidiaries and joint ventures. In 2022 we added Holdings and other activities as a separate category. In previous years the employees under this category were recorded under The Netherlands and Americas.
2 The definition of "Direct employees" has changed in 2022 compared to previous years. Based on the new definition, direct employees include employees from Aegon N.V. and its 100% subsidiaries only, and is therefore limited to entities over which Aegon has direct control. In previous years, the employees of joint ventures and associates were presented as part of Direct employees. The 2021 numbers have been restated to reflect the new definition. This impacts the following indicators: Number of direct employees, all indicators under Recruitment and retention, Average investment in training and career development per employee and Proportion of women employees. The 2020 figures were not updated for practical reasons. The number of direct employees is used as the denominator for metrics linked to the material topics Talent management, Inclusion and diversity, and Health and safety. Direct employees also includes our CEE businesses which have not been fully divested.
3 Leavers refer to direct employees where termination date is within reporting period. Involuntary turnover rate refers to direct employees where the termination date is within reporting period and the reason for leaving is involuntary. The indicators relating to Recruitment and retention do not include transfers where employees continue paid employment outside Aegon. In this regard we have not included the divested businesses of Aegon Turkey and Aegon Hungary in these 2022 indicators. Therefore the difference between new hires and leavers does not reconcile with the decrease of direct employees from 2021 to 2022.
4 Global Employee Survey is provided through the third-party service provider Culture Amp. All employees, including those in joint ventures, participate in the survey on a voluntary basis. New hires employed for under three months do not participate. In 2022, just as in previous years, three engagement surveys were conducted throughout the year (Q1, Q2 and Q3). The results and participation rate disclosed reflect the most recent survey conducted in the third quarter of each year.
5 In this context, senior management includes our Management Board and extends up to two levels below the Management Board (depending on the number of employees in each business or country unit). Performance target was 32% for 2020 (achieved), 34% for 2021 (achieved) and 36% for 2022. The 2021 and 2022 target and performance data do not include employees in our Central & Eastern Europe businesses that are in the process of being divested.
6 Includes the members of the Management Board and the Executive Board.
7 Employee absence refers to time off from work as a result of illness or injury. It excludes permitted leave of absence such as holiday, study/training, maternity or paternity leave and compassionate leave.
8 The ratio of CEO compensation to average compensation is based on IFRS remuneration expenses for both the CEO and Aegon's employees in 2022. Please refer to the Remuneration Report 2022 (page 65-84) for more details.
9 Policy compliance reflects business units' compliance with specific requirements of those policies. Where there is not full compliance, this does not indicate a breach of the policy, but areas where units have requested time to further strengthen internal governance.
10 All of Aegon's employees in the Netherlands, other than senior management, are covered by the collective labor agreement of Aegon NL. Aegon, the unions and the Dutch Central Works Council are working closely together in a co-creation steering group which prepares new agreements and tracks the implementation thereof. The current collective labor agreement has a duration of two years, from July 1, 2022 up to and including June 30, 2024. Aegon has experienced no significant strike, work stoppage or labor dispute in recent years.

Business partners

Our global network of partners and suppliers helps us operate a successful business that creates value for all stakeholders. We design our procurement processes to deliver excellent value for money for our business functions while also contributing to a sustainable global supply chain by integrating best-practice environmental, social and governance (ESG) criteria into our supplier selection and management processes.

Other information	Performance Indicator	2022	2021	Change 2021 to 2022	2020
	Premiums and commissions				
	Premiums paid to reinsurers (in EUR billions)	2.3	3.5	**(35%)**	2.7
	Commissions paid to brokers and other intermediaries (in EUR billions)	2.4	2.6	**(8%)**	2.3
	Goods and services				
	Total spend on goods and services (in EUR billions)	1.5	1.7	**(8%)**	1.6
	Spend on goods and services with top 250 ("in-scope") suppliers (in EUR billions)[1]	1.5	1.4	**6%**	1.3
Responsible sourcing	*Proportion of total spend on goods and services with top 250 ("in-scope") suppliers[1]*	96.2%	85.5%	**10.7pp**	85.3%
	Supplier ESG assessment				
	Number of "in-scope" suppliers assessed for ESG performance[2]	97	81	**20%**	67
	Spend on goods and services with "in-scope" suppliers assessed for ESG performance (in EUR billions)[2]	1.1	0.8	**26%**	0.8
	Proportion of spend with 'in-scope' suppliers assessed for ESG performance[2]	72.4%	59.2%	**13.2pp**	56.4%
	Overall score of "in-scope" suppliers assessed for ESG performance[2]	57.8	n.m.	**n.m.**	n.m.
	Proportion of "in-scope" suppliers scoring 1-25	0.0%	n.m.	**n.m.**	n.m.
	Proportion of "in-scope" suppliers scoring 26-50	28.9%	n.m.	**n.m.**	n.m.
	Proportion of "in-scope" suppliers scoring 51-75	60.8%	n.m.	**n.m.**	n.m.
	Proportion of "in-scope" suppliers scoring 76-100	10.3%	n.m.	**n.m.**	n.m.

n.a. – not applicable
n.m. – not measured
pp – percentage points

1 Our top-250 suppliers consistently represent at least 80% of our total supplier spend.
2 Suppliers are assessed based on Ecovadis methodology with the objective to measure the quality of a company's sustainability management system through its policies and actions. The allocation of suppliers in different scoring buckets is based on EcoVadis scoring methodology that takes into scope criteria around environmental care, labor and human rights, company ethics and sustainable procurement. The higher the score, the better the sustainability performance of the supplier. The spend data used to calculate the indicators for the supplier ESG assessment includes four quarters of data and covers the period October 1, 2021 to September 30, 2022.

Investors

Aegon seeks to provide a consistent and attractive return on investment to its investors around the world, based on a resilient and sustainable business model.

Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Corporate governance[1]					
	Supervisory Board				
	Membership	9	8	**13%**	8
	Average tenure (years)	4	4	**8%**	n.m.
	Average age	64	63	**1%**	n.m.
	Executive Board				
Business conduct and risk management	Membership	2	2	**0%**	2
	Average tenure (years)	4	3	**42%**	n.m.
	Average age	60	58	**3%**	n.m.
	Management Board				
	Membership	12	8	**50%**	10
	Average tenure (years)	4	4	**5%**	n.m.
	Average age	52	52	**1%**	n.m.
Supervisory Board oversight					
	Number of regular Supervisory Board meetings	7	7	**0%**	n.m.
	Proportion regular Supervisory Board meetings fully attended	100%	100%	**0pp**	n.m.
	Number of Audit Committee meetings	6	5	**20%**	n.m.
	Proportion Audit Committee meetings fully attended	100%	100%	**0pp**	n.m.
	Number of Risk Committee meetings	6	4	**50%**	n.m.
	Proportion Risk Committee meetings fully attended	100%	100%	**0pp**	n.m.
Business conduct and risk management	Number of Remuneration Committee meetings	6	6	**0%**	n.m.
	Proportion of Remuneration Committee meetings fully attended	100%	100%	**0pp**	n.m.
	Number of Nomination and Governance Committee meetings	6	6	**0%**	n.m.
	Proportion of Nomination and Governance Committee meetings fully attended	100%	100%	**0pp**	n.m.
	Number of additional meetings / calls[2]	17	3	**467%**	n.m.
	Proportion of additional meetings / calls fully attended	76%	100%	**(24pp)**	n.m.

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Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Financial returns					
	Returns to investors				
Solid financial performance	Returns to investors paid in the year (in EUR millions)	631	509	**24%**	370
	Dividend payments (in EUR millions)[3]	407	289	**41%**	123
	Interest (payments to bondholders) (in EUR millions)	223	220	**1%**	248
	Dividend over the fiscal year per common share (EUR)[4]	0.23	0.17	**35%**	0.12
	Share price (change)	7.9%	35.8%	**(27.9pp)**	(20.0%)
	Total shareholder return (TSR)	11.6%	40.6%	**(29.0pp)**	(18.4%)
Sustainability (external recognition)					
	Sustainability benchmarks[5]				
Responsible products, treating customers fairly	MSCI ESG ratings assessment	AA	AA	←→	AA
	Sustainalytics ESG risk rating	14.2 (low risk)	14.6 (low risk)	↑	17.0 (low risk)
	ISS ESG corporate rating	C+ (Prime)	C+ (Prime)	←→	C (Prime)
	CDP (Climate change) score	C	C	←→	C
	FTSE4Good index series constituent	Index member	Index member	←→	Index member
	Moody's ESG overall score	Robust	Robust	←→	Robust
	S&P global corporate sustainability assessment (CSA) score	55	51	↑	43
	EcoVadis scorecard	Silver	n.m.	**n.m.**	n.m.
	Refinitiv ESG score	A	A-	↑	B+
	Bloomberg ESG disclosure score	53.4	52.4	↑	50.4

n.a. - not applicable
n.m. - not measured
pp - percentage points

1 Aegon has a two-tier system of corporate governance, with an independent Supervisory Board and a separate Executive Board. The Executive Board (consisting of the CEO and CFO) is supported by a Management Board.
2 Throughout the year several sub-committee and ad-hoc meetings were scheduled to discuss - amongst others - strategy-related topics and the audit tender process. The detailed breakdown of these meetings and attendance can be found in the Report of the Supervisory Board on pages 56-64.
3 Dividend payments is based on the actual cash outflow relating to the paid dividend in the reporting year and is taking into account the cashflows relating to the share buy-backs to avoid dilution. It does not include the impact of other share buy-backs.
4 Aegon's final dividend for 2022 is subject to approval by the company's Annual General Meeting of Shareholders, due to take place in May 2023.
5 Sustainability benchmark scoring reflects the most recent assessments made available for any given year. There is a lag time between Aegon's annual reporting and the assessment of that by a benchmark. For example, a benchmark score presented under the 2022 reporting year will usually reflect Aegon's 2021 (although sometimes 2020) annual reporting, according to Aegon's place in the assessment cycle of any given benchmark (which can be variable). The 2022 benchmark scores reflect the position at the date of publication of the Aegon Integrated Annual Report 2022.

Society

We strive to mitigate our impact on, and to create additional value as part of the wider society in which we operate. This includes business conduct and risk management, cybersecurity, and reducing our environmental impact, with particular regard to climate change. Responsible investing is a key means to achieving societal ends through our investments.

Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Responsible investment					
	Responsible investment solutions (RIS)				
	Assets under management in RIS (in EUR billions)[1]	120.2	177.7	**(32%)**	167.0
	Exclusions[2]	103.9	160.5	**(35%)**	157.6
	Best-in-class[3]	9.4	10.2	**(8%)**	3.3
	Sustainability-themed[4]	2.7	2.9	**(8%)**	2.4
	Impact investments[5]	4.2	4.1	**3%**	3.7
	Engagement and voting[6]				
Responsible investing	Number of engagements with investee companies	832	596	**40%**	575
	Proportion engagements addressing environmental themes	24%	31%	**(7pp)**	25%
	Proportion engagements addressing social themes	18%	19%	**(1pp)**	21%
	Proportion engagements addressing governance themes	44%	38%	**6pp**	53%
	Proportion engagements addressing general disclosure themes	14%	11%	**3pp**	8%
	Number of shareholder meetings of invested companies where votes cast[7]	3,899	2,963	**32%**	2,511
Climate change (investment footprint)					
	Corporate Fixed Income + Listed Equity (CFI)[8]				
	CFI absolute footprint (metric tons CO_2e)	2,640,000	4,886,000	**(46%)**	4,878,000
	CFI relative intensity (metric tons CO_2e/EURm invested)	84	110	**(24%)**	110
	CFI absolute footprint and relative intensity (coverage)	89%	72%	**17pp**	77%
Climate change	Weighted average carbon intensity (metric tons CO_2e/EURm revenue)	390	490	**(20%)**	470
	Weighted average carbon intensity (coverage)	96%	97%	**(1pp)**	97%
	Carbon Risk Rating (Sustainalytics)	10.5	9.9	**6%**	9.4
	Carbon Risk Rating (Sustainalytics) (coverage)	85%	73%	**12pp**	63%

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Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Climate change (investment footprint)					
Climate change	**Weighted average carbon intensity reduction target**				
	Reduction of weighted average carbon intensity against 2019 baseline (%)	(20%)	0%	**(20pp)**	n.m.
	Sovereign Fixed Income (SFI)[9]				
	Absolute footprint (metric tons CO_2e)	7,528,000	15,088,000	**(50%)**	13,863,000
	Relative intensity (metric tons CO_2e/EURm invested)	510	620	**(18%)**	500
	SFI absolute footprint and relative intensity (coverage)	100%	100%	**0pp**	98%
	Weighted average carbon intensity (metric tons CO_2e/EURm GDP)	310	310	**0%**	330
	Weighted average carbon intensity (coverage)	100%	100%	**0pp**	98%
	Climate change resiliency (ND GAIN rating)	66	67	**(1%)**	67
	Climate change resiliency (coverage)	100%	100%	**0pp**	98%
Climate change (operational footprint)					
Climate change	**Greenhouse gas (GHG) emissions (metric tons CO_2e)**[10]				
	Scope 1 (gas)	4,170	5,557	**(25%)**	n.m.
	Scope 2 (electricity: location-based)	12,828	16,366	**(22%)**	n.m.
	Scope 2 (electricity: market-based)	480	203	**137%**	n.m.
	Scope 3 (air travel)	6,433	2,101	**206%**	n.m.
	Total GHG emissions (location-based)	23,432	24,024	**(2%)**	n.m.
	Total GHG emissions / EUR million revenue (location-based)	0.9	1.0	**(2%)**	n.m.
	Total GHG emissions / employee (location-based)[11]	1.6	1.5	**5%**	n.m.
	Total GHG emissions (market based)	11,084	7,861	**41%**	n.m.
	Total GHG emissions / EUR million revenue (market-based)	0.4	0.3	**42%**	n.m.
	Total GHG emissions / employee (market-based) [11]	0.8	0.5	**51%**	n.m.
	Operational footprint reduction target[12]				
	Total scope 1+2 (location-based) (metric tons CO_2e)	16,999	21,923	**(22%)**	n.m.
	Absolute reduction of scope 1+2 against baseline 2019 (metric tons CO_2e)	(24,798)	(19,874)	**25%**	n.m.
	Relative reduction of scope 1+2 against baseline 2019 (%)	(59.3%)	(47.5%)	**(11.8pp)**	n.m.

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Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Climate change (operational footprint)					
	Energy consumption (MWh)				
	Fuel (gas)	20,238	27,288	**(26%)**	n.m.
	Electricity (renewable)	33,090	49,283	**(33%)**	n.m.
	Green tariff / Renewable Energy Certificate (REC)	33,065	49,259	**(33%)**	n.m.
	Self-generated	25	24	**1%**	n.m.
	Electricity (non-renewable)	1,927	580	**232%**	n.m.
	Electricity (total)	35,017	49,863	**(30%)**	n.m.
	Total energy (fuel and electricity)	55,256	77,151	**(28%)**	n.m.
Climate change	*Renewable electricity (% of total electricity)*	94%	99%	**(4pp)**	n.m.
	Renewable energy (% of total energy)	60%	64%	**(4pp)**	n.m.
	Air travel[13]				
	Total distance (million km)	47.6	16.3	**192%**	n.m.
	Economy (% total distance)	81%	87%	**(6pp)**	n.m.
	Premium (% total distance)	19%	13%	**6pp**	n.m.
	Route type <500km (% total distance)	6%	3%	**3pp**	n.m.
	Route type >500km (% total distance)	94%	97%	**(3pp)**	n.m.
Compliance					
	Policy compliance[14]				
	Proportion employees completed training on Code of Conduct	99%	98%	**1pp**	97%
	Proportion of compliance with Anti-bribery policy requirements	87%	87%	**(0pp)**	89%
	Proportion of compliance with Conflict of interest policy requirements	98%	98%	**0pp**	92%
	Proportion of compliance with Pricing and product development policy requirements	98%	97%	**1pp**	93%
	Systematic Integrity Risk Assessment (SIRA)[15]				
Business conduct and risk management	Actions completed	73%	77%	**(4pp)**	76%
	Actions completed and progressing within deadline	82%	81%	**1pp**	80%
	Fraudulent activity				
	Incidents/attempts of fraud	594	889	**(33%)**	4,014
	Employees	0.2%	0.1%	**0.1pp**	n.m.
	Intermediaries	3%	21%	**(18pp)**	n.m.
	Third parties	97%	79%	**18pp**	n.m.
	Number of investigations completed	1,389	n.m.	**n.m.**	n.m.
	Employees	0%	n.m.	**n.m.**	n.m.
	Intermediaries	13%	n.m.	**n.m.**	n.m.
	Third parties	87%	n.m.	**n.m.**	n.m.

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Material Topic	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Compliance					
	Political advocacy				
Business conduct and risk management	Monetary value of political contributions (in EUR million)[16]	0.2	n.m.	**n.m.**	n.m.
	Monetary value of political lobbying / advocacy (in EUR million)[17]	0.9	n.m.	**n.m.**	n.m.
	Monetary value of membership of professional / advocacy associations (in EUR million)[18]	5.8	n.m.	**n.m.**	n.m.
Information security					
	Information security and phishing awareness				
Cybersecurity and data protection	Number of employees enrolled in the annual Information security training[19]	15,608	n.m.	**n.m.**	n.m.
	Proportion of employees completed the annual Information security training	95%	n.m.	**n.m.**	n.m.
	Number of enterprise-wide phishing campaigns launched during the year[20]	4	n.m.	**n.m.**	n.m.
	Data privacy				
	Number of employees enrolled in specific training on data privacy[21]	11,905	n.m.	**n.m.**	n.m.
	Proportion of employees completed specific training on data privacy	98%	n.m.	**n.m.**	n.m.

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Other information	Performance Indicator	2022	2021	Change 2021 to 2022	2020
Responsible tax	Total taxes borne by Aegon (in EUR millions)[22]	362	381	**(5%)**	319
	Corporate income tax[22]	32	(18)	**n.a.**	10
	Americas	(3)	55	**n.a.**	(43)
	The Netherlands	3	(75)	**n.a.**	33
	United Kingdom	0.4	(2)	**n.a.**	14
	Others	32	3	**n.a.**	6
	Taxes collected on behalf of others[22]	2,585	2,409	**7%**	2,509
Community engagement/ investment	**Cash donations**				
	Total cash donations (in EUR millions)[23]	10.6	9.4	**13.2%**	9.5
	Financial security and education	2.0	2.0	**0.4%**	3.0
	Financial education and literacy	1.6	1.6	**1.4%**	2.7
	Employability later in life	0.3	0.3	**(4.5%)**	0.3
	Wellbeing and longevity	6.8	5.6	**22.0%**	5.7
	Physical fitness	0.2	0.2	**(8.7%)**	0.2
	Mental vitality	1.1	0.5	**92.4%**	0.9
	Prevention of diseases	1.1	1.3	**(13.0%)**	1.7
	Livable communities	4.5	3.6	**25.8%**	2.9
	Other cash donations	1.8	1.8	**(0.2%)**	0.8
	Proportion of cash donations to key themes	83%	81%	**2pp**	92%
	Financial security and education	18%	21%	**(2pp)**	32%
	Wellbeing and longevity	65%	60%	**5pp**	60%
	Number of organizations receiving donations	493	469	**5%**	481
	Volunteering				
	Volunteering hours	16,911	6,806	**148%**	4,399
	Volunteering value (in EUR millions)[24]	1.2	0.3	**309%**	0.2
	Total investment				
	Total value community investment (in EUR millions)	11.8	9.7	**22%**	9.7
	Total value community investment as proportion of net result	0.5%	0.6%	**(0.1pp)**	17.6%

n.a. - not applicable
n.m. - not measured
pp - percentage points

1 Aegon AM has a Responsible Investment Framework that reflects the key elements of our Responsible Investment Policy, as well as similar policies put forward by Aegon AM's clients. The framework is structured around ESG integration, Active ownership and Solutions. The responsible investment solutions are based on four categories: exclusion-based strategies, best-in-class strategies, sustainability-themed strategies and impact investments and comprises both general account assets managed by Aegon AM and assets managed on behalf of third-party clients. Joint ventures are excluded. Responsible investment products and services may vary regionally.
2 "Exclusions" reflects the portfolio that is subject to negative screening to avoid investments in certain sectors, companies or practices based on specific criteria. The number has dropped compared to 2021 mainly because non-listed assets classes, including mortgages, real estate, private equity and structured assets and listed assets including US government bonds were excluded from the scope in 2022. The total amount for these asset classes in 2021 was EUR 41.3 billion.
3 "Best-in-class" investments seek to outperform by emphasizing positive screening of issuers with better or improving ESG profiles relative to sector peers.
4 "Sustainability-themed" investments focuses on issuers whose activities or practices are aligned with sustainability themes in an effort to generate competitive returns over the long term.
5 "Impact investments" pursue financial returns alongside measurable positive social and/or environmental impact.
6 With regards to engagement, through our investment exposure, and where appropriate, we look to build a constructive dialogue with the companies and bodies either bilaterally or as part of an investor consortium, as we promote responsible business practices. Percentages may not sum to 100 due to rounding. Themes are divided according to the main issue. At times, there is more than one theme for an engagement. With regards to voting, for Aegon AM's relevant investment strategies that incorporate equities, we seek to execute votes in alignment with our engagement objectives and clients' best interests. The scope is general account assets managed by Aegon AM and assets managed on behalf of third-party clients.
7 The increase in voted shareholder meetings compared to 2021 is due to a new voting strategy. Aegon AM implemented as of February 2022 a "vote all meetings" strategy. Prior to that Aegon AM made a selection of investee companies.

[8] The scope covers global general account assets only. The disclosures are based on Aegon calculations. Values are as of December 31. Relative intensity, weighted average carbon intensity and carbon risk rating are extrapolated in case carbon data is not available. The availability of data for each indicator is expressed in a coverage ratio as disclosed above. Climate change data availability may change over time and characteristics will vary. Certain information from ©2023 Sustainalytics, MSCI ESG Research L.L.C. are reproduced with permission. Not for further distribution. For more information refer to the TCFD section in this report.

[9] The scope covers global general account assets only. The disclosures are based on Aegon calculations. Values are as of December 31. Relative intensity, weighted average carbon intensity and climate change resiliency are extrapolated in case carbon data is not available. The availability of data for each indicator is expressed in a coverage ratio as disclosed above. For 2022 the data coverage for SFI indicators is 100% and therefore no extrapolation is needed. Climate change data availability may change over time and characteristics will vary. For more information refer to the TCFD section in this report.

[10] Operational GHG emissions are based on known energy consumption and air travel activity. Energy consumption data is extrapolated by floorspace for any sites missing consumption data. Further extrapolation is undertaken for employees working permanently from home by applying an average employee consumption of our office premises for each business unit. Prior to 2022, data collection was limited to our largest business units (Transamerica, Aegon NL, Aegon UK and Aegon AM), with extrapolation for remaining business units based on headcount for both energy consumption and air travel. Where possible, GHG emissions are calculated on the basis of locally-specific conversion factors. Scope 1 conversion factors for gas consumption are sourced from the UK Department for Environment, Food & Rural Affairs (Defra) using "100% mineral" for the US, and "5% biofuel blend" for the Netherlands, United Kingdom, Spain and Hungary. Scope 2 GHG emissions are expressed through both the GHG Protocol "location" and "market" based approaches, with location-based conversion factors for electricity consumption sourced from the US Environmental Protection Agency (eGRID regions), the European Environment Agency for the Netherlands, Spain and Hungary, and Defra for the UK. For the market-based approach, conversion factors are sourced from individual electricity suppliers, 94% of which is zero carbon through our purchase of renewable electricity in the form of "green tariff" supply contracts and renewable energy certificates (RECs). Conversion factors for air travel are sourced solely from Defra due to applicability for all countries.

[11] The definition of "Direct employees" has changed in 2022 compared to previous years. Based on the new definition, direct employees include employees from Aegon N.V. and its 100% subsidiaries only, and is therefore limited to entities over which Aegon has direct control. In previous years, the employees of joint ventures and associates were presented as part of Direct employees. The 2021 figures have been restated to reflect the new definition. The 2020 figures were not updated for practical reasons.

[12] Aegon has set a target to reduce the absolute carbon footprint of its operational activities (GHG Emissions Scope 1 and 2) by 25% by 2025, against a 2019 baseline of 41,797 metric tons CO_2e, (using the location-based measurement). Hybrid working continues to facilitate a reduction in the overall emissions of property portfolio with initiatives such as closing our offices on Fridays in the UK and US locations. Our hybrid working model continues to mature with resulting benefits on the size and cost of our operational properties, and achieving our carbon reduction target. The indicator "Absolute reduction against baseline" includes GHG Emissions Scope 1 and 2 only. The 2021 figure incorrectly included air travel emissions, which has been restated as 19,874 (2021: 28,512). The 2021 figure for "Relative reduction of scope 1+2 against baseline 2019 (%)" has also been restated as 48% (2021: 54%).

[13] Aegon will look towards expanding the measurement of its operational Scope 3 GHG emissions beyond air travel.

[14] Policy compliance reflects business units' compliance with specific requirements of those policies. Where there is not full compliance, this does not indicate a breach of the policy, but areas where units have requested time to further strengthen internal governance.

[15] Aegon undertakes an annual systematic integrity risk assessment (SIRA). All regions provide insight into their local anti-fraud programs and indicate that controls with regard to internal, external, and intermediary fraud are properly designed and operating effectively. Aegon takes steps to address any gaps in performance.

[16] Political contributions may include financial or in-kind support provided directly to political parties, their elected representatives or persons seeking political office. It may also include indirect political contributions referring to those political contributions made through an intermediary organization such as a lobbyist or charity, or support given to an organization such as a think tank or trade association linked to or supporting particular political parties or causes. The contribution in 2022 consists of the contributions by Transamerica's Political Action Committee (PAC), which is a committee acting independently from Aegon or Transamerica. The PAC receives voluntary donations from Transamerica employees and distributes the pooled donations according to the decision of the independent board of the PAC.

[17] Political lobbying / advocacy refers to the expenses paid for activities carried out towards governments, governmental institutions and/or regulators in support of issues and initiatives that we think will benefit our customers, employees, wider society and our businesses. The expenses paid in 2022 mainly reflect the cost of staffing dedicated to lobbying or advocacy activities.

[18] A membership of professional / advocacy association refers to an agreement by which someone joins a professional association or an advocacy association. Hereby a professional association is defined as a body of persons engaged in the same profession, formed usually, to maintain standards, and represent the profession in discussions with other bodies or institutions. An advocacy association engages in advocacy for the industry towards other bodies, institutions, or policymakers, although advocacy may not be the only type of activity that the association undertakes.

[19] Direct employees and eligible contingent workers who are enrolled in Information security training at least annually which covers relevant Information security topics based on risk assessments, best practices and appropriate behaviors. Eligible contingent workers are contractors with an (Active Directory) Aegon or Transamerica account and selected for the training. The selection is performed at the discretion of each business unit.

[20] Enterprise wide phishing campaigns are executed on a quarterly basis to all direct employees and all contingent workers with an e-mail account on the Aegon or Transamerica network. In addition, targeted campaigns are executed periodically with a subset of users based on a common risk profile (e.g., Human Resources).

[21] Direct employees and eligible contingent workers who are enrolled in an annual data privacy training. The training modules are different per region to address specific local legislations. The focus in Europe is on GDPR. Eligible contingent workers are contractors with an (Active Directory) Aegon or Transamerica account and selected for the training. The selection is performed at the discretion of each business unit.

[22] The information in the tax table includes the tax data of all entities over which Aegon has management control including the tax data of divested business until the date of closing. For corporate income tax, there is often no direct correlation between tax reported on earnings for any given year and amounts paid or received in tax. Part of the explanation for this is that certain tax-deductible items are not recognized in the company's profit & loss statement but directly in equity. Additionally payments and refunds for prior years can impact the amounts paid or received in the current year. There is no 2022 US current tax liability due to current year losses, carry back of capital losses, and tax credits.

[23] Cash donations refer to charitable donations to charities and other non-profit organizations, done in accordance with the Aegon N.V. Charitable Donations Standards.

[24] Volunteering value is calculated using the average hourly employee cost (based on total employment costs).

External recognition

At Aegon, we actively participate in high-profile sustainability performance benchmarks to provide independent recognition and transparency around the integration of sustainability considerations into our business operations. We also engage proactively with business information platforms incorporating assessments of sustainability performance, including Bloomberg and Refinitiv.

Improvement in our scoring over the course of 2022 shows, in part, the positive impact of our current sustainability focus and related commitments. As these assessments are conducted throughout the year, we regularly update our latest scoring and peer positioning through the dedicated "External recognition" page on the Aegon website.

MSCI: In its February 2023 update, Aegon N.V. continued to receive a rating of AA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.[1]

Sustainalytics: In its January 2023 update, Aegon N.V. received an improved ESG Risk Rating of 14.2 and was assessed by Sustainalytics to be at "low risk" of experiencing material financial impacts from ESG factors. Aegon N.V.'s rating places it in the fifth percentile in the insurance industry assessed by Sustainalytics.[2]

ISS: As of February 2023, Aegon N.V. continued to receive an ESG Corporate Rating of C+ (Prime) from ISS, a provider of end-to-end responsible investment and governance solutions to the global financial community.[3] Aegon N.V. was also recognized as an industry peer group leader, being among the highest ranked by ISS for "Governance" as part of the ESG Corporate Rating.[3]

FTSE4Good: In June 2022, Aegon N.V. was re-confirmed as a constituent company in the FTSE4Good Index Series, designed to identify companies that demonstrate strong environmental, social, and governance practices measured against globally recognized standards.[4]

Moody's ESG Solutions: In its January 2022 update, Aegon N.V. continued to receive an "ESG overall score" rating of "robust".[5]

CDP: We participate in the annual CDP Climate Change disclosure, where we publish performance data, policies, and practices related to the impacts and opportunities related to climate change in the context of our business activities. We maintained a rating of "C" for our 2021 reporting year disclosure.[6]

EcoVadis: Aegon N.V. has completed its first assessment of sustainability performance with EcoVadis and in January 2023 was awarded a silver medal. Aegon N.V.'s award places it in the top 25% of companies assessed by EcoVadis.[7]

MSCI ESG RATINGS AA	'AA' rating	FTSE4Good	Constituent company in the FTSE4Good Index Series
Rated Sustainalytics	14.2 (low risk), 5th percentile in the insurance industry assessed by Sustainalytics	Moody's ESG Solutions	'Robust'
Corporate ESG Performance Prime ISS ESG	C+ (Prime)	CDP Discloser 2022	'C' score
Governance QualityScore 1 ISS ESG	"Leader" peer group ranking for "Governance" as part of the ISS ESG Corporate Rating	ecovadis Silver 2023	Silver medal

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Cautionary note regarding non-EU-IFRS measures

This document includes the following non-EU-IFRS financial measure: operating result and addressable expenses. The reconciliation of operating result to the most comparable EU-IFRS measure is presented in note 5 'Segment information' of the consolidated financial statements. Operating result is calculated by consolidating on a proportionate basis the revenues and expenses of Aegon's joint ventures in Brazil, China, India, the Netherlands, Portugal and Spain and Aegon's associates in France, the Netherlands and United Kingdom. The information on the following tables also includes the non-EU-IFRS financial measure operating result after tax. This is the after-tax equivalent of operating result. The reconciliation of addressable expenses to operating expenses, the most comparable EU-IFRS measure, is presented in Results of Operations. Operating expenses are all expenses associated with selling and administrative activities (excluding commissions). This includes certain expenses recorded in other charges for segment reporting, including restructuring charges. Addressable expenses are calculated by excluding the following items from operating expenses: direct variable acquisition expenses, restructuring expenses (including expenses related to the operational improvement plan), and expenses related to acquisitions and disposals. Addressable expenses are reported on a constant currency basis. Aegon believes that these non-EU-IFRS measures, together with the EU-IFRS 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.

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. 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 may contain information about financial prospects, economic conditions and trends and involve risks and uncertainties. In addition, any statements that refer to our sustainability, environmental and social targets, commitments, goals, efforts and expectations and other events or circumstances that are partially dependent on future events are forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Aegon undertakes no obligation, and expressly disclaims any duty, 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 and adversely 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:

- Unexpected delays, difficulties, and expenses in executing against our environmental, climate, diversity and inclusion or other "ESG" targets, goals and commitments outlined in this document, and changes in laws or regulations affecting us, such as changes in data privacy, environmental, safety and health laws;
- Changes in general economic and/or governmental conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Civil unrest, (geo-) political tensions, military action or other instability in a country or geographic region;
- 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;
- The effects of declining creditworthiness of certain public sector securities and the resulting decline in the value of government exposure that Aegon holds; and
- The impact from volatility in credit, equity, and interest rates;
- Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- 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 written premium, 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;
- Changes affecting interest rate levels and low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Changes affecting inflation levels, particularly in the United States, the Netherlands and the United Kingdom;
- 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;
- Catastrophic events, either manmade or by nature, including by way of example acts of God, acts of terrorism, acts of war and pandemics, could result in material losses and significantly interrupt Aegon's business;
- 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;
- 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;
- Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- 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;
- Customer responsiveness to both new products and distribution channels;
- Third-party information used by us may prove to be inaccurate and change over time as methodologies and data availability and quality continue to evolve impacting our results and disclosures;
- 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;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon's ability to complete, or obtain regulatory approval for, acquisitions and divestitures, integrate acquisitions, and realize anticipated results, and its ability to separate businesses as part of divestitures;
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies, as well as other management initiatives related to cost savings, Cash Capital at Holding, gross financial leverage and free cash flow;
- Changes in the policies of central banks and/or governments;
- Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- Consequences of an actual or potential break-up of the European monetary union in whole or in part, or the exit of the United Kingdom from the European Union and potential consequences if other European Union countries leave the European Union;
- 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 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; and
- Changes in ESG standards and requirements, including assumptions, methodology and materiality, or a change by Aegon in applying such standards and requirements, voluntarily or otherwise, may affect Aegon's ability to meet evolving standards and requirements, or Aegon's ability to meet its sustainability and ESG-related goals, or related public expectations.

- We may also rely on third-party information in certain of our disclosures, which may change over time as methodologies and data availability and quality continue to evolve. These factors, as well as any inaccuracies in third-party information we use, including in estimates or assumptions, may cause results to differ materially and adversely from statements, estimates, and beliefs made by us or third-parties. Moreover, our disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in our business or applicable governmental policies, or other factors, some of which may be beyond our control. Additionally, we may provide information that is not necessarily material for SEC reporting purposes but that is informed by various ESG standards and frameworks (including standards for the measurement of underlying data), internal controls, and assumptions or third-party information that are still evolving and subject to change.

This document contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation (596/2014). 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.

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