

Aegon's trading update for third quarter 2023

Continued commercial momentum in US business and increased capital generation

- Operating capital generation before holding funding and operating expenses increases by 16% compared with the third quarter of 2022 to EUR 354 million reflecting business growth and improved underwriting variances
- Capital ratios of the main units remain above their respective operating levels
- Transaction combining Aegon's Dutch businesses with a.s.r. closed in July; related EUR 1.5 billion share buyback on track with 32% completed in third quarter and 45% per November 10
- Cash Capital at Holding increases to EUR 2.9 billion, driven by the proceeds from the a.s.r. transaction
- Strong sales growth in US Strategic Assets, and life insurance business in Brazil. Sales momentum in asset management and UK Retail businesses continues to be affected by challenging market conditions
- Reducing mortality risk in US Financial Assets via purchasing institutionally owned universal life policies

Lard Friese, Aegon CEO, commented:

"For the third quarter in a row, we saw continued commercial momentum in the US and strong overall operating capital generation which benefited from exceptional items. We expect the full-year 2023 operating capital generation from the units to be around EUR 1.2 billion; up from the previous guidance of more than EUR 1.0 billion. I am proud of what the teams have achieved so far and would like to express my gratitude to my colleagues for all of their hard work.

As outlined at our Capital Markets Day 2023 in June, a key strategic focus is to ensure that our US business, Transamerica, reaches its full potential. In the third quarter, Transamerica's Strategic Assets have continued to deliver growth. Individual Solutions generated new life sales of USD 118 million, an increase of 10% compared with the prior year period. World Financial Group's (WFG) sales force grew by 17% compared with a year earlier to almost 70,000 licensed agents. Workplace Solutions more than doubled its written sales of mid-sized retirement plans to USD 1.8 billion compared with the same period last year. We expect that this progress in the middle market will translate into higher gross deposits in the coming quarters. These are important achievements in our ambition to build America's leading middle market life insurance and retirement company.

Our joint venture in Brazil, Mongeral Aegon Group, also delivered strong growth, with new life sales almost doubling to EUR 49 million compared with the year ago period. This follows our recent investment that increased Aegon's economic ownership of Mongeral Aegon Group to almost 60%.

Results at Aegon's UK Retail business continued to be affected by reduced customer activity because of the current macro-economic environment, as well as an industry-wide reduction of transfers from defined benefit to defined contribution pensions. Our UK Workplace segment saw continued high levels of inflows due to the onboarding of new schemes and higher net deposits on existing schemes. However, these were more than offset by the departure of a large, low margin pension scheme.

While results at Aegon Asset Management (Aegon AM) continued to be affected by adverse investor sentiment across the industry, we did see positive net flows at our Chinese asset management partnership. We are adapting to the reality of current market conditions and have taken cost reduction measures in our Global Platform business that we expect will improve Aegon AM's performance. In addition, as a result of its asset management partnership with a.s.r., Aegon AM has further strengthened its leading positions in Alternative Fixed Income and Retirement Investment Solutions in the Netherlands.

Transamerica continued to reduce its exposure to Financial Assets and to improve the level and predictability of its capital generation. A clear example is the ongoing program of purchasing institutionally owned universal life policies to reduce the mortality risk of the portfolio. At the end of the third quarter, 20% of the face value of this book had been purchased, which is half of the amount targeted by 2027.

Finally, at the end of September, Aegon moved its legal seat to Bermuda and in doing so became a Bermuda entity: Aegon Ltd. Following this, responsibility for Aegon's group supervision moved to the Bermuda Monetary Authority.

As we move to the fourth quarter, our continued commercial performance and operating capital generation provides Aegon with a solid basis as it continues with the next chapter of its transformation. And, while many things have recently changed in our company, our focus remains the same: delivering value to all of our customers, shareholders and other stakeholders."

Strategy

Aegon's ambition is to build leading businesses that offer customers investment, protection and retirement solutions. Its portfolio of businesses includes fully owned subsidiaries in the US, UK and a global asset manager. In addition, Aegon has partnerships in Spain & Portugal, Brazil, and China, which create value by combining the strength of local partners with Aegon's international expertise. In the Netherlands, Aegon generates value via a strategic shareholding in a market leading insurance and pensions company. The company is taking significant steps to improve its performance and create sustainable value for all of its stakeholders.

Aegon's businesses in the US have been divided into Financial Assets and Strategic Assets. The aim is to reduce Aegon's exposure to Financial Assets and improve the predictability of capital generation from these assets. Capital is to be reallocated to growth opportunities in Strategic Assets, growth markets and the global asset manager. Exposure to businesses outside of Aegon's core focus has been largely eliminated over recent years with the announced divestment of the associate business in India in July 2023 being the most recent example.

Throughout its transformation, Aegon aims to maintain a solid capital position in its business units and at the Holding.

Through proactive risk management actions, Aegon is improving its risk profile and reducing the volatility of its capital ratios. This is underscored by the capital strength conveyed in this press release.

On June 22, 2023, Aegon hosted a Capital Markets Day (CMD) to provide an update on its strategy and medium-term financial targets.

The next chapter in Aegon's strategy is expected to lead to an increase of operating capital generation from its units to around EUR 1.2 billion, and of free cash flow to around EUR 800 million by 2025. The dividend per share is targeted to increase to EUR 0.40 over 2025, barring unforeseen circumstances and subject to the necessary approvals. Gross financial leverage is expected to reduce to EUR 5.0 billion.

Redomiciliation to Bermuda and change of group supervisor

Following the closure of the transaction with a.s.r., Aegon no longer has a regulated insurance entity in the Netherlands. Under Solvency II rules, Aegon's former group supervisor, the Dutch central bank, could no longer remain Aegon's group supervisor. Following discussions in the college of supervisors, the Bermuda Monetary Authority (BMA) informed Aegon that it would become its group supervisor if the company were to move its legal domicile to Bermuda.

On September 30, 2023, Aegon's Extraordinary General Meeting of Shareholders (EGM) approved the cross-border conversion of Aegon into a Bermuda Limited company. After the completion of the EGM, the change of Aegon's legal seat to Bermuda has been effectuated and, as a result, the company became a Bermuda entity: Aegon Ltd. As of October 1, 2023, Aegon's group supervision moved to the BMA.

Business update Americas

Aegon Americas		unaudited		
Business update				
<i>USD millions</i>	Notes	3Q 2023	3Q 2022	%
Strategic Assets KPIs				
World Financial Group (WFG)				
Number of licensed agents (end of period)		69,104	59,211	17
Number of multi-ticket agents (end of period)		35,521	31,370	13
Transamerica's market share in WFG (US Life)		65%	64%	1
Individual Life				
Earnings on in-force (Individual Life excl. WFG and Universal Life)		192	154	25
New business strain		82	76	7
Retirement Plans				
Earnings on in-force (Retirement Plans excl. SPGA annuities)		22	21	9
Written sales mid-sized plans		1,841	805	129
Net deposits/(outflows) mid-sized plans		243	532	(54)
Individual Retirement Accounts AuA		9,458	7,793	21
General Account Stable Value AuA		10,797	10,197	6
Financial Assets KPIs				
Operating Capital Generation		69	(13)	<i>n.m.</i>
Capital employed in Financial Assets (at 400% RBC ratio)		4,093	4,352	(6)
Variable Annuities dynamic hedge effectiveness ratio (%) ¹		99%	97%	2
NPV of LTC rate increases approved since end-2022		108	n/a	<i>n/a</i>
New business KPIs				
Individual Solutions		118	108	10
Workplace Solutions		14	12	12
New life sales (recurring plus 1/10 single)		132	120	10
New premium production accident & health insurance		22	26	(16)
Individual Solutions		(1,824)	(1,873)	3
Workplace Solutions		(1,598)	(18)	<i>n.m.</i>
Net deposits/(outflows)		(3,422)	(1,891)	(81)

1. Dynamic Hedge effectiveness ratio (%) represents the hedge effectiveness on targeted risk, in particular impact from linear equity and interest rate movements.

Transamerica – Aegon’s business in the United States – has a long and proud history of making financial services available to the many, not just the few. The company aims to accelerate its growth and become America’s leading middle market life insurance and retirement company.

Business update Individual Solutions

To build the US Individual Solutions business, Transamerica’s strategy focuses on two areas. Firstly, Transamerica will invest further in World Financial Group (WFG), its wholly owned life insurance agency. Its ambition is to increase the number of WFG agents to 110,000 by 2027, while at the same time improving agent productivity. Secondly, Transamerica will invest in its product manufacturing capabilities and operating model to position its individual life insurance business for further growth, with distribution through both WFG and third-parties.

World Financial Group

At the end of the third quarter of 2023, the number of WFG agents increased by 17% compared with a year earlier to 69,104 licensed agents. Driven by actions to improve agent productivity, the number of multi-ticket agents – those selling more than one life policy per 12 months – increased by 13% compared with a year earlier to 35,521 agents.

New life sales

By 2027, Transamerica targets around USD 750 million of annual new life sales. In the third quarter of 2023, the Individual Solutions business generated new life sales of USD 118 million, an increase of 10% compared with the prior year period. 71% of Individual Solutions life insurance sales were generated by WFG. A consistent service experience and products tailored to the middle market led to a market share in the WFG distribution channel in the US of 65% in the third quarter of 2023, compared with 64% in the same period of 2022.

The increase in new life sales was driven by the indexed universal life product line, which is the main Transamerica product marketed by WFG. Increased sales in the brokerage channel supported growth of term life sales, while whole life final expense sales were lower.

Individual Life – operating capital generation contributions

Transamerica aims to increase the earnings on in-force from Individual Life, excluding the contributions from WFG and the legacy Universal Life portfolio, to between USD 700 and 725 million for the full-year 2027. In the third quarter of 2023, earnings on in-force were USD 192 million, an increase of 25% compared with the same quarter of the prior year, mainly reflecting the contribution from strong indexed universal life sales over recent years.

Capital requirements and acquisition costs related to increased new life sales drove an increase in new business strain, which represents a drag on the current period’s operating capital generation, but results in future earnings on in-force. New business strain for individual life increased from USD 76 million in the third quarter of 2022 to USD 82 million in the current reporting period.

Net deposits

Net outflows for Individual Solutions amounted to USD 1.8 billion, whereas they amounted to USD 1.9 billion in the third quarter of 2022.

Net outflows for Mutual Funds improved from USD 528 million in the third quarter of 2022 to USD 315 million in the reporting period. While gross deposits were down 29% compared with the same prior year quarter due to continued market headwinds, redemptions in this quarter were 32% lower compared with a year earlier.

Net outflows in Variable Annuities amounted to USD 1.1 billion in the third quarter compared with USD 1.0 billion in the third quarter of 2022, in line with expectations. Gross deposits in Variable Annuities increased to USD 0.5 billion in the third quarter of 2023 compared with USD 0.2 billion in the prior year period from sales in products with limited guarantees. This was more than offset by higher surrenders, which nonetheless remain in line with long-term best estimates.

Net outflows in the run-off Fixed Annuities book amounted to USD 359 million in the third quarter of 2023 compared with USD 306 million of net outflows in the same period of last year. These were driven by higher surrender rates for traditional fixed annuity products.

Business update Workplace Solutions

In the US Workplace Solutions business, Transamerica provides recordkeeping and investment services for US defined contribution plans as well as advice to plan participants. The company aims to significantly increase the volume of higher value assets, including the general account stable value proposition, mid-sized and pooled plans, managed advice services, and other ancillary products and services. This is expected to drive an increase in earnings on in-force from retirement business to between USD 275 and 300 million in 2027.

Written sales of mid-sized plans

Written sales of mid-sized plans more than doubled to USD 1.8 billion in the third quarter of 2023 compared with the third quarter of 2022. The performance was driven by growth in sales of both single employer plans and pooled plans.

Net deposits

Retirement Plans saw net outflows of USD 1.6 billion in the third quarter of 2023, while the same period last year saw net deposits of USD 43 million. Net deposits for mid-sized plans amounted to USD 243 million compared with USD 532 million of net deposits in the third quarter of 2022, which reflected lower takeover and recurring deposits, the latter being driven by the loss of a large middle market contract in the fourth quarter of 2022. Gross deposits are expected to increase over the coming quarters following the increase of written sales in the first three quarters of 2023 compared with the same period in 2022. In the third quarter of 2023, the Large-Market segment of Retirement Plans saw net outflows of USD 2.1 billion compared with net outflows of USD 0.7 billion in the prior year period. A portion of the Large-Market withdrawals were retained in individual retirement accounts (IRAs), which generated USD 315 million of net deposits supported by asset consolidation and customer retention efforts.

Account balances

Transamerica aims to grow and diversify revenue streams by expanding both the general account stable value product and IRAs to USD 16 billion and USD 18 billion of assets under management, respectively, by 2027. Assets under management in the general account stable value product increased by 6% from USD 10.2 billion at the end of the third quarter of 2022 to USD 10.8 billion on September 30, 2023. The general account stable value product provides principal protection for customers and is attractive in the current interest rate environment. IRA account balances increased by 21% compared with the third quarter of 2022 to USD 9.5 billion at the end of the third quarter of 2023, driven by both net deposits and favorable markets over the past year.

Retirement Plans – earnings on in-force

In the third quarter of 2023, the Retirement Plan business – excluding the single premium guaranteed annuities (SPGA) business – contributed USD 22 million of earnings on in-force. This was an increase of USD 1 million compared with the prior year period, mainly from increased fee revenue.

New life sales

New life sales in Workplace Solutions were USD 14 million, an increase of 12% compared with the prior year period. These were driven by higher new sales to employees in existing plans.

New premium production accident & health

For accident & health insurance, new premium production was USD 22 million, a decrease of 16% compared with the prior year's third quarter. This was mainly driven by a smaller client base and partly offset by increased Medical Gap sales.

Business update Financial Assets – in-force management

Financial Assets are blocks of business that are capital intensive with relatively low returns on the capital employed. New sales for these blocks are limited and focused on products with higher returns and moderate risk profiles. Transamerica is actively managing variable annuities with interest rate sensitive riders, fixed annuities, SPGAs, the legacy universal life book, and long-term care portfolios as Financial Assets. Transamerica is taking in-force management actions on Financial Assets which are expected to reduce the capital employed by an additional USD 1.2 billion to USD 2.2 billion before year-end 2027.

Universal Life

The legacy Universal Life portfolio includes a portfolio of Secondary Guarantee Universal Life (SGUL) policies. In July 2023, Transamerica reinsured another USD 1.4 billion of statutory reserves of the SGUL portfolio to Wilton Re. The transaction reduced exposure to mortality risk, and covered around 14,000 policies and 12% of the total reserves backing this product line. In total, the transaction generated USD 240 million of capital, of which USD 50 million comes from reduced required capital, in line with previous guidance.

Transamerica used this capital to further fund its ongoing management action of purchasing institutionally owned universal life policies to reduce the mortality risk of the overall portfolio. Transamerica has set-up a dedicated entity to purchase these policies, which as of 3Q 2023 has been funded with USD 700 million using capital generated from Financial Assets and other internal financing. By 2027, Transamerica aims to have purchased 40% of the USD 7 billion face value of institutionally owned universal life policies that were in-force at the end of 2021. At the end of the third quarter of 2023, the company had already purchased 20% of the face value of institutionally owned universal life policies focusing on older age policies with large face values. Policies are purchased at a price in line with Aegon's investment hurdles, locking in the future mortality expectations associated with the policies. The policies with associated reinsurance remain in force while Transamerica negotiates with reinsurers to recapture the reinsurance coverage. After the subsequent termination of the purchased policies, additional funds will become available in the dedicated entity to purchase further policies. Since inception in 2022, Transamerica has purchased policies for USD 681 million, and in the meantime has recycled funds of more than USD 200 million which are used to purchase further policies.

Variable Annuities

The portfolio of variable annuities with significant interest sensitive benefit riders is a legacy block that will run off over time, and that has been de-risked by dynamically hedging all guaranteed benefits embedded in the contracts. In the third quarter of 2023, Transamerica achieved a hedge effectiveness of 99% for the hedge program, continuing its strong track record of hedging these guarantees against financial market risks.

Long-term care

Transamerica is actively managing its long-term care business, primarily through premium rate increase programs. The company continues to work with state regulators to get pending and future actuarially justified rate increases approved and, at Aegon's 2023 CMD, announced its intention to achieve an additional net present value of USD 700 million of premium rate increases. The total value of state approvals for premium rate increases achieved since the beginning of 2023 amounts to USD 108 million, which is 15% of the new target, up by 3%-points compared with the second quarter of 2023.

Operating capital generation from Financial Assets

Financial Assets had USD 4.1 billion of capital employed on September 30, 2023, and reported USD 69 million of operating capital generation in the third quarter of 2023. Compared with the third quarter of 2022, operating capital generation increased by USD 82 million, driven by improved mortality claims experience and various management actions, partly offset by continued outflows.

Business update United Kingdom

United Kingdom				unaudited
Business update				
GBP millions	Notes	3Q 2023	3Q 2022	%
Retail platform		(903)	(379)	(138)
Workplace Solutions platform		(379)	462	n.m.
Total platform business		(1,282)	83	n.m.
Traditional products		(378)	(222)	(70)
Total platform and traditional business		(1,660)	(139)	n.m.
Institutional		(258)	(1,672)	85
Total net deposits/(outflows)		(1,919)	(1,811)	(6)
New life sales (recurring plus 1/10 single)		-	5	n.m.
Strategic KPIs				
Annualized revenues gained/(lost) on net deposits		(5.5)	(2.7)	(105)
Platform expenses / AuA (bps)		24 bps	22 bps	

In the United Kingdom, Aegon's ambition is to be the leading digital platform provider in the workplace and retail markets, and to drive forward its pension and investment propositions for the benefit of all of its customers, advisers and employers.

Strategic developments

In August, Aegon announced an extension of its strategic partnership with Nationwide Building Society (NBS), under which NBS' financial planning teams will move to Aegon UK. In addition, Aegon UK will continue to provide the platform on which NBS members manage their investments. The transaction, which supports Aegon's strategy to focus on its core Retail and Workplace platform activities in the UK, is expected to be completed in early 2024.

Business update

Net deposits

Net outflows in the Workplace segment of the platform amounted to GBP 379 million in the third quarter of 2023 compared with net deposits of GBP 462 million in the same period of 2022, driven by the anticipated departure of a large, low margin, scheme of GBP 0.9 billion. This more than offset continued elevated levels of inflows due to the onboarding of new schemes and higher net deposits on existing schemes. For Retail, net outflows amounted to GBP 903 million in the third quarter of 2023 compared with net outflows of GBP 379 million in the prior year period. This reflects a continuation of reduced customer activity because of the current macro-economic environment, as well as an industry-wide reduction of transfers from defined benefit to defined contribution pensions.

Net outflows in Traditional products amounted to GBP 378 million compared with net outflows of GBP 222 million in the same period of 2022 as this book gradually runs off. Net outflows in the third quarter of 2023 increased compared with the same period of 2022 in part due to anticipated scheme exits. For the Institutional business, net outflows amounted to GBP 258 million in the third quarter of 2023, whereas net outflows amounted to GBP 1,672 million in the same period of 2022 due to the exit of a large client. The Institutional business is low-margin and net deposits for this business can be lumpy.

Annualized revenues gained / (lost) on net deposits

Annualized revenues lost on net deposits amounted to GBP 6 million for the third quarter of 2023, predominantly due to the run-off of the traditional product portfolio in addition to net outflows in the Retail channel. This more than offset annualized revenues gained in the Workplace channel.

Platform expenses as a percentage of assets under administration

Platform expenses as a percentage of assets under administration (AuA) amounted to 24 basis points in the third quarter of 2023, and increased compared with the same period in 2022. This was mostly driven by higher employee expenses which more than offset favorable market movements and net deposits during the year on assets under administration.

Business update Asset Management

Asset Management		unaudited		
Business update				
<i>EUR millions</i>	Notes	3Q 2023	3Q 2022	%
General Account		(364)	(3,301)	89
Affiliate		(477)	(84)	<i>n.m.</i>
Third Party		(1,208)	(1,027)	(18)
Global Platforms		(2,049)	(4,412)	54
Strategic Partnerships		(322)	1,516	<i>n.m.</i>
Net deposits/(outflows)		(2,371)	(2,896)	18
Strategic KPIs				
Annualized revenues gained/(lost) on net deposits - Global Platforms		(1.5)	(6.4)	77
General Account		67,027	98,070	(32)
Affiliate		37,928	59,778	(37)
Third Party		132,911	86,845	53
Global Platforms		237,866	244,693	(3)
Strategic Partnerships		57,467	60,954	(6)
Assets under Management¹		295,334	305,647	(3)

1. Please note that the movements of the Assets under Management within Global Platforms in 3Q 2023 are predominantly the result of the transaction with a.s.r. Movements from strategic transactions are not recorded as net flows. The asset transfers from Aegon to a.s.r. in October 2023 have been reflected in these numbers.

Aegon Asset Management (Aegon AM) aims to improve efficiency and drive growth through third-party assets and by increasing the share of proprietary investment solutions in its affiliate business.

Strategic developments

In July, Aegon AM and La Banque Postale announced an extension of their asset management joint venture in LBP AM through 2035. Furthermore, Aegon AM participated in LBP AM's capital raising to support the acquisition of La Financière de l'Echiquier. The extension of the joint venture, as well as participation in the capital raising, fits Aegon's strategy of investing in – and growing – its various successful joint ventures.

In July, Aegon also announced the completion of the transaction with a.s.r. and the associated beginning of its related asset management partnership. Aegon AM will manage the illiquid investments that are part of the general account of the now combined businesses, as well as a.s.r.'s mortgage funds and the PPI assets of Aegon Cappital. The partnership will strengthen Aegon AM's position as a provider of distinct capabilities in retirement-related investment solutions, alternative fixed income investments and responsible investing, and is expected to be revenue and earnings accretive.

Aegon AM has decided to further simplify its activities in Global Platforms to improve efficiency and profitability. Focus lies on three core competencies: growth in real assets and alternative fixed income assets, being a recognized leader in responsible investing and helping partners with retirement and fiduciary solutions to build market leading retirement platforms. As a result, Aegon AM will further rationalize its product set and has taken cost reduction measures.

Business update

Net deposits

Third-party net outflows in Global Platforms amounted to EUR 1,208 million in the third quarter of 2023 compared with net outflows of EUR 1,027 million in the same period of 2022 and were driven by net outflows of two large clients, one in the multi-manager business and the other in fixed income assets related to the liquidity needs of an insurance client.

Net outflows in Strategic Partnerships amounted to EUR 322 million in the third quarter of 2023 compared with net deposits of EUR 1,516 million in the same period of last year, and were driven by the LBP AM joint venture. Net deposits were recorded in the Chinese asset management joint venture Aegon-Industrial Fund Management Company (AIFMC), although at a lower level than the same period of 2022 due to continued weak investor sentiment in China.

Net outflows from the general account amounted to EUR 364 million in the third quarter of 2023, compared with net outflows of EUR 3,301 million in the prior year period when rising interest rates led to redemptions.

Net outflows from affiliates amounted to EUR 477 million in the third quarter of 2023 compared with net outflows of EUR 84 million in the same period of 2022 and were driven by the gradual run-off of the traditional insurance book in the UK.

Annualized revenues gained / (lost) on net deposits

Annualized revenues lost on net deposits for Global Platforms amounted to EUR 1 million in the third quarter of 2023, driven by the aforementioned net outflows.

Assets under management

Assets under management, adjusted for assets exchanged with a.s.r. as part of the asset management partnership in the fourth quarter of 2023, decreased by EUR 10 billion compared with September 30, 2022, to EUR 295 billion. This was mainly driven by unfavourable currency impacts and third-party net outflows, partly offset by the positive balance of assets exchanged between Aegon AM and a.s.r.

Following the closure of the transaction with a.s.r., the assets managed by Aegon AM that previously related to Aegon the Netherlands' General Account (EUR 17.8 billion) and Affiliates (EUR 24.4 billion) are now recorded as Third-party assets. Furthermore, as part of the asset management partnership, Aegon AM and a.s.r. have exchanged assets, whereby Aegon AM has taken over the management of EUR 16.2 billion of illiquid assets and a.s.r. mortgage funds, and in the fourth quarter of 2023 Aegon AM has transferred to a.s.r. core fixed income assets amounting to EUR 9.6 billion.

The combination of these transfers is expected to improve Aegon AM's revenues on an annualized basis by around EUR 20 million, based on asset values at the end of the third quarter of 2023.

Business update International

International		unaudited		
Business update				
<i>EUR millions</i>	Notes	3Q 2023	3Q 2022	%
Spain & Portugal		10	12	(21)
China		14	17	(20)
Brazil		49	25	97
TLB and others		6	1	<i>n.m.</i>
New life sales (recurring plus 1/10 single)		79	55	44
New premium production accident & health insurance		12	8	65
New premium production property & casualty insurance		14	17	(15)

In Spain & Portugal, China and Brazil, Aegon is investing to further develop profitable growth. Transamerica Life Bermuda (TLB) is classified as a Financial Asset, for which Aegon is maximizing its value through active in-force management, disciplined risk management, and capital management actions, while continuing to make profitable sales on a selective basis. Its closed block of universal life insurance liabilities is reinsured by Transamerica.

Strategic developments

In July 2023, Aegon announced the sale of its 56% stake in its associate in India, Aegon Life Insurance Company, to Bandhan Financial Holdings Limited, an Indian financial services company. The completion of the transaction is subject to the customary regulatory approvals.

In line with Aegon's strategy to invest in growth assets where it can achieve the highest returns for its shareholders, Aegon has increased its economic stake in its Brazil life insurance partnership, Mongeral Aegon Group, from 54.9% to 59.2%.

Business update

New life sales

New life sales increased by 44% compared with the third quarter of 2022 to EUR 79 million.

- New life sales in Spain & Portugal decreased by 21% to EUR 10 million due to the divestment of Aegon's stake in its joint venture with Liberbank, as well as lower sales of life products in Santander Life, due to increased interest rates.
- New life sales in China decreased by 20% to EUR 14 million. The positive effect of the reopening of the country post COVID-19 was more than offset by the negative impact of a new pricing regulation on insurance products with guaranteed interest rates.
- In Brazil, new life sales increased by EUR 24 million to EUR 49 million mainly because of business growth and higher savings, group life and credit life sales, while also reflecting Aegon's increased economic stake.
- For TLB and others, new life sales improved to EUR 6 million, driven by higher indexed universal life sales from higher issuances in Singapore from TLB.

New premium production for non-life business

New premium production for accident & health insurance amounted to EUR 12 million, an increase of 65% compared with the third quarter of 2022, driven by business growth in Spain & Portugal in all Spanish sales channels, in particular from health products.

New premium production for property & casualty insurance decreased by 15% to EUR 14 million driven by Spain & Portugal from reduced sales of lower margin funeral products, while higher interest rates led to lower demand for mortgages resulting in fewer household policies being sold.

Capital position

Aegon Ltd.		unaudited		
Main capital ratios				
<i>in millions</i>	Notes	2023 Sep. 30	2023 Jun. 30	%
United States (USD)				
Available capital		8,233	8,280	(1)
Required capital		1,950	1,939	1
US RBC ratio		422%	427%	
Scottish Equitable plc (UK) (GBP)				
Own funds		1,948	1,920	1
SCR		1,168	1,154	1
UK SE Solvency II ratio		167%	166%	

Aegon Ltd.		unaudited		
Capital generation				
<i>EUR millions</i>	Notes	3Q 2023	3Q 2022	%
Earnings on in-force		344	254	35
Release of required		171	163	5
New business strain		(205)	(177)	(16)
Operating capital generation ¹		310	240	29
One-time items ¹		(81)	(8)	<i>n.m.</i>
Market impacts		(166)	(306)	46
Capital generation		62	(74)	<i>n.m.</i>

1. Operating capital generation from Aegon the Netherlands is recorded as one-time item until 2Q 2023. The impact as a result of the transaction with a.s.r. is not included in the 3Q 2023 capital generation.

Aegon Ltd.		unaudited		
Operating capital generation				
<i>EUR millions</i>	Notes	3Q 2023	3Q 2022	%
Americas		236	189	25
United Kingdom		56	33	67
International		47	59	(20)
Asset Management		16	25	(36)
Operating capital generation before Holding and other activities		354	306	16
Holding and other activities		(44)	(66)	33
Operating capital generation after Holding and other activities		310	240	29

Americas				unaudited
Capital generation				
<i>USD millions</i>	Notes	3Q 2023	3Q 2022	%
Earnings on in-force		338	233	45
Release of required		70	84	(17)
New business strain		(152)	(125)	(22)
Operating capital generation		256	192	33
One-time items		(18)	(12)	(50)
Market impacts		(110)	(181)	39
Capital generation		129	(1)	n.m.
Strategic Assets		187	206	(9)
Financial Assets		69	(13)	n.m.
Operating capital generation		256	192	33

Aegon Ltd.				unaudited
Cash Capital at Holding				
<i>EUR millions</i>	Notes	3Q 2023	3Q 2022	%
Beginning of period		1,315	1,680	(22)
Americas		13	14	(7)
United Kingdom		-	-	n.m.
International		6	-	n.m.
Asset Management		-	8	n.m.
The Netherlands		-	70	n.m.
Dividend received from a.s.r.		68	-	n.m.
Holding and other activities		-	-	n.m.
Gross remittances		87	92	(5)
Funding and operating expenses		(8)	(24)	68
Free cash flow		79	67	18
Divestitures and acquisitions		2,201	11	n.m.
Capital injections		(17)	(4)	n.m.
Capital flows from / (to) shareholders		(736)	(373)	(97)
Net change in gross financial leverage		-	-	n.m.
Other		55	(13)	n.m.
End of period		2,897	1,368	112

Maintaining a strong balance sheet is a prerequisite for Aegon to achieve its financial and strategic objectives. It allows the company to build leading, advantaged businesses in its chosen markets that create value for its customers, shareholders, and other stakeholders. Aegon has a clear capital management framework in place that informs its capital deployment decisions. This framework is based on maintaining an adequate capitalization of its business units, Cash Capital at Holding, and gross financial leverage.

Capital ratios

US RBC ratio

The estimated RBC ratio in the US decreased from 427% on June 30, 2023 to 422% on September 30, 2023, and remained above the operating level of 400%. Unfavorable equity markets had a negative impact on the RBC ratio. The positive impact from the previously announced reinsurance of secondary guarantee universal life policies was offset by further funding of the program to purchase institutionally owned universal life policies, in line with previous guidance. The remaining management actions that were announced at Aegon's 2023 Capital Markets Day had a negative impact of 7%-points on the RBC ratio in the third quarter, in line with previous guidance. Other one-time items, mainly from model refinements as well as a contribution to the own employee pension plan, had a negative impact on the ratio. Operating capital generation had a positive impact.

UK Solvency II ratio

The estimated Solvency II ratio for Scottish Equitable Plc increased from 166% on June 30, 2023, to 167% on September 30, 2023, and remained above the operating level of 150%. A positive impact from operating capital generation was partly offset by some smaller one-time items and a minor negative impact from market movements.

Group solvency ratio

In line with previous guidance, Aegon is not reporting a group solvency ratio in the third quarter of 2023 to align with a.s.r.'s reporting cycle. When announcing its second half year results of 2023 on March 1, 2024, Aegon will publish a group solvency ratio.

As previously announced, Aegon expects its group solvency ratio and surplus under the Bermuda solvency framework to be broadly in line with that under the Solvency II framework during a transition period until the end of 2027.

Operating capital generation

Operating capital generation for Aegon amounted to EUR 310 million after holding funding and operating expenses, compared with EUR 240 million in the third quarter of last year. Earnings on in-force amounted to EUR 344 million, an increase of 35% compared with the third quarter of 2022. This was driven by Aegon's US business and reflects the growth of Strategic Assets and the impact from previous management actions on the Financial Assets. Release of required capital amounted to EUR 171 million, an increase of EUR 8 million compared with the prior year period, which includes a favorable impact from underwriting variances in the UK. New business strain amounted to EUR 205 million, an increase of EUR 28 million compared with the third quarter of last year. This mostly relates to the Americas, and is in line with the company's aim of driving profitable growth in its US Strategic Assets. Holding funding and operating expenses amounted to EUR 44 million, which is a decrease of EUR 21 million compared with the prior year period. This decrease was driven by higher returns on Cash Capital at Holding due to both higher interest rates and a higher balance.

Cash Capital at Holding and free cash flow

Aegon's Cash Capital at Holding increased during the third quarter of 2023 from EUR 1,315 million to EUR 2,897 million. This increase was largely due to EUR 2.2 billion of cash proceeds from completing the transaction with a.s.r., as announced on July 4, 2023. The capital returns to shareholders added up to EUR 736 million, and consisted of the payment of the 2023 interim dividend of EUR 263 million and EUR 473 million from the share buyback program that was launched upon the completion of the a.s.r. transaction. Free cash flow amounted to EUR 79 million and was driven by the a.s.r. interim dividend. Other items totaled EUR 37 million.

Share buyback program

On July 6, 2023, Aegon announced the beginning of a EUR 1.5 billion share buyback program. This program followed the completion of the combination of its Dutch pension, life and non-life insurance, banking, and mortgage origination activities with a.s.r. As previously communicated, the share buyback program is expected to be completed on or before June 30, 2024, barring unforeseen circumstances.

On November 10, 2023; Aegon had completed 45% of the total EUR 1.5 billion share buyback program, of which 32% was completed during the third quarter of 2023. Aegon intends to cancel shares bought back in the share buyback program in the second half of December 2023. Subject to the relevant approvals, Aegon intends to cancel up to 330 million shares (consisting of both Common and Common shares B) of the 2,532,105,592 shares (Common and Common shares B) that are currently issued.

Additional information

Presentation

The conference call presentation is available on aegon.com as of 7.00 am CET.

Supplements

Aegon's third quarter 2023 Trading Update Supplement and other supplementary documents are available on aegon.com.

Conference call including Q&A

The conference call starts at 9:00 am CET, with an audio webcast on aegon.com. To join the conference call and/or participate in the Q&A, you will need to register via the following [registration link](#). Directly after registration you will see your personal pin on the confirmation screen and additionally you will receive an email with the call details and again your personal pin to enter the conference call. To avoid any unforeseen connection issues, it's recommended to make use of the 'call me' option. Two hours after the conference call, a replay will be available on aegon.com.

Click to join

With 'Call me', there's no need to dial-in. Simply click the following [registration link](#) and select the option 'Call me'. Enter your information and you will be called back to directly join the conference. The link becomes active 15 minutes prior to the scheduled start time. Should you wish not to use the 'click to join' function, dial-in numbers are also available.

Dial-in numbers for conference call

United States: +1 864 991 4103 (local)

United Kingdom: +44 808 175 1536 (toll-free)

The Netherlands: +31 800 745 8377 (toll-free)

The Netherlands: +31 970 102 86838 (toll)

Passcode: you will receive a personal pin upon [registration](#).

Financial calendar 2023/2024

Second half 2023 results – March 1, 2024

First quarter 2024 trading update – May 16, 2024

Annual General Meeting – June 12, 2024

First half 2024 results – August 22, 2024

The conference call and Q&A can be followed via a live audio [webcast](#) on our website.

About Aegon

Aegon is an international financial services holding company. Aegon's ambition is to build leading businesses that offer their customers investment, protection and retirement solutions. Its portfolio of businesses includes fully owned subsidiaries in the US, UK and a global asset manager. In addition, Aegon has partnerships in Spain & Portugal, Brazil, and China, which create value by combining strong local partners with Aegon's international expertise. In the Netherlands, Aegon generates value via a strategic shareholding in a market leading insurance and pensions company.

Aegon's purpose of *helping people live their best lives* runs through all its activities. As a leading global investor and employer, Aegon seeks to have a positive impact by addressing critical environmental and societal issues, with a focus on climate change and inclusion & diversity. Aegon is headquartered in The Hague, the Netherlands, and listed on Euronext Amsterdam and the New York Stock Exchange. More information can be found at aegon.com.

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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 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 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 Aegon's environmental, climate, diversity and inclusion or other "ESG" targets, goals and commitments, 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;
 - 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, applicable equivalent solvency 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, particularly 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 Aegon does 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;
- 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; and
- Reliance on third-party information in certain of Aegon's 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 used by Aegon, including in estimates or assumptions, may cause results to differ materially and adversely from statements, estimates, and beliefs made by Aegon or third-parties. Moreover, Aegon's disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in its business or applicable governmental policies, or other factors, some of which may be beyond Aegon's control. Additionally, Aegon 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 2022 Integrated 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.

World Financial Group (WFG)

WFG consists of:

In the United States, World Financial Group Insurance Agency, LLC (in California, doing business as World Financial Insurance Agency, LLC), World Financial Group Insurance Agency of Hawaii, Inc., World Financial Group Insurance Agency of Massachusetts, Inc., and / or WFG Insurance Agency of Puerto Rico, Inc. (collectively WFGIA), which offer insurance and annuity products.

In the United States, Transamerica Financial Advisors, Inc. is a full-service, fully licensed, independent broker-dealer and registered investment advisor.

Transamerica Financial Advisors, Inc. (TFA), Member FINRA, MSRB, SIPC, and registered investment advisor, offers securities and investment advisory services.

In Canada, World Financial Group Insurance Agency of Canada Inc. (WFGIAC), which offers life insurance and segregated funds. WFG Securities Inc. (WFGS), which offers mutual funds. WFGIAC and WFGS are affiliated companies.