



# Significant value creation in Asia

**Pat Curtin**  
CFO Aegon Asia

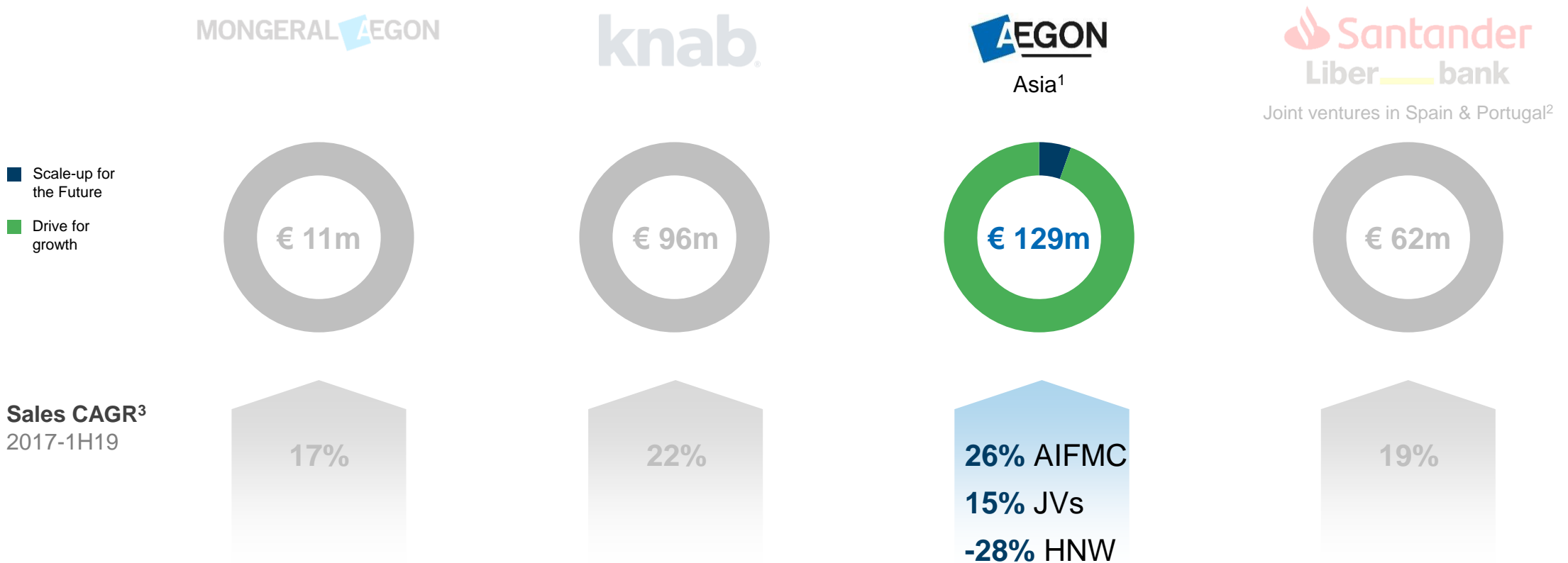
December 12, 2019

*Helping people achieve a lifetime of financial security*



# Translating growth opportunities into valuable businesses

Underlying earnings before tax  
1H19 annualized

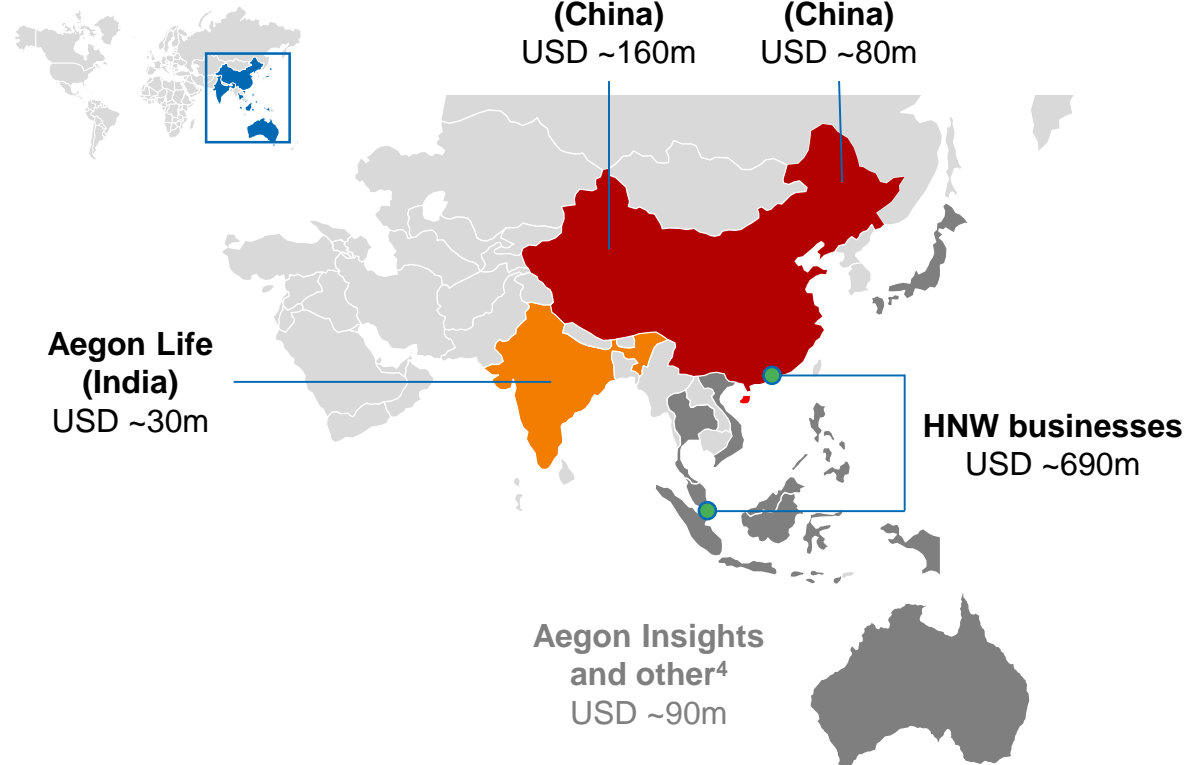


Sales CAGR<sup>3</sup>  
2017-1H19

1. Consists of High Net Worth businesses, insurance joint ventures in China and India (combined as JVs for sales CAGR), and the asset management joint venture AIFMC in China  
 2. Excludes expenses for services shared with own channels in Spain  
 3. Based on i) gross deposits for asset management and banking businesses, ii) sum of Life APE, and new premiums (A&H and P&C) for insurance businesses, iii) local currency for Mongeral Aegon

# Aegon has established strong footprints in key Asian markets

## IFRS capital<sup>1</sup> (1H 2019)



## Underlying earnings before tax (in USD million)

	2018	2019 <sup>3</sup>
Chinese asset management JV (AIFMC) <sup>2</sup>	69	66
Chinese insurance JV (Aegon THTF)	10	18
High net worth businesses	71	66
India joint venture (Aegon Life)	(11)	(10)
Aegon Insights (run-off) and other <sup>4</sup>	(2)	3
<b>Total UEBT Asian businesses</b>	<b>137</b>	<b>143</b>

1. IFRS capital excludes revaluation reserves; figures are rounded

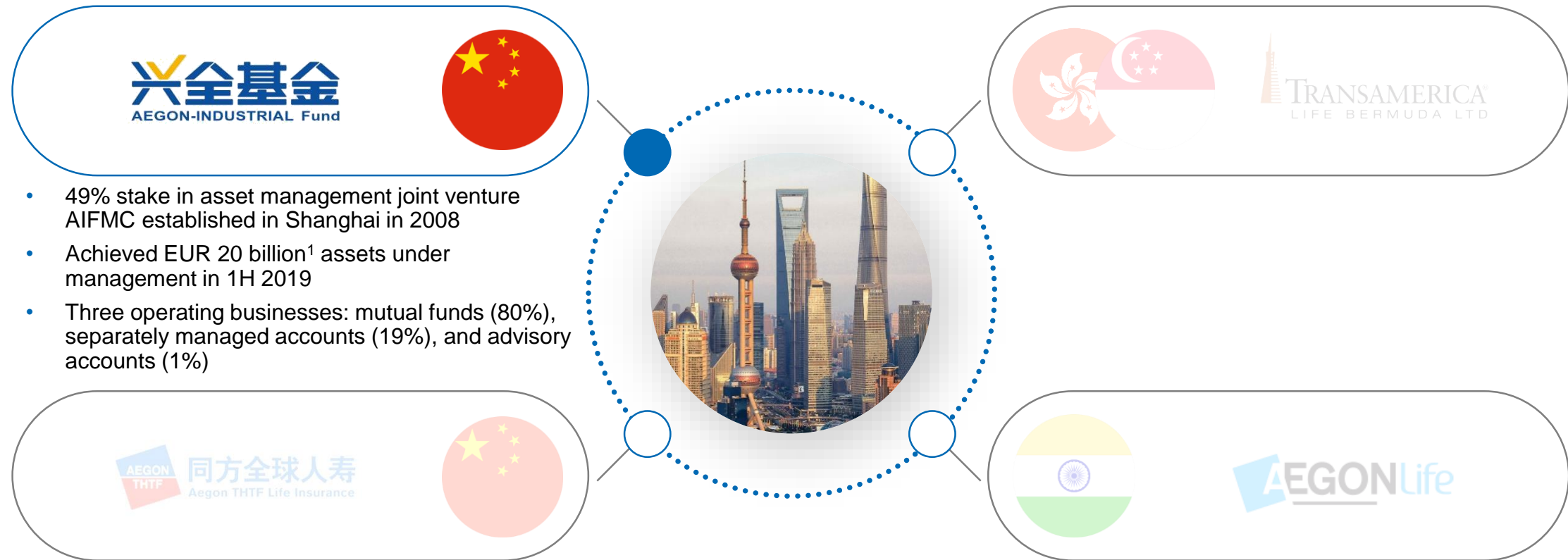
2. AIFMC is part of Aegon Asset Management segment reporting, the other businesses are part of Asia reporting segments

3. 1H 2019 annualized

4. Not discussed in this presentation, includes Aegon Insights, certain regional office expenses, and digital distribution initiatives

Note: All numbers are based on Aegon's share in the joint ventures and exclude Japan

# Asian businesses in focus today



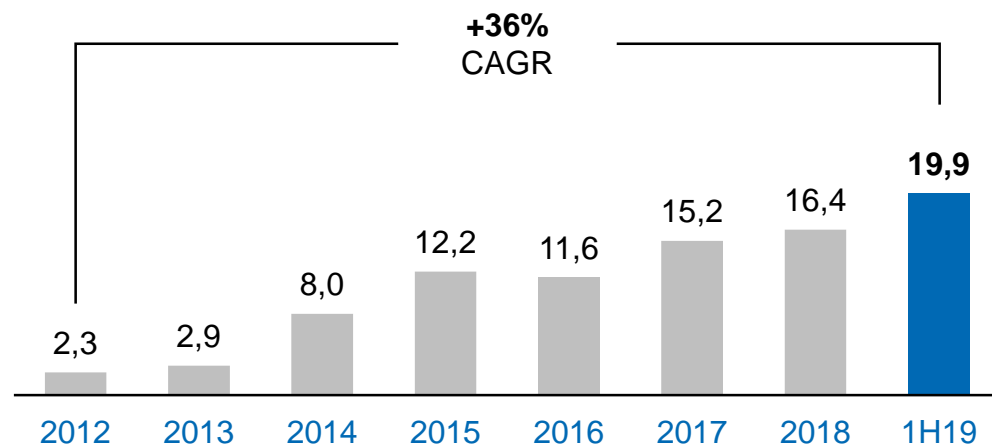
1. For Aegon's joint venture share

# Fast-growing and successfully increasing earnings

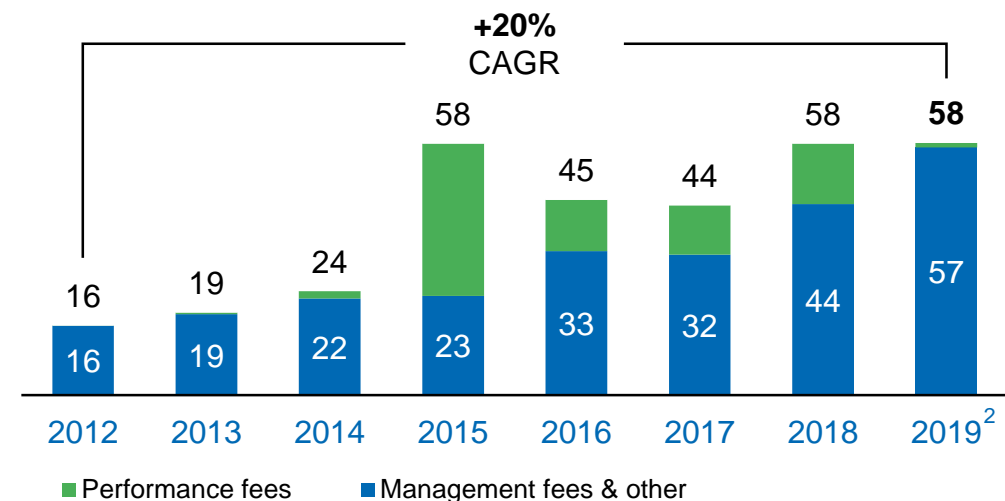
## Financial successes of AIFMC

- Continuous strong earnings delivery since inception, with spikes in 2015 and 2018 due to performance fees
- Recognized as an outstanding investment manager with excellent performance
  - Winner of 42 Golden Bull Awards over past 10 years
  - 12 Mutual Funds with the highest possible five-star rating from both local and international rating agencies
- AIFMC has regularly upstreamed dividends to Group (EUR 28 million per year on average for 2016 – 2018)

**Assets under management**  
(in EUR billions, Aegon’s JV share)



**Underlying earnings before tax<sup>1</sup>**  
(in EUR millions, Aegon’s JV share)



1. Underlying earnings before tax split is based on split in fees and subsequent allocation of expenses on a pro rata basis

2. 1H 2019 annualized

Note: Underlying earnings and assets under management included in Aegon Asset Management reporting segment; All numbers are based on Aegon’s share in the joint venture

# Asian businesses in focus today



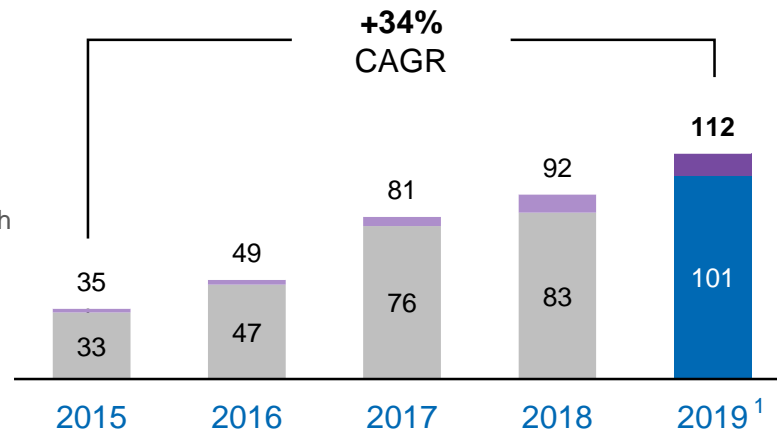
- 50% stake in life insurance JV with Chinese conglomerate THTF
- > 730,000 individual customers and ~270,000 group life policyholders in 11 Chinese provinces
- Known for competitive and popular critical illness product distributed through full-range of distribution channels

# Consistent growth of new business volume and value

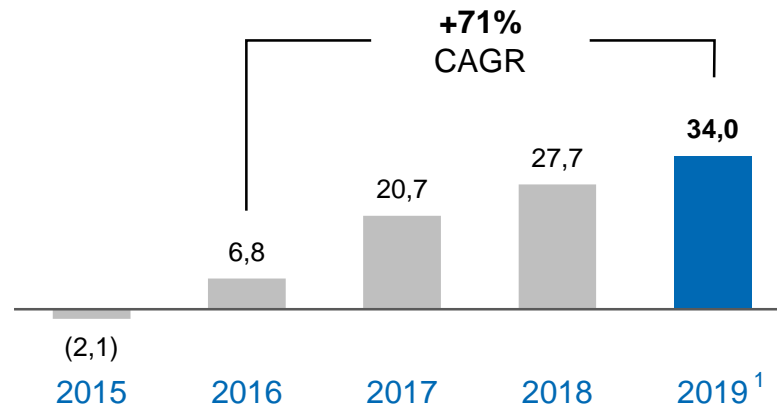
## Financial successes of Aegon THTF

**New premium production**  
(in USD million, Aegon's JV share)

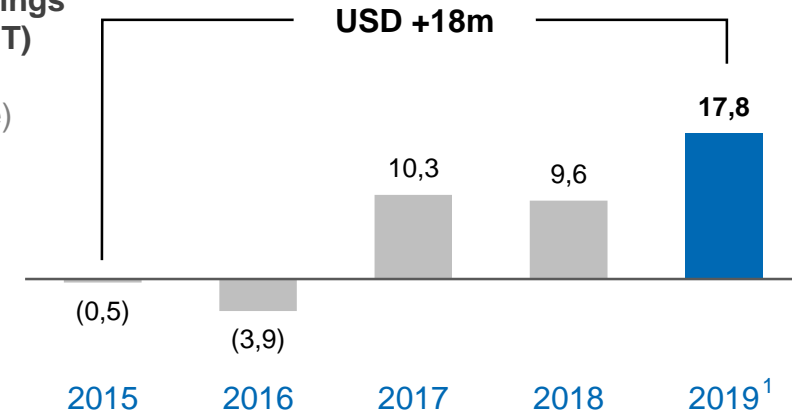
■ Accident & Health  
■ Life



**MCVNB**  
(in USD million, Aegon's JV share)



**Underlying Earnings Before Tax (UEBT)**  
(in USD million, Aegon's JV share)



- New business continues to grow at a steady rate
- Product innovations have helped capture growth and build reputation
- Both product mix and increasing sales volumes drive increasing value of new business (MCVNB)
- Change in JV partner at end-2014 and a new CEO installed in 2015, helped to steer the business into profitability
- Targeting USD ~20 million normalized capital generation<sup>2</sup> for 2019 including new business strain from significant growth

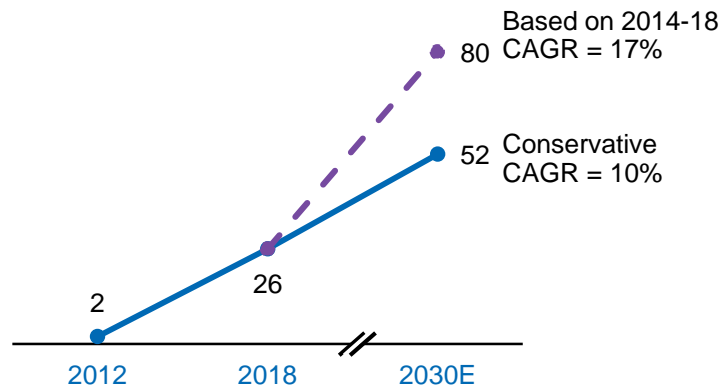
1. 1H 2019 annualized  
2. Capital generation excluding market impact and one-time items

# Well positioned to capitalize on emerging trends and growth opportunities

## Growth drivers for Aegon THTF

**Stable growth fueled by increasing wealth and ageing population**

**Insurance premiums**  
(in USD trillion)

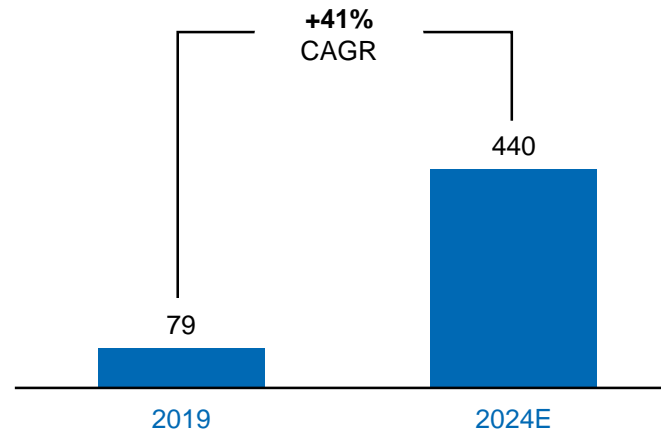


Source: Swiss Re, SCMP

**Continue to grow current business**

**Surging online insurance sales in a tech savvy market**

**Online insurance premiums**  
(in USD billion, life and non-life premiums)

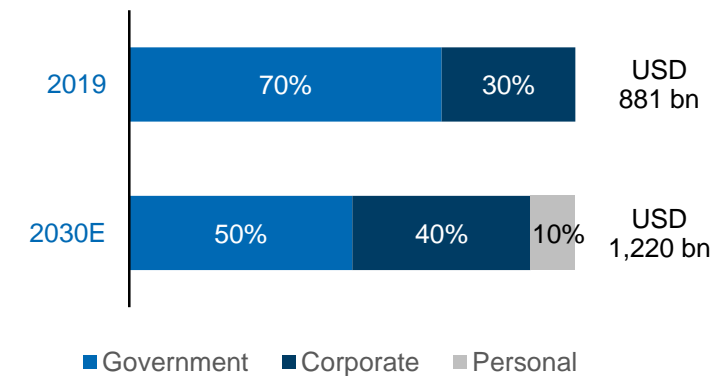


Source: Mordor Intelligence

**Focused investments in online insurance in cooperation with e-commerce partners**

**Shift of retirement responsibility to corporates and individuals**

**China pension market**  
(in % of assets under management)

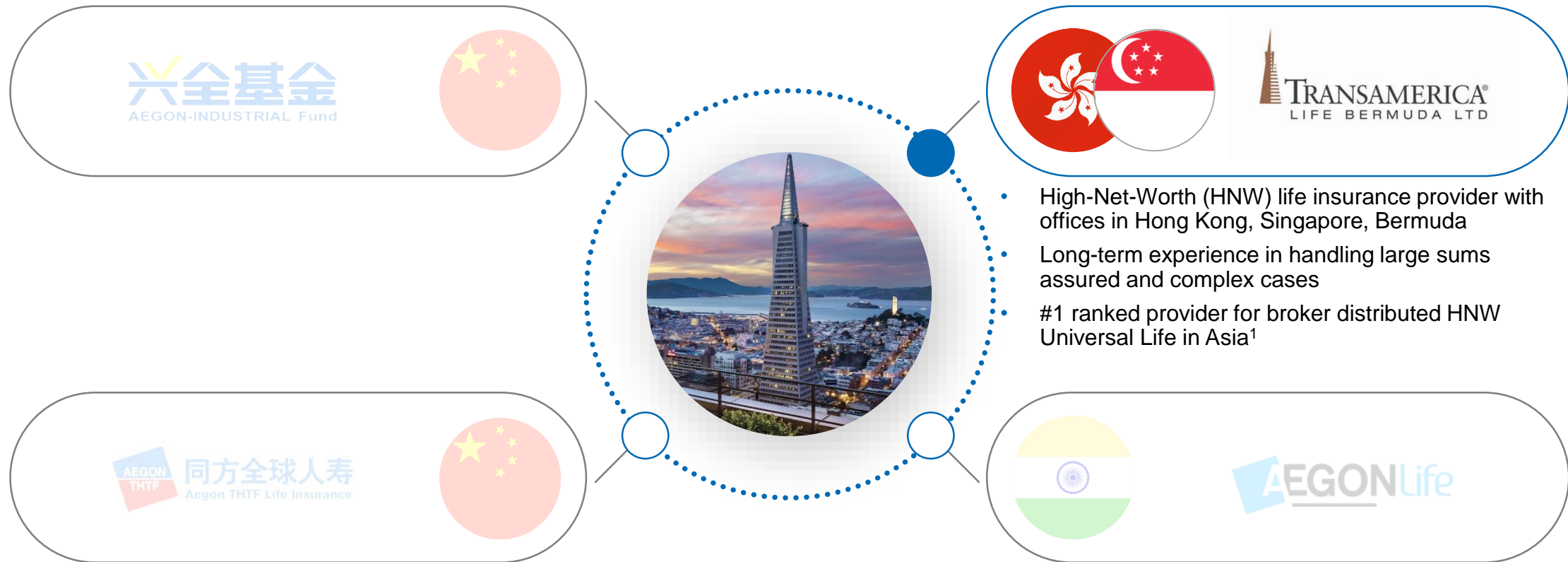


Source: McKinsey & Company

**Enter China's private pension market in the medium term**



# Asian businesses in focus today

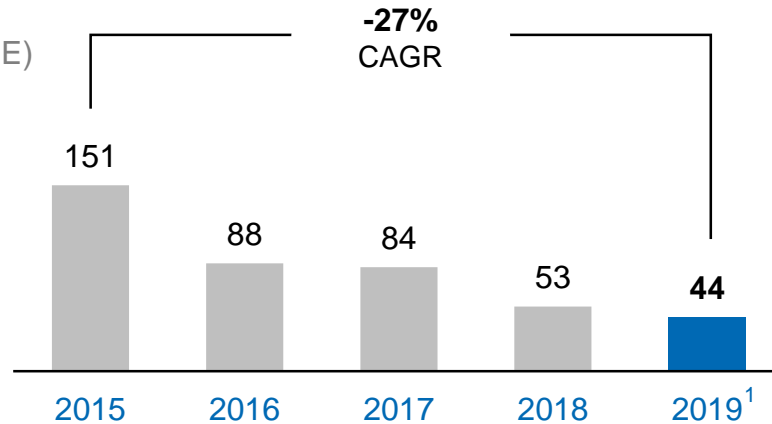


1. NMG Asia High-Net-Worth Life Insurance Survey 2019 for regional broker-placed Universal Life business in Hong Kong, Singapore, and Bermuda

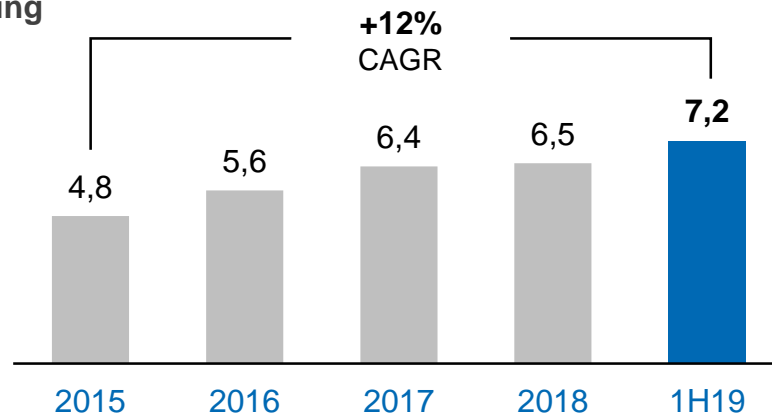
# Despite decreasing sales volumes, HNW asset base is increasing

## HNW business development

**New life sales**  
(in USD million, APE)



**Revenue Generating Investment**  
(in USD billion)



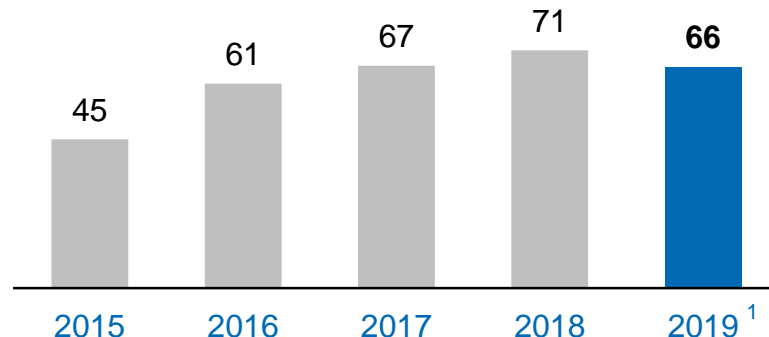
- Challenging environment for Universal Life products sold through brokers
  - Continued pressure resulting from macro-economic uncertainties and low interest rates
  - Market shift towards Whole Life type products
  - Increasing importance of non-broker distribution channels
- Growing asset base despite limited new sales
  - Good persistency of existing customers
  - Assets from attracting new customers, even at current lower sales levels

1. 1H 2019 annualized

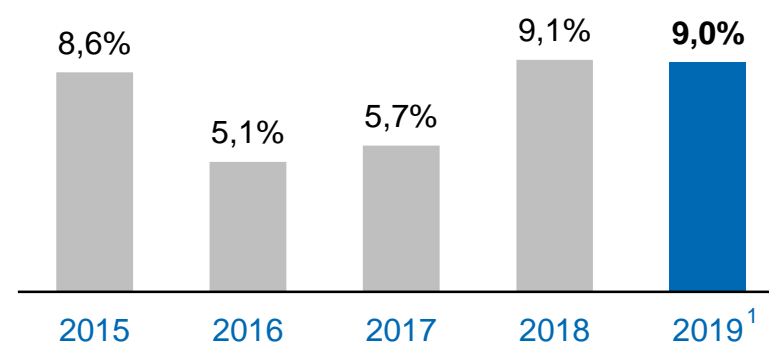
# Consistent profit generation in challenging HNW markets in Asia

## Financial successes of HNW businesses

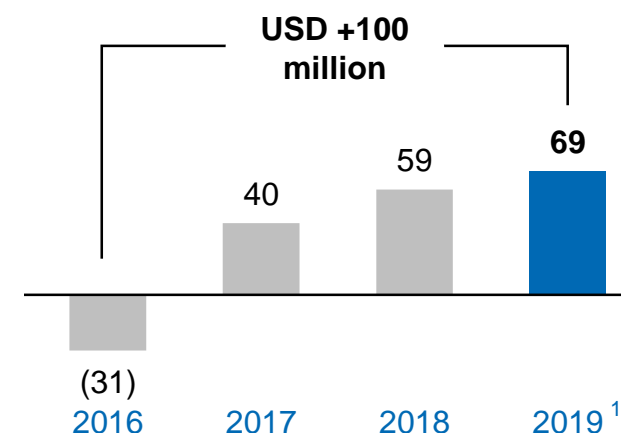
**Underlying Earnings Before Tax**  
(in USD million)



**Return on Capital<sup>2</sup>**  
(in %)



**Normalized capital generation<sup>3</sup>**  
(in USD million)



- In 2015 – 2018, profit increased with claims experience broadly in line with expectations, while absorbing IT investments
- Increasing capital generation from a growing balance sheet, 2017 reserve methodology change, and lower new business strain
  - New risk-based capital regime to be introduced in Hong Kong in 2022
- RoC benefited from growth, lower taxes and remittances to the group
  - USD 223 million remittances to Group since 2017, including a one-time remittance of USD 198 million from reserve methodology change

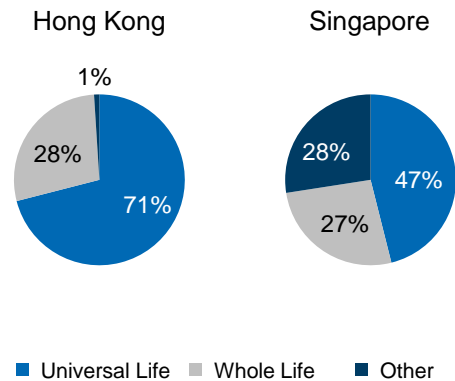
1. 1H 2019 annualized  
2. IFRS capital excluding revaluation reserves  
3. Capital generation excluding market impact and one-time items

# Securing market leadership position by capturing emerging trends and growth opportunities

## Growth drivers for HNW businesses

### Increased demand for investment-linked products in current markets

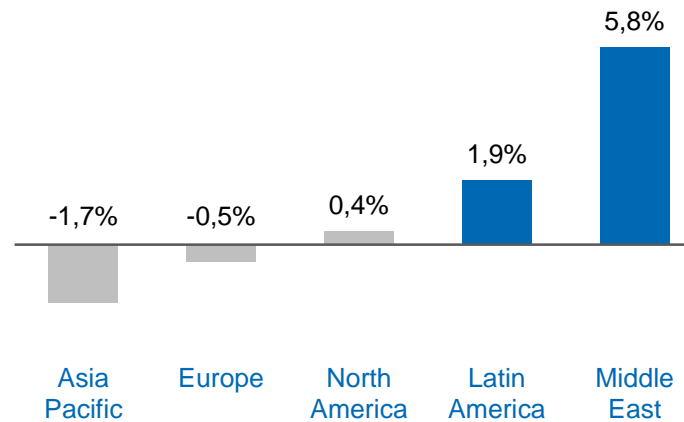
Market share of new business by product type (1H 2019, APE)



Expanding to Whole Life propositions

### Untapped market potential in Middle East & Latin America

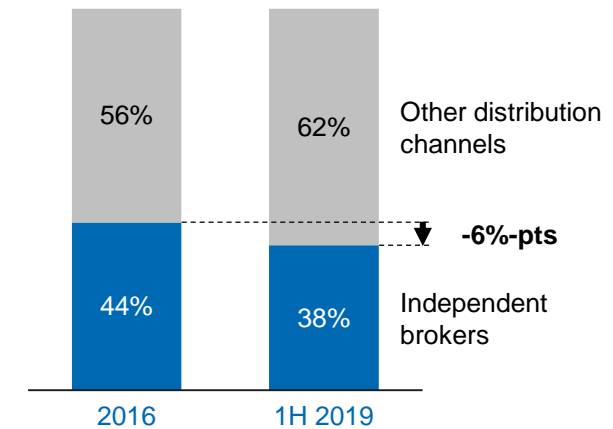
HNW population growth 2017-2018



Geographically expanding into growing HNW markets

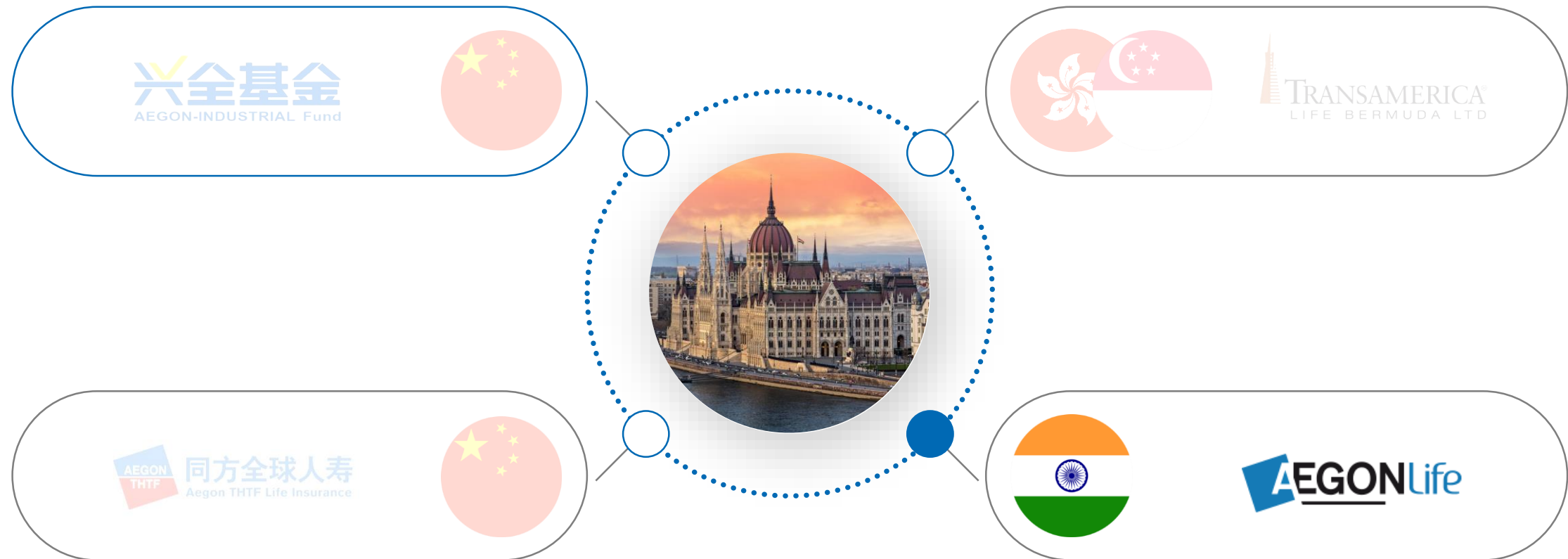
### Increasing importance of alternative distribution channels

Market share of new business by distribution channel (APE)



Broadening distribution channels

# Asian businesses in focus today



- 49% joint venture with Times Group in India founded in 2008
- > 300,000 individual policies in place, USD 9m new premium<sup>1</sup> (2018)
- First to launch online term insurance, now further expanding e-commerce presence
- Won several awards, e.g. most innovative life insurer in each of the last 6 years

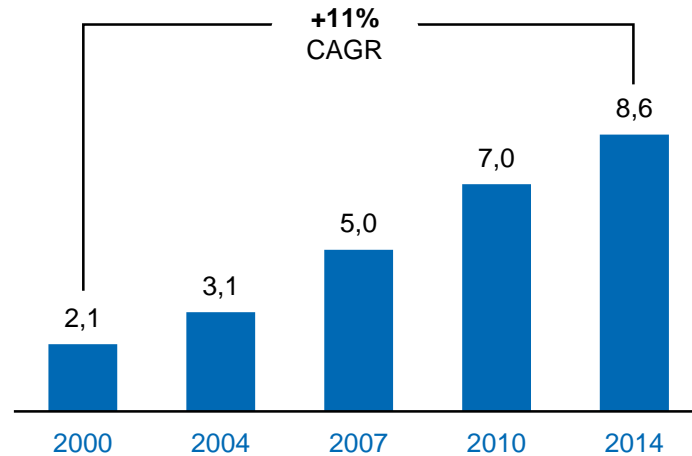
1. For Aegon's joint venture share

# Building a digital insurer with strong partners to serve a growing population

## Growth drivers for Aegon Life

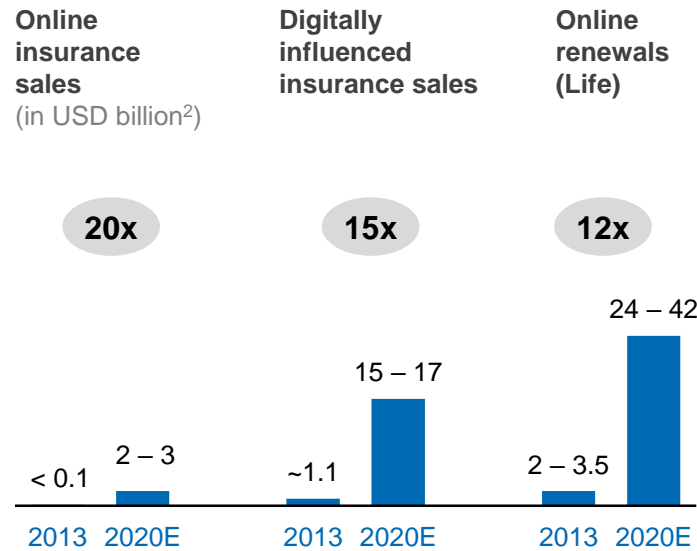
### Increasing protection gap in a young, and growing population

Mortality protection gap<sup>1</sup>  
(in USD trillion)



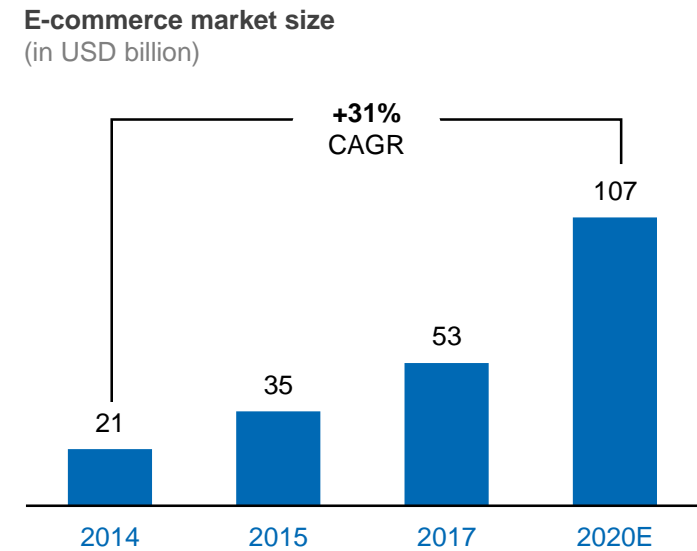
Source: Swiss Re Asia-Pacific 2015

### Increasing insurance online sales and renewals



Source: BCG Digital-20X by 2020, published March 1, 2014

### Booming e-commerce industry



Source: Business Standard

Provide financial security with death and income protection propositions

Forcefully develop online distribution capabilities

Partner with e-commerce players to tap into the growing market

1. Mortality protection gap is defined as the difference between income required to maintain standard of living for dependents after the breadwinner's death, and available savings and life insurance coverage  
2. Conversion rate: Rupee 1,000 crore = USD 0.13937 billion

# Teaming up with the most significant e-commerce players in India

## E-commerce partnerships

### Building a network with the most significant e-commerce players in India

- Agreements signed with 4 of the most significant e-commerce companies in India
- Further partnerships under discussion
- Access to more than 500 million potential customers
- Planning initially direct sales of term life products, expanding over time to attachment products and in-journey propositions

Aegon Life is **one of 3 exclusive insurance partners** on each of these platforms

Aegon Life is **the only** Life insurance partner on each of these platforms

India's largest mobile wallet

**300m**

Registered users

India's second largest mobile wallet

**110m**

Registered users

Asia's largest online baby store

**8m+**

Registered Users

India's leading e-commerce Player

**160m+**

Registered Users

### Key reasons for e-commerce partners to choose Aegon

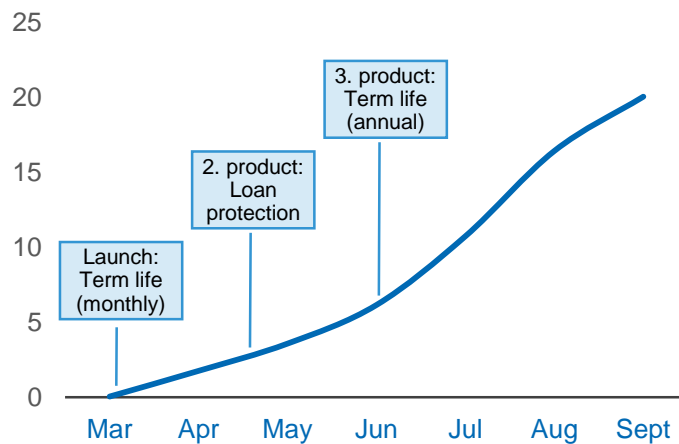
- Speed to integrate insurance systems with partners' infrastructure
- Flexibility in integrating into e-commerce partners customer journey
- Unique ability to provide seamless, real time, online customer servicing

# Successful trial run with simple products launched on MobiKwik wallet

## Trial results

- ✓ Tested three different products: Group Term Life with monthly and annual premium, and a protection product related to a customer's loan
- ✓ Single click buy, with no documentation, fully leveraging partner app, e.g., attach insurance product with critical illness, death benefit and loss of income coverage to a personal loan at point-of-sale in MobiKwik app
- ✓ Conversion rates during trial in line with expectations

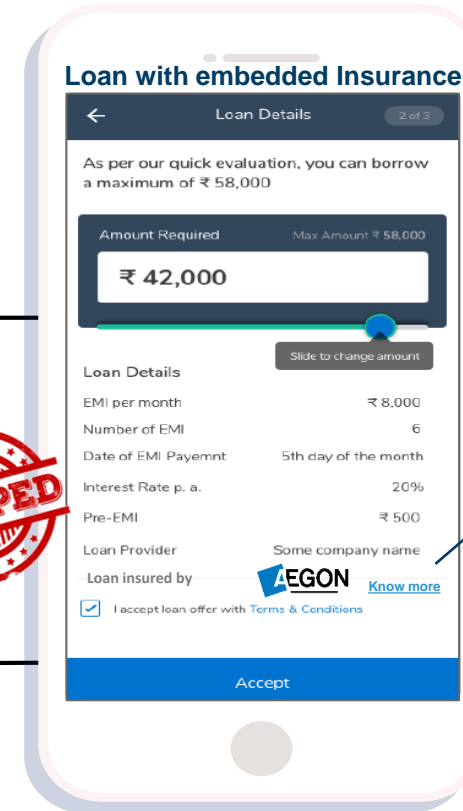
Policies sold via MobiKwik platform  
(in 1,000, cumulatively, 2019)



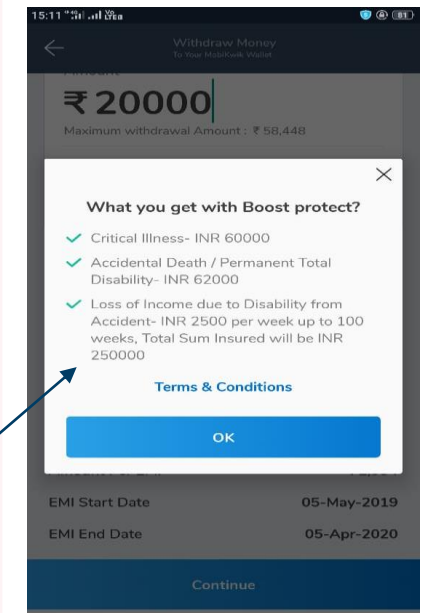
### Cross-selling using the partner's customer information

Leveraging partner's loan underwriting capabilities for cross-selling insurance to credit-worthy customers

Business volume generated by bite-sized protection sales  
Sum assured equal to loan amount ensures easy volume generation



### Product details





# Translating growth opportunities into valuable businesses

## Strong foundation

- Strategic positions in three of the largest Asian insurance markets
- Strong online capabilities and joint venture partners



## Growth opportunities

- Providing protection for a growing population in China and India
- Unique and expanding network of e-commerce partnerships



**Value creation**

## Thank you

For questions please contact  
Investor Relations  
+31 70 344 8305  
[ir@aegon.com](mailto:ir@aegon.com)

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

*Helping people achieve a lifetime of financial security*

# Disclaimer

## Cautionary note regarding non-IFRS-EU measures

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

## Local currencies and constant currency exchange rates

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

## Forward-looking statements

The statements contained in this document that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, could, is confident, will, and similar expressions as they relate to Aegon. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Aegon undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- Changes in general economic and/or governmental conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in Aegon's fixed income investment portfolios;
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
  - The effects of declining creditworthiness of certain public sector securities and the resulting decline in the value of government exposure that Aegon holds;
- Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- 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 continuing low or rapidly changing interest rate levels;
- Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- 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;
- 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 integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess cash and leverage ratio management initiatives;
- 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 anticipated 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); and
- 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.

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.