



# Aegon Bank N.V.

## Investor Presentation

Soft Bullet Covered Bond Programme

May 2021

*Helping people achieve a lifetime of financial security*



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# Executive summary

## Soft Bullet Programme summary

<b>Issuer</b>	Aegon Bank N.V.
<b>Programme size</b>	EUR 5 billion
<b>Cover Pool</b>	EUR 611 million <sup>1</sup>
<b>Format</b>	Soft Bullet (SB)
<b>Extension Period</b>	Maximum of 1 year
<b>Guarantor</b>	Aegon SB Covered Bond Company B.V.
<b>Ratings</b>	AAA (S&P) <sup>1</sup>
<b>Collateral</b>	Prime Dutch residential mortgage loans
<b>Regulatory Compliance</b>	UCITS 52(4), CRR Art. 129, LCR eligible Level 1, ECB repo eligible, CBPP3 eligible
<b>Robust structure</b>	<ul style="list-style-type: none"><li>✓ Registered programme with DNB</li><li>✓ Strong programme tests (Asset Cover Test &amp; Amortisation Test)</li><li>✓ No interest rate swap counterparties<sup>2</sup></li><li>✓ Exempted from bail-in</li></ul>

## Strategy

- Aegon Bank N.V. is core to the strategy of Aegon Nederland N.V.
- Aegon Bank N.V. is one of the strategic assets of Aegon Nederland N.V., and is to be positioned as a digital gateway to individual retirement solutions
- In the medium term, Aegon Bank N.V. targets to grow its core customer base by 40,000 per year<sup>3</sup>, reach a cost-to-income ratio of 60% and achieve a Return on Capital of 9%
- Aegon Bank N.V. is an experienced Covered Bond (CB) issuer that has been running a Conditional Pass-Through (CPT) CB programme since 2015. To date 5 CPT transactions have been successfully issued
- In May 2021, Aegon Bank N.V. established a Soft Bullet (SB) CB Programme and now debuts with an inaugural 15 year SB CB transaction

## Highlights

- Aegon Bank N.V. has a strong capital and liquidity position with a Total Capital Ratio of 21.2%, a Leverage Ratio of 4.1% and a Liquidity Coverage Ratio of 164% per end of 2020
- Aegon Bank N.V. has a balance sheet of EUR 17.1 billion with EUR 12.5 billion in savings per end of 2020, and serves 516k customers
- Aegon is one of the top-four lenders in the Dutch residential mortgage market and has demonstrated the flexibility to adjust to changing market conditions
- Aegon has a high quality and low risk mortgage lending business, with a stable performance over the last ten years
- Successful arrears management and recovery procedures resulted in low default and loss rates

1. Cut-off date March 31, 2021, being the same cut-off date used by S&P for their Presale report where S&P assigned the preliminary AAA rating for the covered bond issuance

2. Portfolio swap and Interest rate swap are optional for the Programme

3. The medium-term target of 40k core customers net growth per year excludes customers that will be potentially off-boarded in case they do not comply with Knab's KYC standards





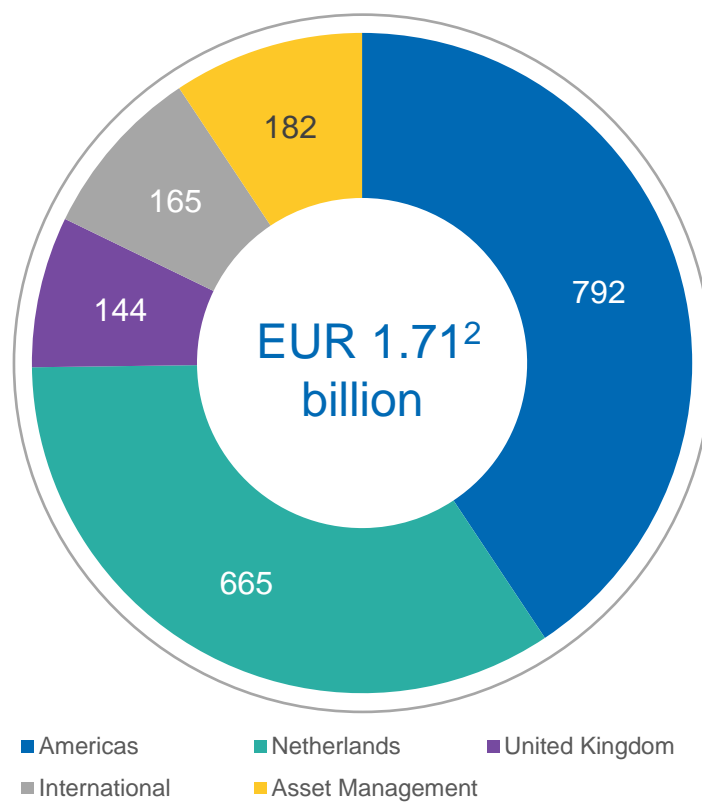
# Introduction

## Aegon N.V.

# Aegon N.V. at a glance

## Earnings

(Operating result<sup>1</sup>, FY 2020, in EUR millions)



## What we do

Life insurance, pensions & asset management for approximately **30.4** million customers  
(FY 2020)



## History

Our roots date back more than **175** years



## Employees

Over **22,300** employees  
(FY 2020)



## Investments

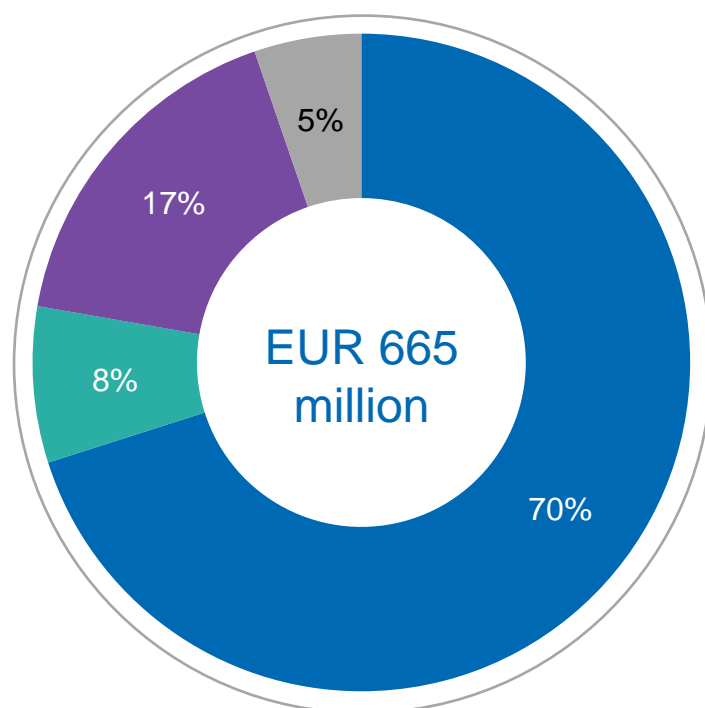
Revenue-generating investments of **EUR 921** billion  
(FY 2020)

1. Aegon N.V. has changed the name convention of its primary performance measure to improve alignment with industry practice. As of 2021, Aegon will no longer refer to underlying earnings for segment reporting purposes, instead Aegon will refer to Operating result  
2. Total number includes Holding and others (not shown in chart)

# Aegon the Netherlands at a glance

## Earnings

(Operating result, FY 2020, in percentages)



■ Life ■ Mortgages ■ Bank ■ Workplace solutions

## What we do



In the Netherlands, Aegon is one of the best-known names in the Dutch financial sector, and a leading provider of life insurance, pensions and mortgages. Our operations in the Netherlands also include banking, general insurance and mortgages.



In December 2020, Aegon announced a new strategy that centers around reallocation of capital to businesses with a greater potential for an attractive Return on Capital. Aegon's Dutch mortgage business is one of these businesses, and therefore an integral part of the new strategy.



## Locations

The Hague, Amsterdam, Leeuwarden and Groningen



## Customers

All business lines use an intermediary channel. In recent years, Aegon Nederland N.V. began investing heavily in online capabilities to support customers and intermediaries



## Employees

Over **3,500** employees  
(FY 2020)



# Position of the bank within Aegon

## Aegon Bank N.V. is core to the strategy of Aegon Nederland N.V.

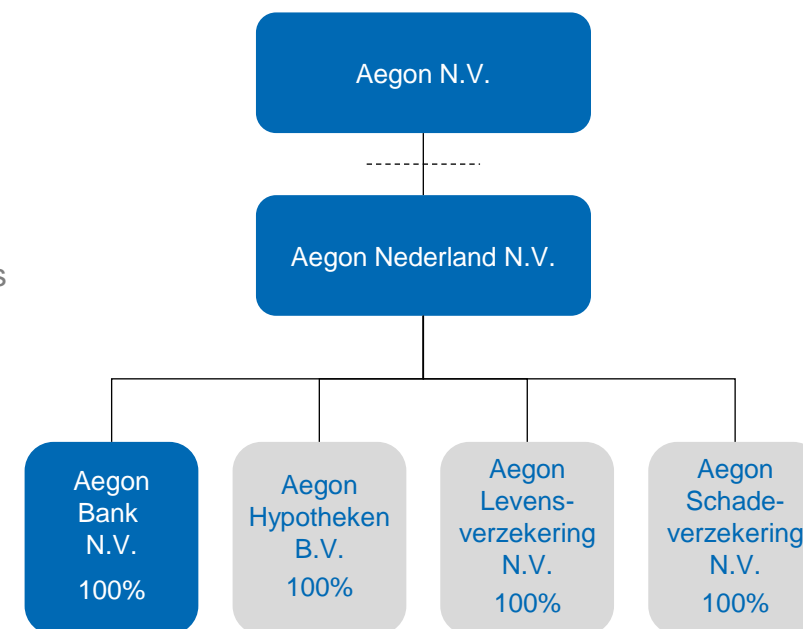
### Position of the bank within Aegon N.V.

- Contributor to Aegon's growth strategy
  - One of the fastest-growing banks in the Netherlands for self-employed through Knab (online banking platform) with a high level of customer satisfaction
  - Aegon Bank N.V. secured a strong market position in tax-friendly bank savings
  - Aegon Bank N.V. is one of the strategic assets of Aegon Nederland N.V., and is to be positioned as a digital gateway to individual retirement solutions
- Cornerstone of Aegon NL strategy
  - Aegon Bank N.V.'s retirement savings and investment solutions<sup>1</sup> complement the existing offerings in Aegon's retail and SME segments

### Integration for future growth and to reach target scale

- Aegon Bank N.V. is currently one bank with two distinct labels, Aegon and Knab
- In 2019, a strategic review took place and the decision was made to integrate the banking operations of Aegon and Knab into one banking operation under the Knab label
- The integration of these two labels into Knab is expected to be finished in 2021
- The integration aims to increase focus, accelerate growth, reduce costs and add more value for our customers

### Simplified organization structure



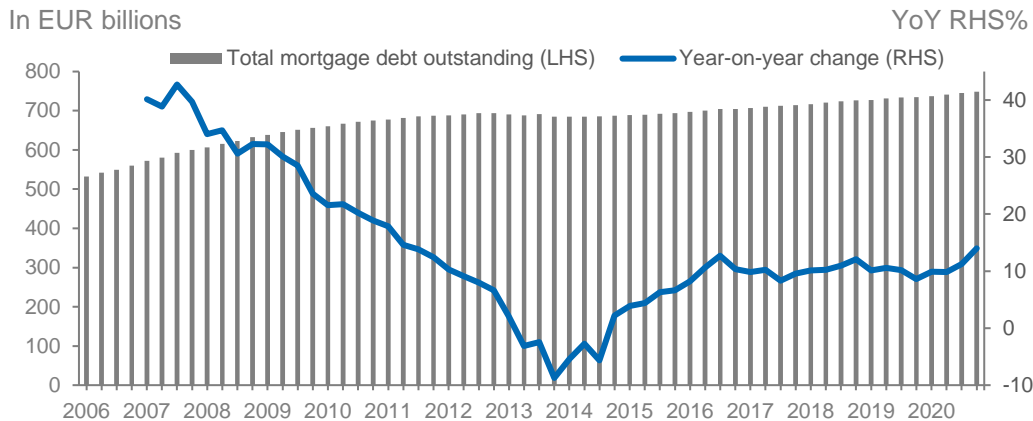
1. Consisting of both Box 1 (fiscal friendly) and Box 3 propositions

# Successful Dutch mortgage loan operation

## Mortgage debt outstanding

Source: Dutch Central Bank, FY 2020

In EUR billions



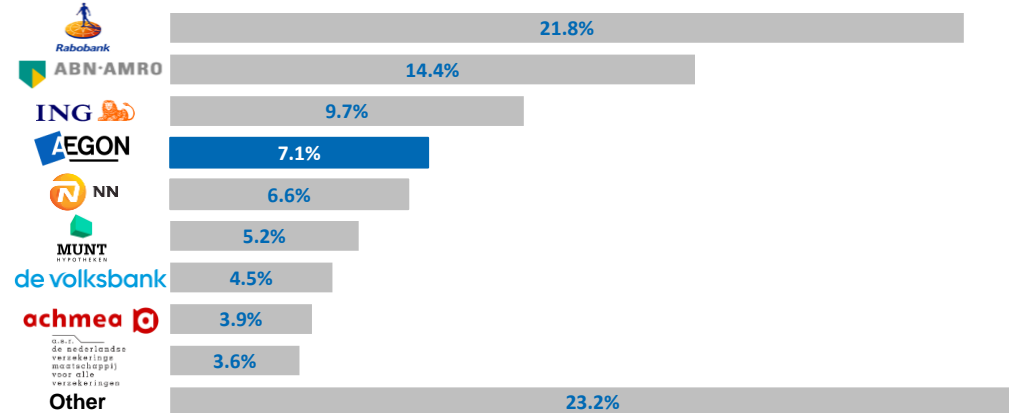
## Overview of the Dutch mortgage market

Source: Centraal Bureau voor de Statistiek (CBS), Kadaster

- Per FY 2020, the total outstanding residential mortgage debt in the Netherlands was EUR 749 billion
- New mortgage lending through 2020 was EUR 139 billion (2019: EUR 123 billion)<sup>1</sup>
- Mortgage originators in the Netherlands include banks, insurance companies and specialized mortgage originators
- The mortgage loan portfolio of Aegon NL grew significantly over the last years. Aegon views mortgage loans as an attractive asset class for its balance sheet, which offer a good risk and return profile

## 4<sup>th</sup> largest mortgage lender in the Netherlands

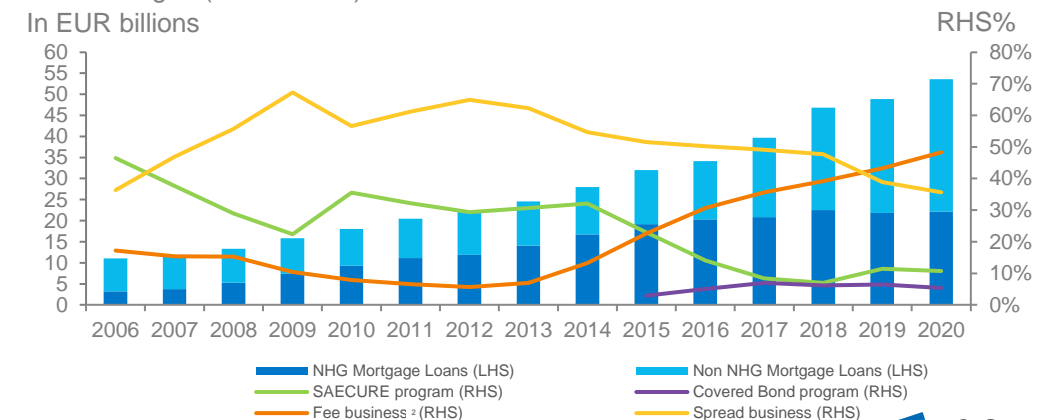
Source: Land Registry (Kadaster), FY 2020, in percentages



## Mortgage loan portfolio Aegon NL

Source: Aegon (2006 - 2020)

In EUR billions



1. Please note that the Kadaster has changed their methodology for calculating mortgage production

2. Fee business constitutes no funding implications for Aegon (only servicing and no refinancing risk)

# Diversified funding of Aegon's mortgage loans

## Competitive advantages

- Strong position with independent financial advisors
- Straight through processing
- Leading mid-office capabilities
- Active in all maturities
- One IT platform

## Current origination vehicle

- Aegon Hypotheken B.V.

## Mortgage allocation

- Vertical slice model
- Similarity based on certain pre-specified risk-return characteristics guaranteed

## Nominal mortgage amounts per FY 2020

(in EUR billions)

2	Covered Bond	<ul style="list-style-type: none"> <li>• New EUR 5.0 billion SB CB Programme registered by DNB as of May 6, 2021</li> <li>• All new CB issuances are expected to come from the SB CB</li> <li>• Registered CPTCB programme since 2015, with a total nominal value of outstanding bonds of EUR 2.0 billion<sup>1</sup></li> </ul>
6	RMBS – SAEQUIRE Programme	<ul style="list-style-type: none"> <li>• Funding diversification</li> <li>• 20 deals issued since 2000, with SAEQUIRE 16, 17, 18, 19<sup>2</sup> and 20 still outstanding</li> </ul>
8	Aegon Bank	<ul style="list-style-type: none"> <li>• Mostly short interest rate reset periods</li> <li>• Offering products to customers on both sides of the balance sheet</li> </ul>
26	Fee business	<ul style="list-style-type: none"> <li>• Full risk transfer</li> <li>• Attractive mortgage fund solutions (DMF I and DMF II) and tailored whole loan solutions (FMP)</li> </ul>
12	Aegon Life	<ul style="list-style-type: none"> <li>• Long-dated assets</li> <li>• Good match against liabilities</li> </ul>
<1	Aegon non-life	<ul style="list-style-type: none"> <li>• Supports investment income</li> </ul>

1. Cover Pool is EUR 2.4 billion (including over-collateralization CPT programme) per December 31, 2020  
 2. SAEQUIRE 19 is a Retained RMBS and is on the balance sheet of Aegon Bank N.V. Issued in May 2020

# Aegon ratings

## Objective to maintain strong long-term ratings

### **S&P Global** Ratings

Insurance Financial Strength rating, outlook	A+, stable
Aegon N.V. Issuer credit rating, outlook	A-, stable
Aegon Bank N.V. Issuer credit rating, outlook	A, stable
Aegon SB Covered Bond Programme	AAA <sup>1</sup>
Aegon Bank N.V. Issuer credit ratings last affirmed	February 22, 2021

1. S&P assigned a preliminary AAA rating for the covered bond issuance





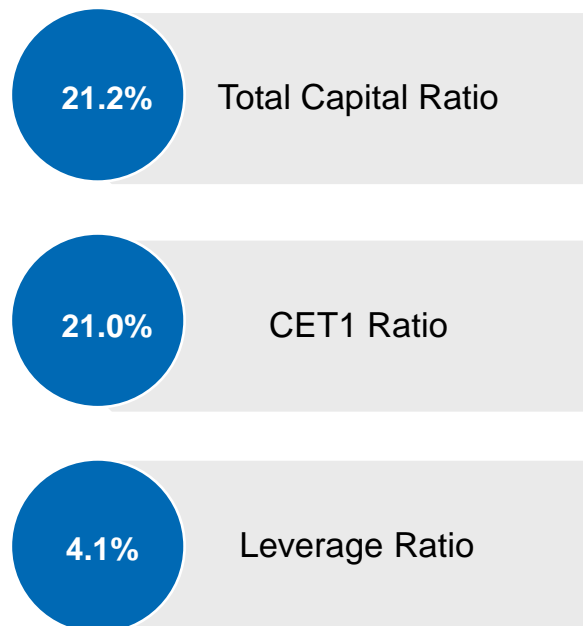
# Introduction

Aegon Bank N.V.

# Aegon Bank N.V. at a glance

## Capital position

(FY 2020, in percentages)



## What we do

Retail banking with payment services, savings and investment products for **516k** customers

(FY 2020)



## History

Launched new online banking platform Knab in 2012



## Size

Total assets EUR **17.1** billion

(FY 2020)



## Employees

Over **380** employees

(FY 2020)



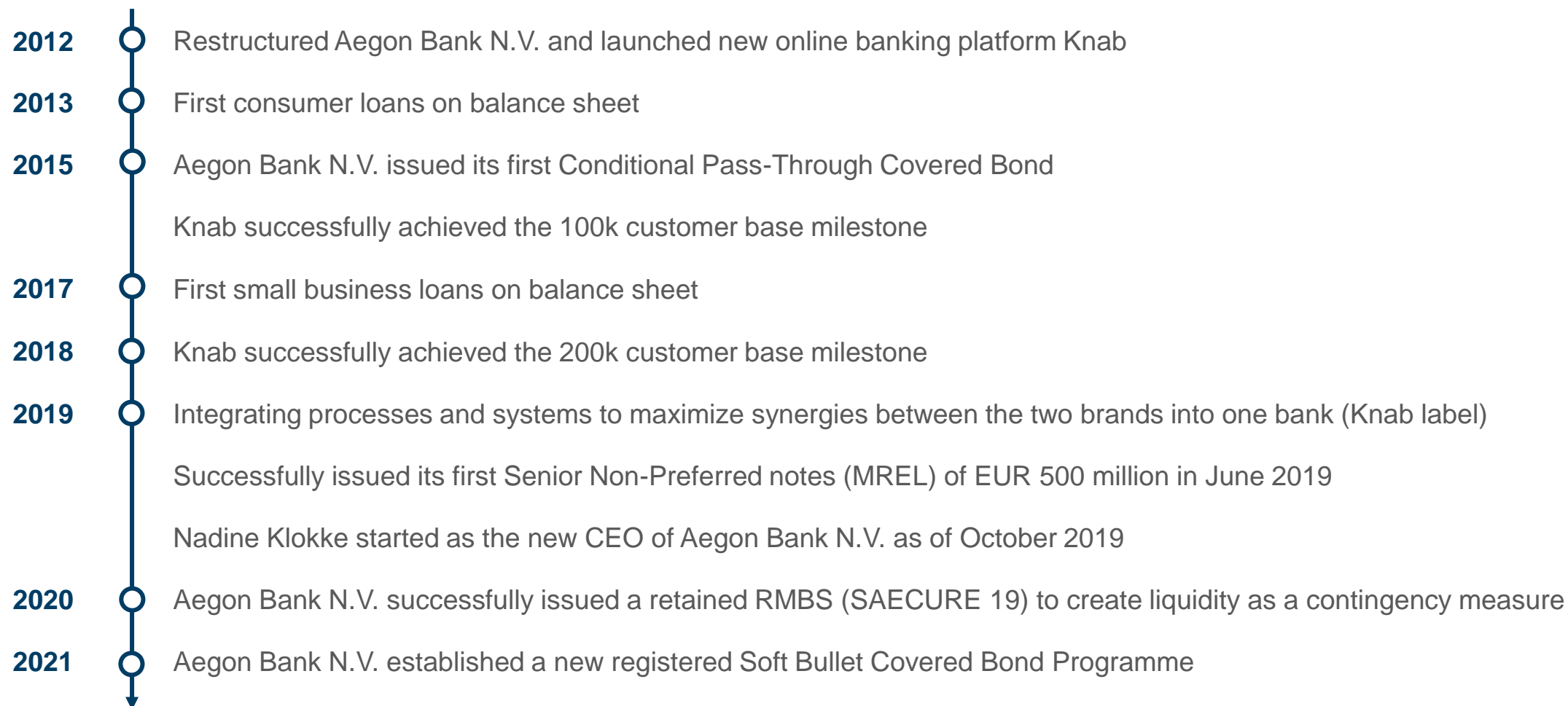
## Investments

Approximately **70%** of total assets invested in prime Dutch retail mortgages

(FY 2020)

# Aegon Bank N.V.'s strategy execution

## Successfully grew organization and built the first online bank in the Netherlands



# The business model of the bank

## Focusing on growing retail and small business customers



### Retail banking services

- Focus on being a scalable, modular retail bank with strong strategic alliances
- Growing online banking platform (Knab) with strong market position, focusing on retail and small business segment, specifically self-employed
- Knab's mission is to "help entrepreneurs and their families feel comfortable about their current finances and achieve financial freedom later in life"
- Focus on cost reduction by realizing synergies through the integration of Aegon and Knab into one banking operation under the Knab label
- Full retail banking product suite with payment services, (retirement) savings products, investment products, financial planning tools and alerts
- Mortgage, online lending and investments provided through internal and external strategic partners



### Net interest margin

- Asset mix mainly consists of high-quality mortgages originated and serviced through Aegon Hypotheken B.V.
- Consumer & small business loan origination and servicing through international partners
- Investment portfolio managed by Aegon Asset Management



### Service management fees

- Fee business from retail banking services, including payment services and investment products



# Full migration of two labels into Knab

## Strong market position in self-employed market and bank savings

### Aegon Bank N.V. provides:

**knab**

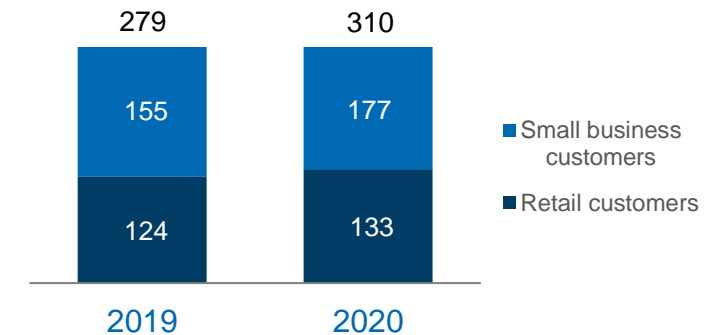
- Through its Knab label over 287k<sup>1</sup> retail and small business customers with insight in their personal financial situation
  - Full retail banking product suite with payment services, savings products, investment products, financial planning tools and alerts
  - The leading bank in the Netherlands for self-employed on service: overall Knab received multiple awards and customer satisfaction is rated with 7.9 (scale 1-10, April 2021)<sup>2</sup>
  - The number of Knab customers continued to grow in 2020 mainly by acquisition of new business account holders, while retail also showed a steady growth

**AEGON**

- Through its Aegon label over 229k retail customers with banking products for future income in addition to the 2<sup>nd</sup> pillar pension
  - Savings and investment products with focus on 3<sup>rd</sup> pillar tax-friendly solutions, directly and through intermediaries
  - Leverage leading position of Aegon Levensverzekering N.V. in 2<sup>nd</sup> pillar pension market to drive future growth in 3<sup>rd</sup> (Box 1) & 4<sup>th</sup> (Box 3) pillar solutions
  - The significant reduction of customers in 2020 is a result of offboarding low balance accounts and closing the onboarding funnels of Box 3 savings products
- In 2019, Aegon Bank N.V. decided to integrate Aegon and Knab into one banking operation under the Knab label. Full migration of the customer base to the Knab label will be completed in 2021

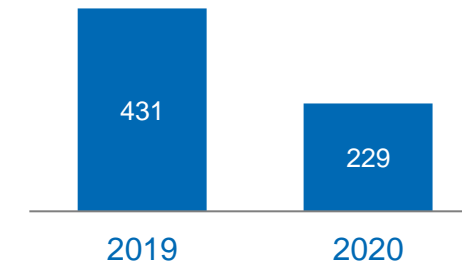
### Knab customer base

In number of customers, in thousands



### Aegon Bank customer base

In number of customers, in thousands



1. Note that the sum of 133k and 177k (310k) is greater than the number of total customers (287k) due to a segment of customers having both a small business and a retail account

2. Source: <https://opiness.nl/review/knab>, dated on April 30, 2021

# Clear goals and targets for the future



## Customer growth and high NPS

- Maintain excellent service and high NPS
- Continue growth in self-employed, small business and entrepreneurial retail customers
- Integrate our daily banking and wealth accumulation offerings under the Knab label



## Sustainable profitability

- Further increase fee business
- Realize cost synergies from integration of labels
- Ensure regulatory compliance with explicit focus on KYC/CDD and AML<sup>1</sup>
- Continued investments in IT and compliance

### KPI

### Medium-term target

Customer Net Promotor Score (NPS)

+ 40

Annual net core customer growth

+ 40k<sup>2</sup>

Cost-to-income ratio

60%

Return on Capital

9%

Employee NPS

Increase

1. KYC: know your customer; CDD: customer due diligence; AML: anti money-laundering

2. The medium-term target of 40k core customers net growth per year excludes customers that will be potentially off-boarded in case they do not comply with Knab's KYC standards

# Risk management

## Aegon Bank N.V.'s response to COVID-19

### Managing the impact of COVID-19

- The COVID-19 outbreak has caused significant disruption to society, impacting our customers, employees, supplier and operations. The health and wellbeing of our customers and employees is our foremost concern
- From an operational perspective: Knab has benefitted from being a digital bank as we have continued to provide high standard service to our customers despite working remotely
- The bank experienced a growth in savings, which was driven by deposits made by existing customers, as well as the addition of new customers
- For the business customers: Knab created an overview of all support schemes made available by the Dutch government. Useful articles, research reports and financial tips have been published in the Knab Library
- The management of Aegon Bank N.V. is continuously monitoring the market and economic turbulence caused by the COVID-19 outbreak and its impact on Aegon Bank N.V.

### Mitigating credit and liquidity risks

- Aegon Bank N.V. incurred impairment charges of EUR 92 million in 2020, mainly on the unsecured SME and consumer loan portfolio. Deterioration in the macroeconomic outlook was the largest driver of the significant increase in provisions as a result of the impact COVID-19 crisis
  - Aegon Bank N.V. has maintained a solid capital position, withstanding credit losses
  - It has gained access to secured government guaranteed SME lending
  - The pricing for unsecured lending has increased, resulting in lower volumes
  - The unsecured lending portfolio has been de-risked by focusing on higher-rated, unsecured retail loans
- Aegon Bank N.V. operates a liquidity risk policy that focuses on holding sufficient liquid assets to meet liquidity requirements
  - Performing very stringent hypothetical stress tests on a monthly basis
  - Monitoring the inflow and outflow of savings deposits on a daily basis
  - EUR 1.6 billion retained RMBS (SAECURE 19) set up in May 2020, which generated increased liquidity capacity
  - Holding sovereign bonds that are readily saleable or redeemable, and funds at the Dutch Central Bank that can be immediately withdrawn

# Risk management

## Impact of COVID-19 on mortgage loans; full compliance with KYC legislation

### Payment Holidays

- Mortgage customers with (expected) payment difficulties are being handled on a case-by-case basis. So far, this mostly consists of (partial) payment holidays
- Special servicing department can be scaled up further if necessary, by using the available additional flexible workers with experience both in underwriting and (special) servicing
- As per 31 December 2020, 370 borrowers out of the total Aegon mortgage loan portfolio (61k borrowers) have been granted a payment holiday, of which 90 borrowers (which equals 15bps) are part of Aegon Bank N.V.'s loan portfolio
- Mortgage loans with a payment holiday > 3 months will be removed from the Soft Bullet cover pool

### Know Your Customer legislation (KYC)

- KYC is a top priority for Aegon Bank N.V. and is executing a large-scale optimisation and enhancement programme
  - The renewed and more robust KYC framework, including a renewed Risk Appetite Statement increased the maturity level of transaction monitoring
  - Further refined the existing transaction monitoring rules and successfully designed and introduced additional sets of transaction monitoring rules for detecting potential risks with regard to money laundering, financing of terrorism, violation sanctions and tax evasion
  - The new KYC framework and transaction monitoring rules apply to both the remediation of historical transactions and enhancement of all existing customers onboarded



# Agreement in principle on settling securities lease claims

## Settling proceedings brought by Leaseproces for Vliegwiël and Sprintplan

### Security lease products

- Aegon Bank N.V. has been in litigation for over 15 years with respect to securities lease products
- The litigation concerns two types of securities lease products:
  - Sprintplan, which Aegon Bank N.V. sold
  - Vliegwiël, which Aegon Financiële Diensten (AFD) sold
- In 2016, AFD merged into Aegon Bank N.V. Several hundred individual consumers and several class action organizations have litigated against Aegon

### Legal proceedings

- In July 2016, the consumer interest group Platform Aandelenlease (PAL) filed a class action against Aegon Bank N.V. over Aegon's securities leasing product Sprintplan. In February 2020, the Dutch Court of Appeal rejected all of the PAL's claims. This ruling has become final
- Aegon Bank N.V. is also involved in claims for compensation and the cancellation or nullification of contracts concerning the Vliegwiël product, a variation on securities leasing products. Currently, proceedings are pending before the Dutch courts and the Financial Services Complaints Tribunal (Klachteninstituut Financiële Dienstverlening)

### Agreement in principle and internal governance

- In December 2020, Aegon Bank N.V. reached an agreement in principle on a settlement with Leaseproces B.V. for claims regarding Vliegwiël and Sprintplan represented by Leaseproces
- As at 31 December 2020, the provision for legal claims has been increased to reflect the best estimate of the outcome of the settlement process
- The settlement is subject to conditions precedent and further operational details are to be worked out
- Pending litigation is halted and full execution of the agreement is expected in 2021



# Financials

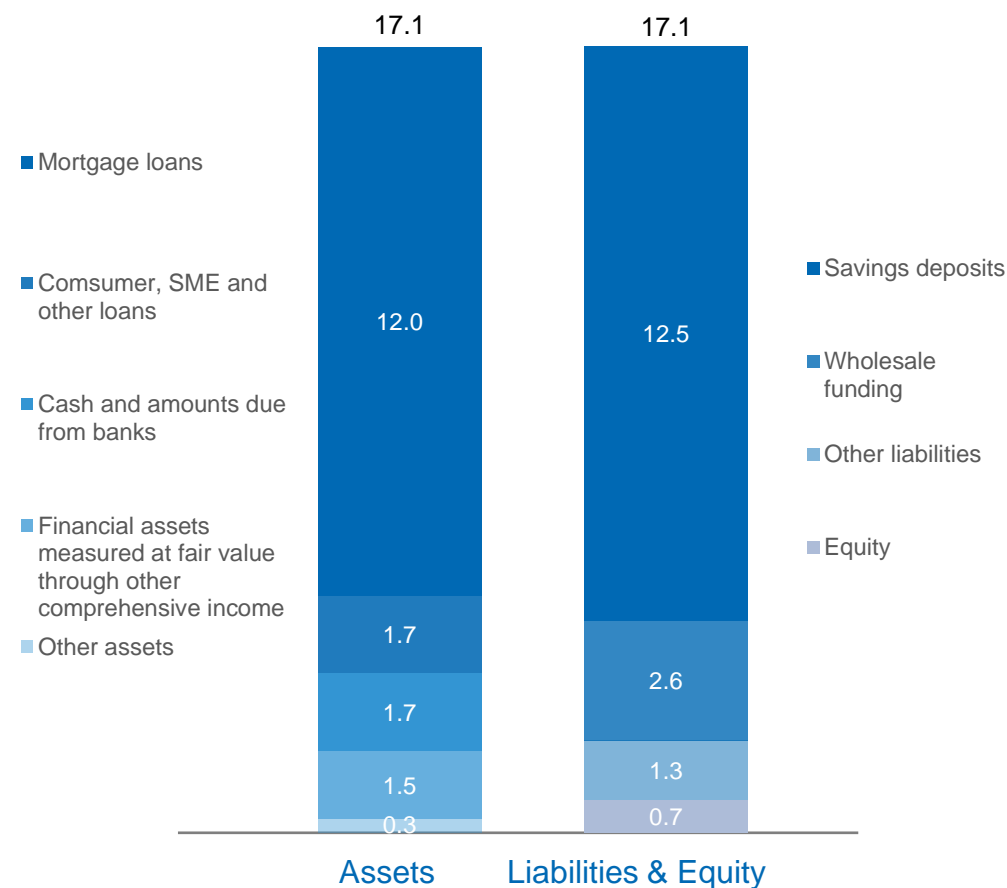
## Aegon Bank N.V.

# Balance sheet composition - Assets

**Roughly 70% of total assets allocated to prime Dutch residential mortgage portfolio**

## Balance sheet

(FY 2020, in EUR billions)



## Mortgage loans

- Low-risk, high-quality mortgage portfolio, with low LtV and high NHG coverage<sup>1</sup>
- Prime Dutch residential mortgage portfolio with an average LtV of approx. 70% per end of 2020
- Roughly 69% of Aegon Bank N.V.'s mortgage portfolio is guaranteed by Dutch state through NHG scheme per end of 2020

## Consumer & small business loans

- High-return portfolio; credit risk managed through diversification
- Multi-channel approach for consumer & small business loans through alliances with international partners providing diversification and flexibility
- Actively managing and de-risking these portfolios through the current crisis

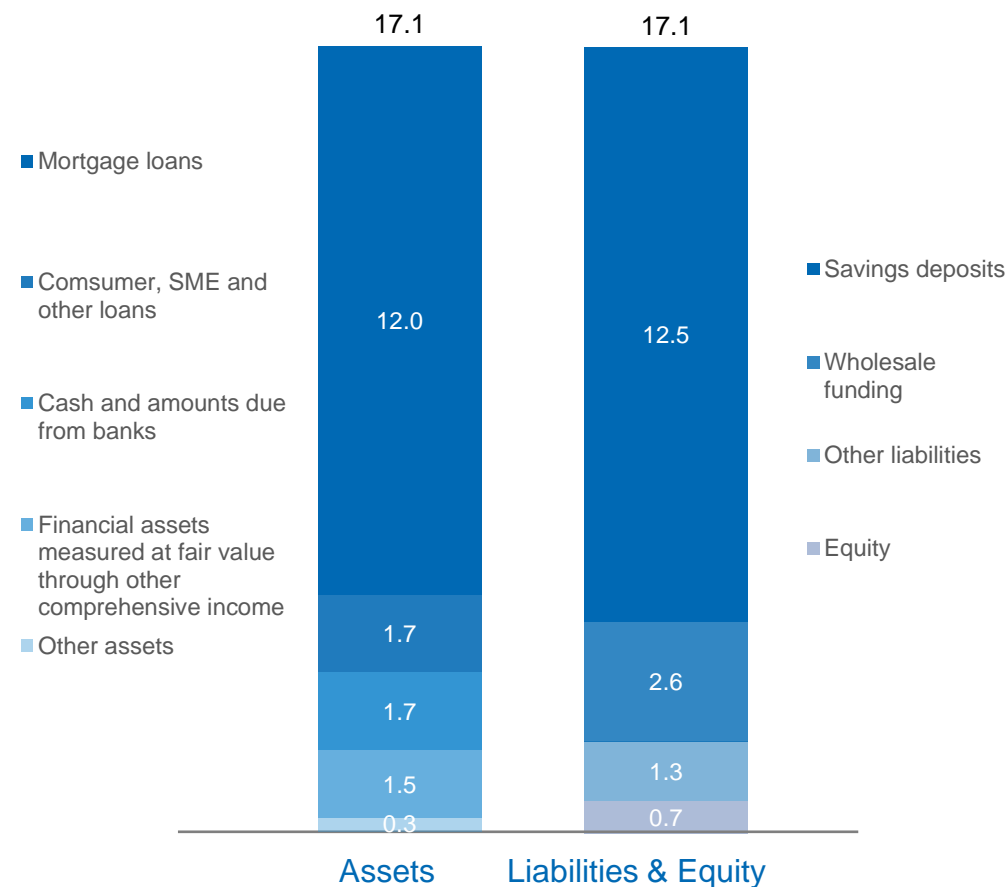
1. LtV: Loan-to-Value ratio. NHG: Nationale Hypotheek Garantie; this is a government guarantee scheme for retail mortgage debt

# Balance sheet composition - Liabilities & Equity

## Predominantly funded through savings and Covered Bonds

### Balance sheet

(FY 2020, in EUR billions)



### Wholesale funding

- Approximately 80% of wholesale funding consists of covered bonds, collateralized by prime Dutch residential mortgage portfolio
- Per December 31, 2020 the wholesale funding consisted exclusively of:
  - Four covered bonds of EUR 500 million each, maturing in 2023, 2024, 2025 and 2027, respectively
  - Senior Non-Preferred bond (EUR 500 million, issued 2019) and retained RMBS (issued 2020)

### The set-up of a new SB Covered Bond Programme

- On 6 May 2021, Aegon Bank N.V. registered its new SB Covered Bond Programme with the Dutch Central Bank from which all future CB issuances are expected to take place
- The SB Covered Programme will allow Aegon Bank N.V. to further diversify the debt investor base and to enhance flexibility with respect to longer bond tenors

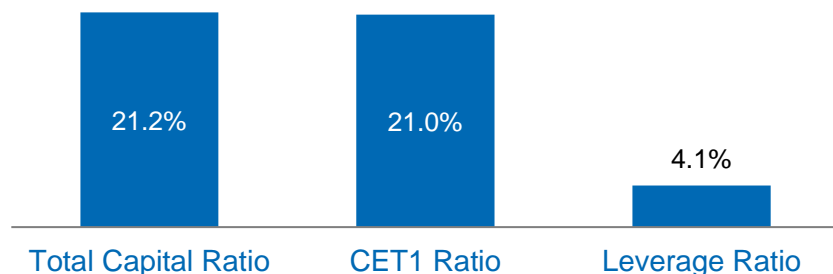


# Capital and liquidity position

## Strong capital and liquidity position exceeding regulatory requirements

### Capital position

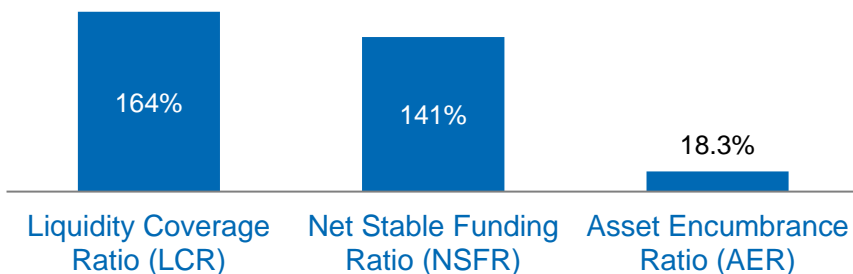
(FY 2020, in percentages)



- Strong Total Capital Ratio of 21.2%, which is well above the Total SREP Capital Requirement (TSCR) Ratio of 12.0% during 2020
- Solid CET1 Ratio in place to ensure sufficient capitalization
- Leverage Ratio is comfortably above the current 3% regulatory requirement in the Netherlands

### Liquidity position

(FY 2020, in percentages)



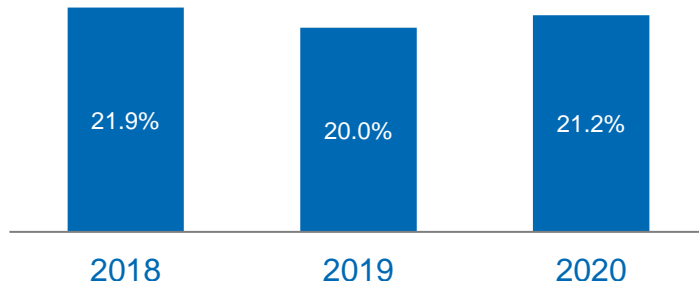
- The LCR and NSFR are both comfortably above the current regulatory requirements of 100%:
  - Sizeable buffer in place to withstand stress scenarios
  - Survival period of 24+ months, where 6+ months is required
  - Stable long-term funding profile
- Improved contingency liquidity measures by issuance of retained RMBS in May 2020 (SAECURE 19)
- Limited asset encumbrance, which is well below the internal and external AER requirements

# Development of capital ratios over time

## The bank maintains a strong capital position

### Total Capital Ratio<sup>1</sup>

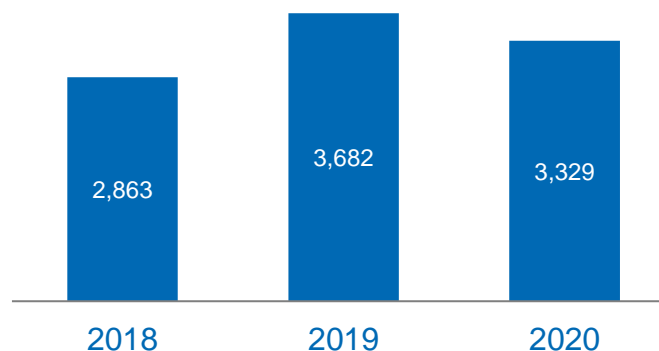
(In percentages)



- The Total Capital Ratio increased by 1.2% during 2020, which is due to a decrease of the Total Risk Exposure Amount (TREA)
- In 2018 and 2019, Aegon contributed EUR 50 million and EUR 75 million of CET1 capital to Aegon Bank N.V. for growth of the bank balance sheet

### Total Risk Exposure Amount (TREA)

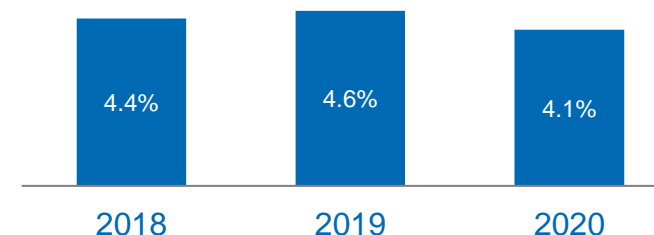
(In EUR millions)



- Aegon Bank N.V. applies the Standardized Approach to calculate minimum capital requirements
- The decrease in TREA mainly results from redemptions on consumer and SME loans, partly offset by increased mortgage loans and a higher risk exposure amount for operational risk

### Leverage Ratio<sup>2</sup>

(In percentages)



- The Leverage Ratio complies with the external minimum requirement of 3%
- The decrease in Leverage Ratio is the result of the growth in the balance sheet combined with a decrease in the Tier 1 capital

1. Total Capital Ratio is total capital divided by Total Risk Exposure Amount  
2. Leverage Ratio is Tier 1 capital divided by total non-risk weighted exposures

# P&L results Aegon Bank N.V.

## Net interest margin

- Net interest margin decreased mainly due to the decreasing market interest rates

## Results from financial transactions

- Profit on financial transactions improved, mainly driven by the hedge ineffectiveness of Aegon Bank N.V.'s hedge accounting program

## Results affected by impairment losses

- The bank incurred impairment charges of EUR 92 million related to the IFRS 9 loan loss provisions in 2020 (2019: EUR 69.1 million), mainly on the unsecured SME and consumer loan portfolio
- Deterioration in the macroeconomic outlook was the largest driver of the significant increase in provisions as a result of the COVID-19 crisis

## Expenses

- Expenses increased predominantly due to integration costs, provision for legal claims, and regulatory project costs

## Income tax

- The future change of Dutch corporate income tax rates had a negative impact of EUR 4.3 million, which was processed through deferred taxes

## Income Statement<sup>1</sup>

(2019 - 2020, in EUR millions)

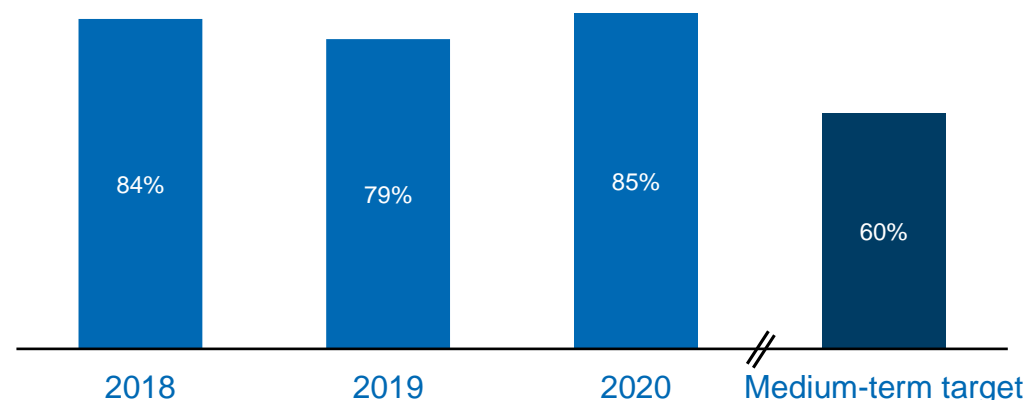
	2019	2020
<b>Net interest margin</b>	<b>238.8</b>	<b>232.0</b>
<b>Net fee and commission income</b>	<b>15.4</b>	<b>20.5</b>
Result from financial transactions	9.8	40.3
Impairment losses	(69.1)	(92.8)
<b>Total income</b>	<b>194.8</b>	<b>200.1</b>
<b>Total expenses</b>	<b>155.6</b>	<b>235.8</b>
<b>Income / (loss) before tax</b>	<b>39.2</b>	<b>(35.8)</b>
Income tax	(12.6)	4.3
<b>Net income</b>	<b>26.6</b>	<b>(31.5)</b>

1. Financial information based on statutory annual reports, which differs from segment results for Banking reported by the Group for Aegon Nederland N.V. The difference is partly explained by the elimination of intra-group transactions and application of IFRS 9 (adopted per 2018 by Aegon Bank N.V.; for 2017 IAS 39 was applied) accounting principles at Aegon Bank N.V. legal entity level

# Key financial metrics over time

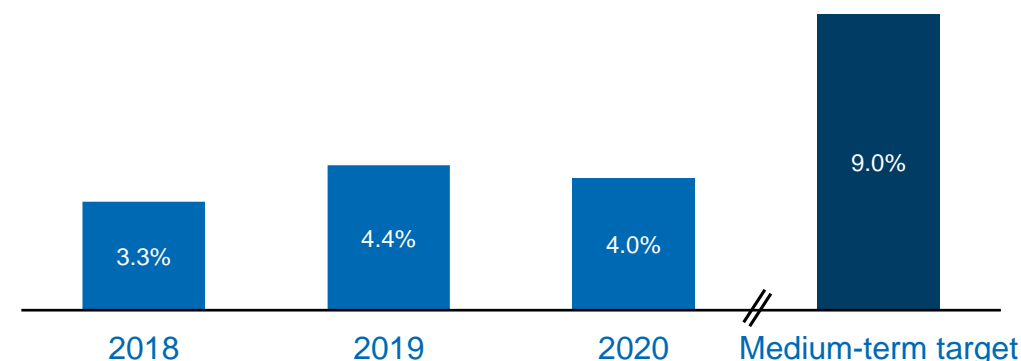
## Balance sheet growth and expense reduction initiatives, targeting a RoC of 9%

### Cost-to-income ratio<sup>1</sup>



- The cost-to-income ratio increased to 85% as the increase in operating expenses exceeded the increase in income
- Strong focus on cost control and expense reduction, targeting a cost-to-income ratio of 60%
- Expense reductions to be achieved by integrating processes and systems to maximize synergies between the Aegon and Knab label

### Return on Capital<sup>2</sup>



- Return on Capital (RoC) over the period 2018 - 2020 reflects scale-up phase
- In 2020 RoC decreases from 4.4% to 4.0% due to the decrease in operating result
- Balance sheet growth and expense reduction initiatives are expected to medium-term target RoC of 9%

Aegon Bank N.V. manages its business based on a non-IFRS-EU financial measure, namely operating result before tax

1. Cost-to-income ratio is calculated as operating expenses divided by operating income as defined in the banks' operating result before tax measure

2. Return on Capital is calculated as operating result after tax (applying a nominal tax rate) divided by average IFRS equity excluding the revaluation reserve

# Summary

## Strategic priorities and KPIs

- Customer satisfaction is a core strategic priority of the bank, aiming to maintain a Net Promotor Score at +40
- The bank needs to grow its customer base to achieve scale, targeting a net growth of 40k core customers per year
- Merging the two labels into Knab will reduce costs, increase efficiency, innovation and customer service
- Aegon Bank N.V.'s ambition is to grow the balance sheet to reach scale

## Cornerstone of strategy

- Aegon Bank N.V. is a focused player in financial services and key to Aegon's strategy
- Strong market position in self-employed market and banking savings
- High-quality assets, strong liquidity buffer and stable long-term profile

## Business & Financials

- Knab maintains the growth rate of new customers and hence increasing fee income
- Increased cost control to ensure sufficient profitability with a 60% medium-term target cost-to-income ratio
- In the coming years capital generation will be a key priority with a medium-term target Return on Capital of 9%
- Strong focus on ensuring regulatory compliance with explicit focus on KYC/CDD and AML

## Capital, Liquidity & Funding

- Maintained a solid capital and liquidity position, withstanding COVID-19 pandemic related economic shock
- No significant outflows of savings nor churn of customers as a result of the forced lockdown during the first COVID-19 wave
- Capital position impacted by additions to the IFRS 9 loan loss provisions for unsecured lending portfolios





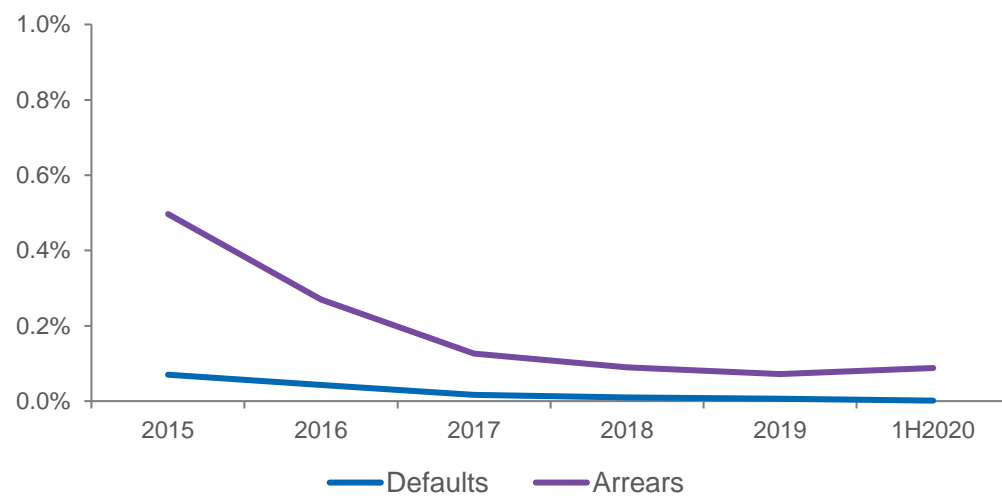
# The Dutch economy and housing market

# Benefiting from resilience of the Dutch mortgage portfolio

- Structural features of economy and strict bankruptcy laws lead to limited loan losses
  - The Netherlands has strong social security and adequate unemployment benefits
  - Homeowners separating from each other is the main cause of defaults
  - Mortgage issuers have full recourse to borrowers' assets and earnings
- Low level of defaults<sup>1</sup> and arrears in the aftermath of the 2008 financial crisis despite pick-up in unemployment and decline in housing prices







## Development arrears and defaults<sup>2</sup>

(1H 2020, in percentages)



## Defaults post financial crisis (2015-2020)<sup>2</sup>

(House price in EUR, defaults in bps of net principal balance)

		2015		2020
	Average house price <sup>3</sup>	236k		344k
	Unemployment rate <sup>3</sup>	6.9%		3.8%
	Defaults	7bps		0bps

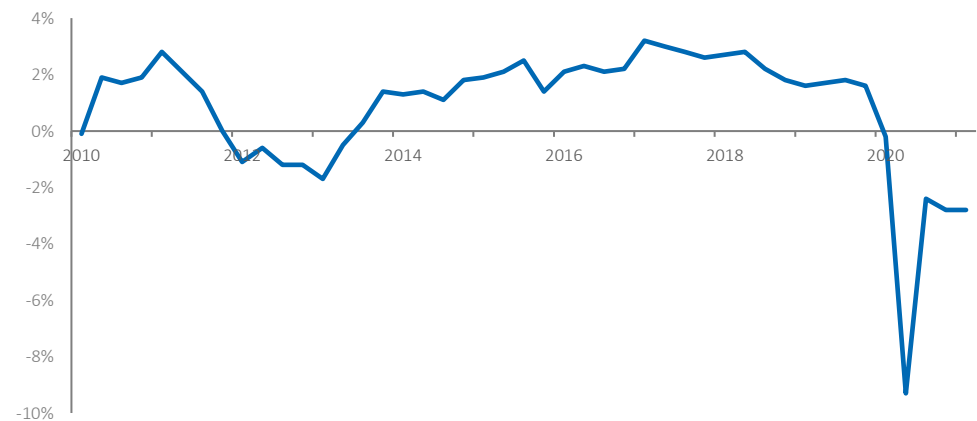
1. Defaults here are defined as losses recorded divided by total net principal balance

2. For mortgages that are on the balance sheet of Aegon NL entities

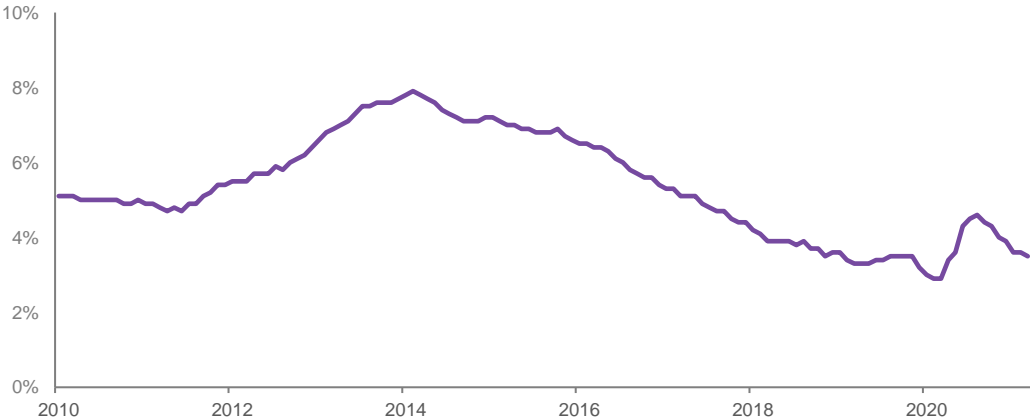
3. Source of data: Centraal Bureau voor de Statistiek (CBS)

# Dutch economy has been impacted by COVID-19

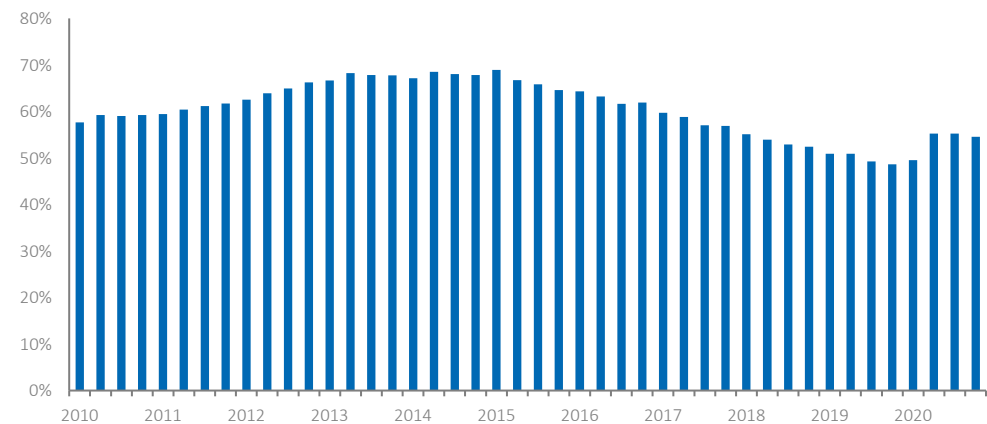
GDP growth (YoY change)



Unemployment rate (%)



Dutch EMU Debt & Balance (%GDP)



Inflation (%)



Source: Centraal Bureau voor de Statistiek (CBS)

# Government support in response to COVID-19

## A comprehensive package to support the economy

### Temporary Emergency Scheme for Job Retention “NOW 3”

- “NOW 3” in place until July 1, 2021, divided into 3 quarters
- Payroll subsidy to compensate for up to 85% of a company’s payroll
- Since January 2021 demonstrated revenue loss must be at least 20% (in line with “NOW 1” and “NOW 2”)
- “NOW 1” and “NOW 2” are now both closed

### Temporary self-employment income support “TOZO 4”

- Temporary social assistance “*bijstand*” until July 1, 2021 for self-employed professionals to bridge the loss of income
  - Income topped up to EUR 1,512 net per month for families (EUR 1,059 for singles)
  - Not means-tested, but tested on income of spouse
- “TOZO 4” started at April 1, 2021 and will run until July 1, 2021

### Reimbursement Fixed Costs Scheme for Companies “TVL”

- Compensation for all affected companies for fixed costs other than wage costs. Compensation amount is linked to the revenue loss: since Q2 2021 85% for revenue loss of 100% capped at EUR 550,000 (for companies with max. of 250 employees) and EUR 600,000 (> 250 employees)
- Demonstrated revenue loss must be at least 30%
- Additional “TVL support” for retail businesses and hospitality businesses

### Other measures

- Extension of the loan (state) guarantee system (GO-C) and the SME loan guarantee scheme (BMKB-C)
- New loan guarantee facility for smaller companies (KKC)
- Tax holiday for companies until June 30, 2021
- “TONK”: support for self-employed persons not entitled to other schemes



# COVID-19 impact

## Impact of COVID-19 on mortgage business has been limited so far

### General Dutch measures

- Several actions have been taken by the Dutch government to preserve jobs and incomes
  - i.e. allowance in labor costs, temporary income support for self-employed persons, tax reliefs, bridge financing
- Dutch mortgage providers have restarted foreclosures due to payment arrears after temporarily not doing so in Q2 2020<sup>1</sup>

### Arrears management at Aegon Hypotheken

- No changes in arrears management procedure; loans which receive payment holidays are being reported as arrears
- Tailor-made solution for every mortgage customer who is expecting payment difficulties
- Possibility to increase staffing capacity (flexibility across different departments) via internal rotation pool and additional flexible workforce
- No significant increase in arrears as a result of the impact from COVID-19

### Underwriting procedures

- Aegon is looking more closely at source of income, especially when the applicant works in a sector that is strongly affected by the COVID-19 pandemic; and if applicants have a temporary contract are self-employed
- High risk mortgage applications (LTV/LTI) require management approval
- After an initial increase in mortgage rates due to increased risk perception, rates are currently back at historical low levels

1. Foreclosures due to fraud, however, could proceed

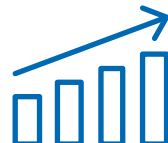


# Facts and figures Dutch mortgage market

## Overview FY 2020



Total mortgage production increased to **record level of €155bn** (+26%) in 2020<sup>1</sup>



Strongest growth in the **refinancing segment** (+48.5%)



**Residential property supply** has increased by 75,000 in 2020 (+0.95%)



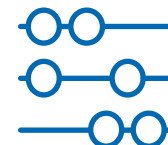
**Average transaction price** came to a record level of €334,500



Number of permissions for newly built properties **increased (+10%)**



HDN registered a **record number of mortgage applications** in 2020 of 535,375 (+24.5%)



**Average LTI (-1%) and average LTV (-6% point) decreased** per application



**ESG** has become increasingly relevant in the Dutch mortgage market

Source: Centraal Bureau voor de Statistiek (CBS); Hypotheken Data Nederland (HDN), Kadaster

1. Please note that Kadaster has made a methodological change in calculating mortgage production. This figure (€155bn) is based on same methodology as used in 2019 for comparison purposes. Based on the new methodology mortgage production amounts to €139bn

# Policy developments Dutch mortgage market

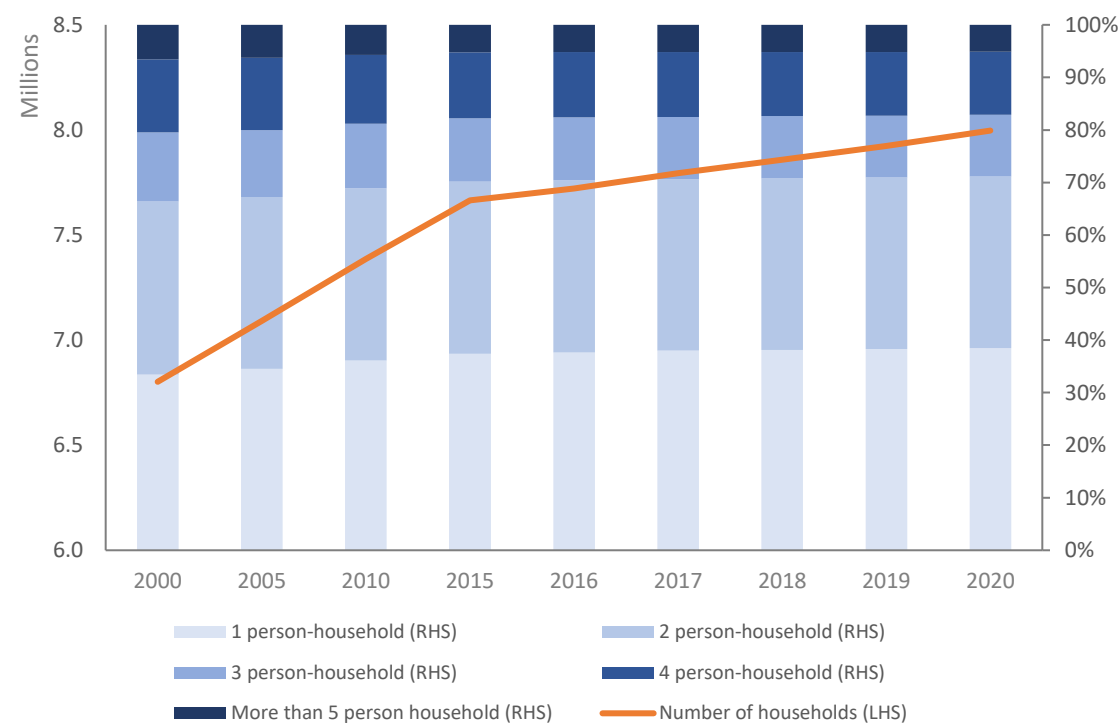
	2016	2017	2018	2019	2020	2021
<b>Aegon specific developments</b>	Interest rate averaging offered to customers			Implementation of automatic LTV migration Aegon stops offering interest rate averaging	Temporary stricter underwriting criteria in response to COVID-19	
<b>LTV &amp; Interest deductibility</b>	LTV: 102% Interest deductibility: 50.5%	LTV: 101% Interest deductibility: 50.0%	LTV: 100% Interest deductibility: 49.5%	LTV: 100% Interest deductibility: 49% In 2020-2023 decrease by 3% per year	Interest deductibility: 46%	Interest deductibility: 43%
<b>Tax regulations</b>				Gradually restructured income tax system to 2 tariffs in 2021		Transfer tax abolished for first time buyers <sup>1</sup> and increased to 8% for investors
<b>NHG</b>	Maximum amount set at EUR 245k	Maximum amount based on average house price. Maximum amount set at EUR 245k	Maximum amount set at EUR 265k	Maximum amount set at EUR 290k	Maximum amount set at EUR 310k NHG fee reduced to 0.7% of loan amount	Maximum amount set at EUR 325k
<b>Other Regulations</b>			Phase out 'Hillen-arrangement' (tax relief for nearly repaid mortgages) over 30 years		Partner income counts for 80% in calculating maximum mortgage amount allowed (up from 70%)	Partner income counts for 90% in calculating maximum mortgage amount allowed (up from 80%)

1. As per 1 April 2021, this exemption will be limited to house prices up to EUR 400k

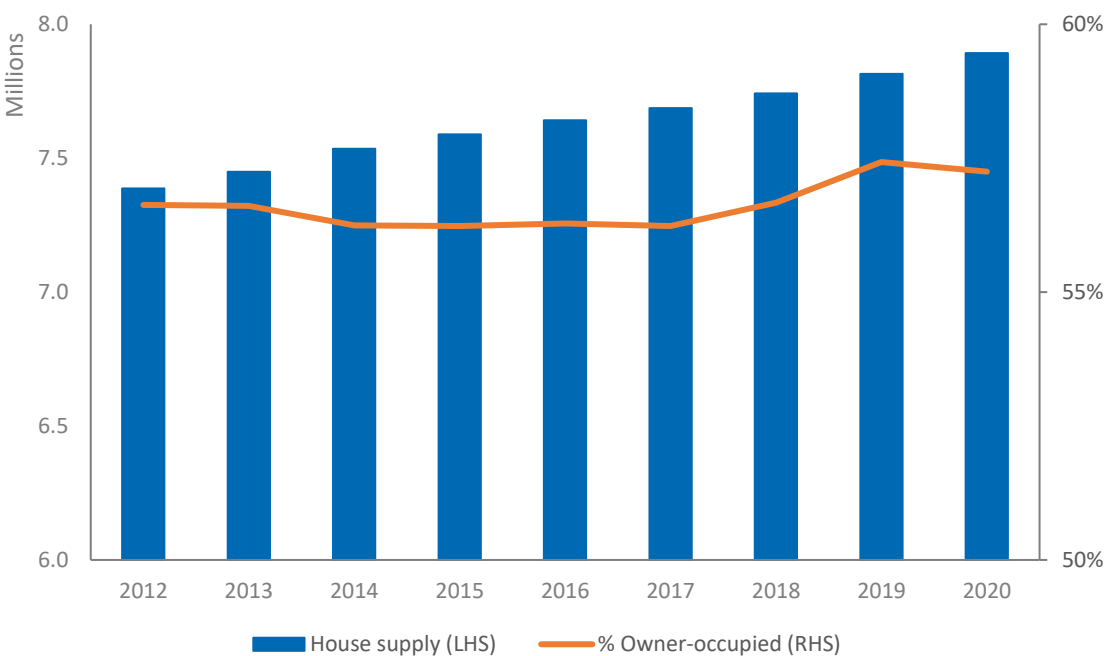
# Dutch housing market

## Changing household composition requires more supply

Dutch household composition



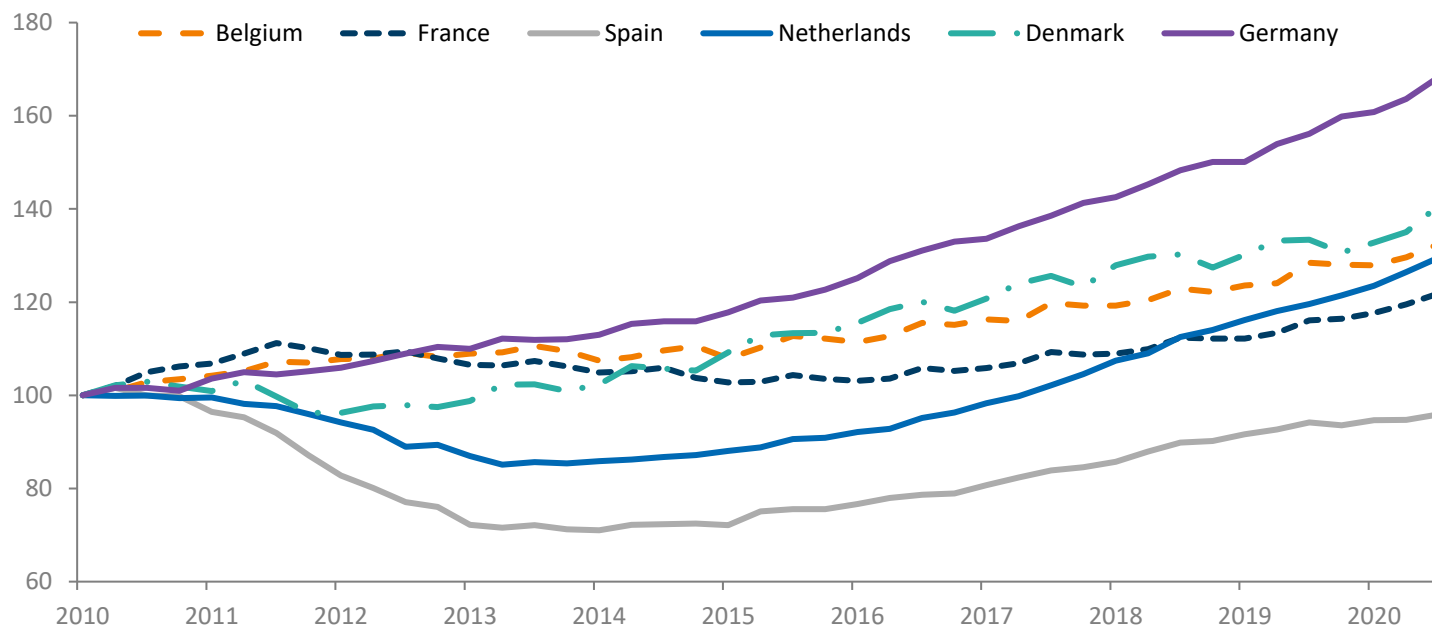
Dutch house supply



Source: Centraal Bureau voor de Statistiek (CBS)

# Dutch house price index

## Significant increase over recent years



- For FY 2020, the increase in house prices was 7.8%, up from 6.9% for FY 2019, according to CBS
- The pandemic makes the outlook for the Dutch housing market uncertain. This is shown by Rabobank<sup>1</sup> expecting a housing price increase of 8.0% in 2021 and 4.4% in 2022 in their latest forecast, while ING<sup>2</sup> expects a housing price increase in 2021 of 5.0%

Source: Eurostat

1. Rabobank's Dutch Housing Market Quarterly – "Housing shortage and low interest rates are driving up house prices", March 2021

2. ING's Articles – "Housing markets in the eurozone", March 2021

# Focus on ESG

**We enable our customers to make conscious financial decisions for a lifetime of financial security**

## Focus Aegon NL

**A greener environment and lifetime of financial security through:**

- Investing responsibly
- Enabling customers in making conscious financial decisions
- Caring for our employees

## Focus Aegon Hypotheken

- We enable our customers in making conscious financial decisions for a lifetime of financial security
- Throughout our customers' lifecycle we provide responsible and sustainable financing solutions
- We help our customers in making their property more sustainable by pro-actively providing knowledge and financing solutions
- We enable our mortgage advisors to provide customers with the best advice regarding sustainable solutions
- We offer funders the possibility to invest in Dutch mortgages with a healthy spread and low risk and which contributes to making the Dutch housing market more sustainable

## Focus Aegon Bank

- We help self-employed and their families feel comfortable about their current finances and achieve financial freedom later in life



# ESG targets Aegon mortgages

## Step-by-step moving towards an energy-neutral mortgage portfolio in 2050

### Short term targets (2021 - 2022)

- Setting up infrastructure required to fully support customers in improving the energy efficiency of their homes
  - Setting up partner network sustainable improvements and integrate in our offerings to clients (through mortgage advisors and sustainability tool)
  - Enable mortgage advisors to discuss sustainable improvements in every meeting with their clients, for example by following an education on sustainable mortgage advice
  - Offer our customers accessible and easy to understand information on sustainability (for example through our sustainability tool)
- Expanding our product offerings in order to offer customers a responsible financing solution throughout their lifecycle
  - Re-introduction of interest rate averaging or introduction of 106% LTV mortgages for sustainable measures
  - Making it easier for mortgage advisors to pro-actively help their customers in making the right financial decisions, i.e. by sharing more data on a client's mortgage with their advisor (a successful pilot has been done at the end of last year)

### Medium term targets (2021 - 2025)

- Focus on improving the sustainability of properties of existing and new mortgage clients with an energy label D-G to at least label C
  - Offer client's insight in most efficient measures to take towards a sustainable house (start with insulating your home)
  - Possibility for additional financing if required and responsible

**Yearly evaluation on our targets and progress and shift priorities if necessary**

# Responsibility Aegon Bank N.V.

It is our mission to make our customers feel comfortable about their finances

## Environmental

- Focus on measuring and reducing the greenhouse gas emissions (and CO<sub>2</sub> emissions in particular) associated with our investments
- Mortgages are by far Aegon Bank N.V.'s largest asset class. Per end of 2020, 96% (2019: 94%) of the collateral has an energy efficiency label, the total footprint was 231,120 tCO<sub>2</sub>e (2019: 215,000 tCO<sub>2</sub>e), and the average energy rating label was C (2019: D)

## Social

- We help Buzz Women with their mission to help women to develop their entrepreneurial skills and self-confidence and to finally overcome poverty on their own by creating a digital library in India and Africa
- We support the Silver Starters personal learning program where people aged 50+ learn the basics of entrepreneurship to turn their ideas into their own business

## Governance

- Complying with external laws, regulations and social standards and internal Code of Conduct
- Aegon Bank N.V.'s remuneration policy is designed in line with applicable national and international regulations
- Under supervision of Dutch Central Bank (DNB) and the Authority for the Financial Markets (AFM)

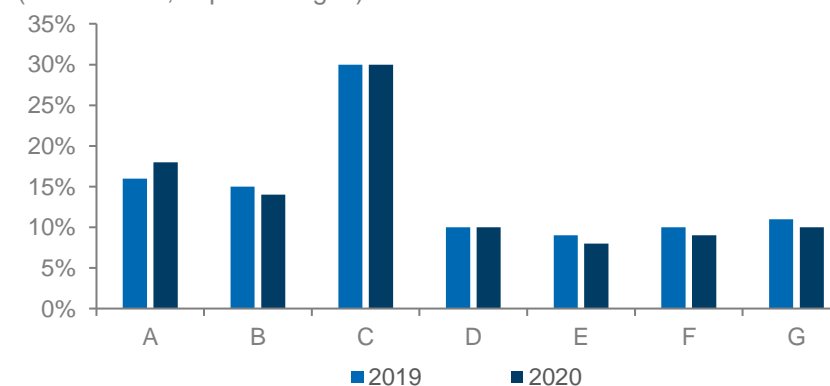
## Investments carbon footprint

(FY 2020)

	Value (EURm)	Carbon footprint (tCO <sub>2</sub> e)	Coverage (% of assets)	Relative intensity (tCO <sub>2</sub> e/EURm)
Cash	1,650	0	100%	0
Sovereign bonds	729	79,800	41%	269
Corporate credit	434	1,400	18%	18
Mortgages	11,978	231,200	96%	20
Unmeasured assets	2,344	Not yet measured		
Total	17,137	312,400	79%	23

## Mortgages energy label

(2019 - 2020, in percentages)





# Soft Bullet Covered Bond Programme

Aegon Bank N.V.

# Soft Bullet Covered Bond Programme

## Programme summary

<b>Issuer</b>	Aegon Bank N.V. (Aegon Bank)
<b>Programme size</b>	EUR 5 billion
<b>Cover Pool</b>	EUR 611 million <sup>1</sup>
<b>Format</b>	Soft Bullet (SB)
<b>Extension Period</b>	Maximum of 1 year
<b>Ratings</b>	AAA (S&P) <sup>1</sup>
<b>Collateral</b>	Prime Dutch residential mortgage loans
<b>Over Collateralisation</b>	<ul style="list-style-type: none"> <li>• Regulatory Minimum OC of 5%</li> <li>• Asset Percentage of 96.7%</li> <li>• Current OC of 22%</li> </ul>
<b>Robust structure</b>	<ul style="list-style-type: none"> <li>✓ Registered programme with DNB</li> <li>✓ Strong programme tests (Asset Cover Test &amp; Amortisation Test)</li> <li>✓ No interest rate swap counterparties<sup>2</sup></li> <li>✓ Back-up administrator in place</li> <li>✓ External bank account</li> <li>✓ Exempted from bail-in</li> </ul>

## Key benefits

### Dual recourse

- Highly rated issuer: Aegon Bank N.V. 'A' (S&P)
- Obligation for Aegon Bank N.V. to redeem the bond at expected maturity date (no optionality)
- Recourse to CBC in case of default of Aegon Bank N.V.

### Favourable regulatory treatment

#### Covered Bonds are expected to:

- ✓ Qualify as LCR eligible (Level 1)
- ✓ Be Solvency II eligible
- ✓ Be ECB CBPP3 eligible
- ✓ Be UCITS and CRR article 129 compliant
- ✓ Be ECB repo eligible
- ✓ Have ECBC Covered Bond Label

### Cover Pool

- Weighted average CLIMV of 53.8%
- Contains a high % of NHG of 69.4%
- All mortgage loans backed by eligible collateral

1. Cut-off date March 31, 2021, being the same cut-off date used by S&P for their Presale report where S&P assigned the preliminary AAA rating for the covered bond issuance  
 2. Portfolio swap and Interest rate swap are optional for the Programme

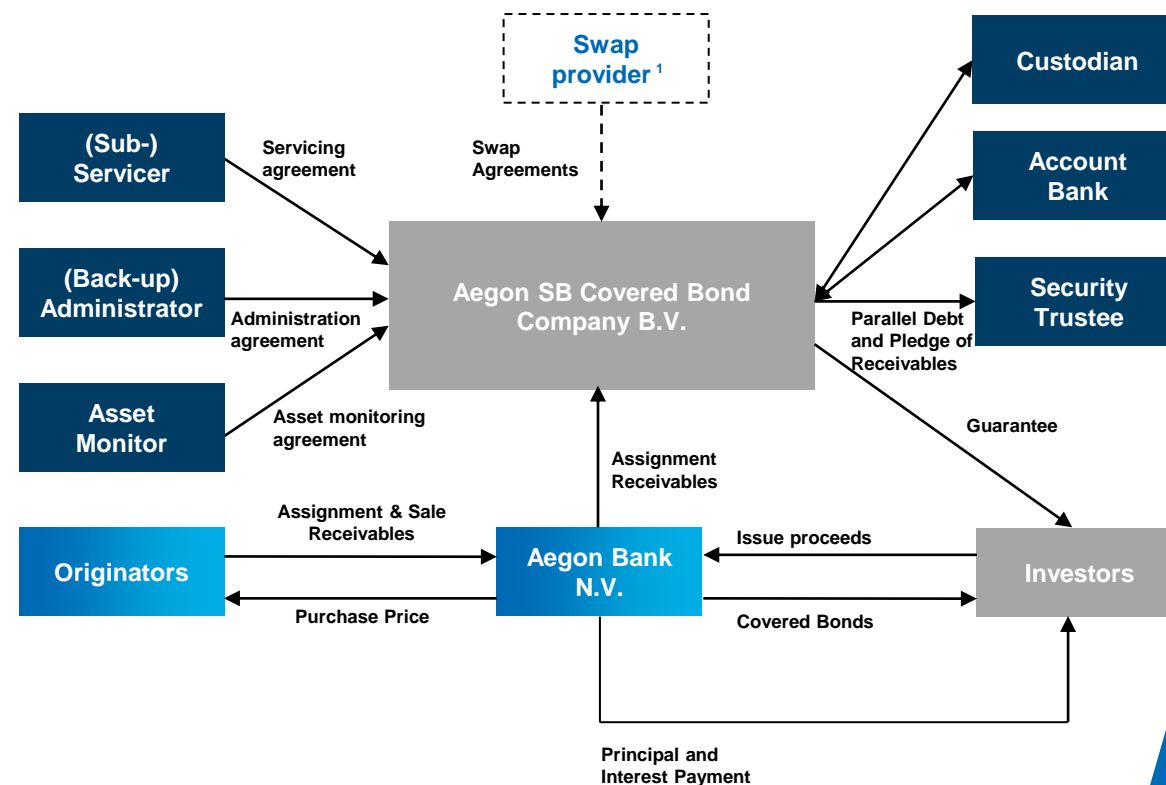
# Highlights Soft Bullet Covered Bond Programme

1

## Key Programme Parties

<b>Originators</b>	Aegon Hypotheken / Aegon Leven / Aegon Bank
<b>Transferor</b>	Aegon Bank
<b>Issuer</b>	Aegon Bank
<b>Servicer</b>	Aegon Hypotheken
<b>Administrator</b>	Aegon Bank
<b>Back-up Administrator</b>	Intertrust
<b>Asset Monitor</b>	PwC
<b>Director CBC</b>	Intertrust
<b>Security Trustee</b>	Stichting Security Trustee Aegon SB Covered Bond Company
<b>CBC Account Bank</b>	BNG Bank
<b>Principal Paying Agent</b>	Citibank
<b>Custodian</b>	ABN AMRO

## Transaction Structure

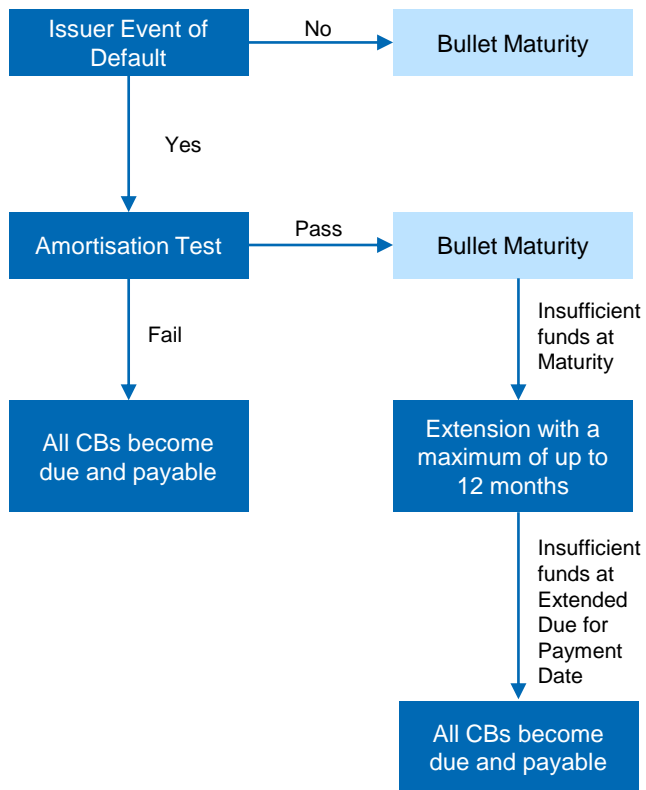


1. Portfolio swap and Interest rate swap are optional for the Programme



# Soft Bullet mechanism

## Event Diagram



## Event of Default

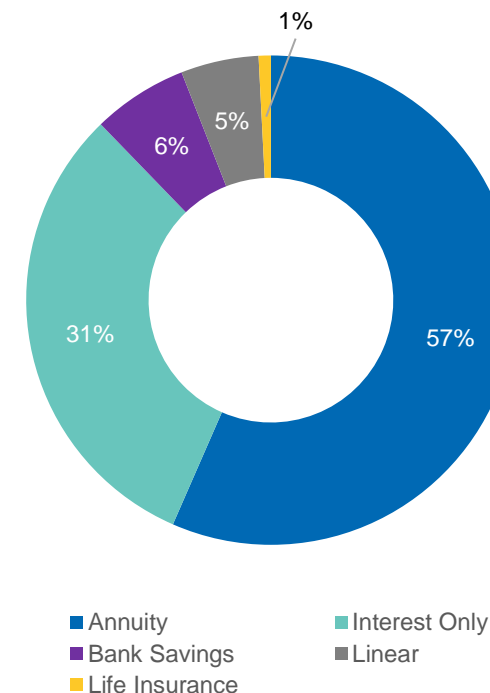
- The Asset Cover Test (ACT) will be replaced by the Amortisation Test
- If on the Final Maturity Date of the SB CB an Issuer Event of Default takes place and the CBC has insufficient funds to redeem the Covered Bonds (CBs) this will not trigger a CBC Event of Default
- As a result, the Final Maturity Date will be extended for a period of maximum 12 months
- During this extension period the administrator undertakes to sell (a part of) the cover pool and uses the proceeds thereof to (partially) repay the specific SB CB series on every Interest Payment Date within this period
- If the structure has insufficient funds to repay a specific series on the Extended Due for Payment Date, this will trigger a CBC default and result in all CBs becoming due and payable
- A breach of the Amortisation Test would also constitute a CBC Event of Default and results in all CBs becoming due and payable

# Highlights Soft Bullet Covered Bond Programme

## Cover Pool characteristics<sup>1</sup>

Principal balance	EUR 632,953,918
Value of saving deposits	EUR 22,196,919
Net principal balance	EUR 610,756,999
Number of loans	3,731
Number of loan parts	6,959
Average principal balance (borrower)	163,698
Weighted average current interest rate	3.01%
Weighted average remaining fixed rate period (yrs)	13.77
Weighted average seasoning (yrs)	5.68
Weighted average CLtOMV	73.98%
Weighted average CLtIMV	53.75%
NHG (%)	69.40%

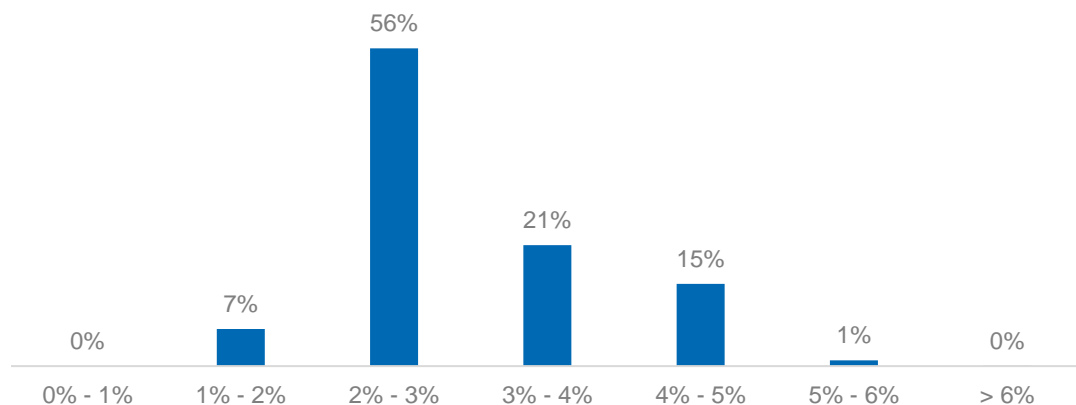
## Product Types<sup>1</sup>



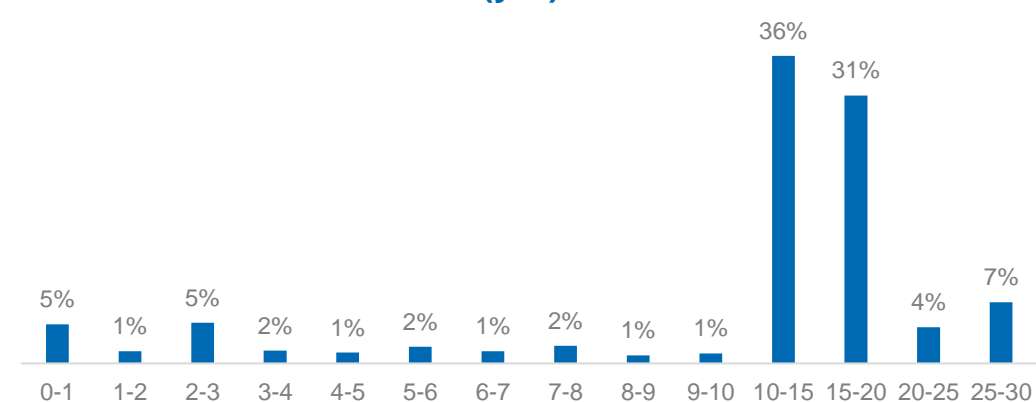
1. Cut-off date: March 31, 2021

# Highlights Cover Pool

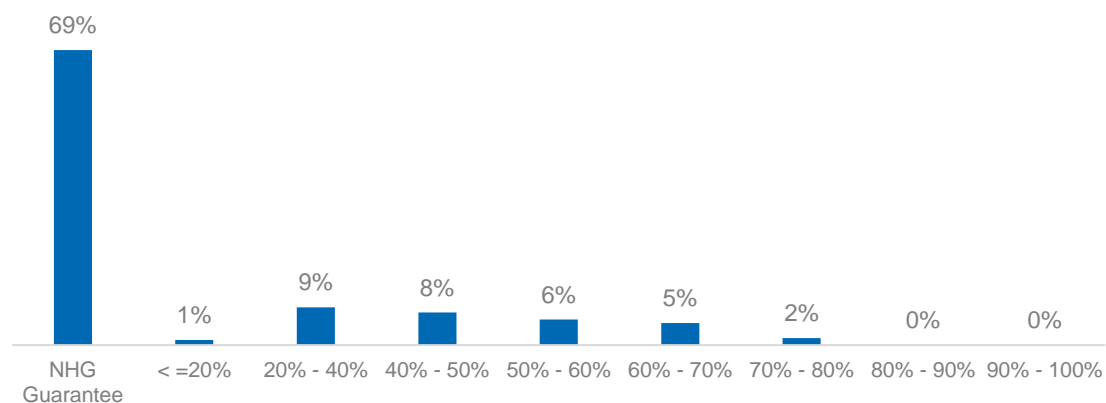
Interest rate buckets<sup>1</sup>



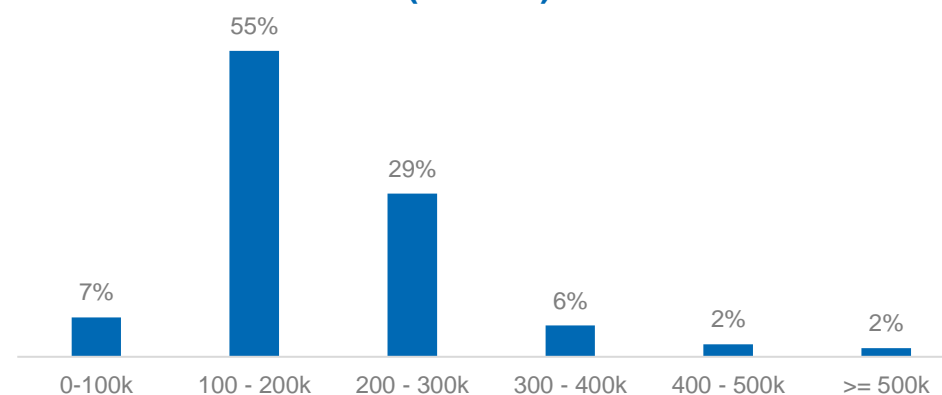
Time to interest reset date (yrs)<sup>1</sup>



CLtIMV<sup>1</sup>



Current loan balance (in EUR)<sup>1</sup>



1. Cut-off date: March 31, 2021

# Asset Cover Test

## Asset Monitoring Agreement

- Adjusted Aggregate Asset Amount<sup>1</sup>  $\geq$  outstanding Covered Bonds
- First Regulatory Current Balance Amount  $\geq$  105% of outstanding Covered Bonds
- Second Regulatory Current Balance Amount  $\geq$  100% of outstanding Covered Bonds

## Adjusted Aggregate Asset Amount = A + B + C + D - Z

- The calculation of 'A' includes:
  - 96.7% asset percentage
  - 80% LTMV cut-off
  - Deductions of savings deposits above EUR 100k (if issuer rating trigger (below 'A') is hit)
  - Deduction of arrears (>90 days) and defaulted receivables
  - Deduction of construction deposits
  - Deduction of long-term mortgage loans if > 15% of Cover Pool
- 'B' represents any unapplied cash
- 'C' and 'D' represent cash (including Reserve Account) and substitution assets
- 'Z' represents the amount equal to the 'Interest Cover Required Amount'

1. Please refer to Base Prospectus (section 16) for a detailed overview

# Comparison to other Dutch Covered Bond programmes

	ABN AMRO	Achmea	Aegon	Van Lanschot Kempen	ING	NIBC	NN Bank	Rabobank	de Volksbank
<b>Issuer</b>	ABN AMRO Bank N.V.	Achmea Bank N.V.	Aegon Bank N.V.	Van Lanschot Kempen Wealth Management N.V.	ING Bank N.V.	NIBC Bank N.V.	Nationale-Nederlanden Bank N.V.	Coöperatieve Rabobank U.A.	de Volksbank N.V.
<b>Guarantor</b>	ABN AMRO CB Company	Achmea CPT CB Company	a) Aegon CPT CB Company b) Aegon SB CB Company	Van Lanschot CPT CB Company	ING HB/CB Company	NIBC CPT CB Company	a) NN CPT CB Company b) NN SB CB Company	Rabo CB Company	Volks CB Company
<b>Issuer Rating (S/M/F)<sup>1</sup></b>	A/A1/A+	A-/NR/A	A/NR/NR	BBB+/NR/BBB+	A+/Aa3/AA-	BBB+/NR/BBB	A-/NR/NR	A+/Aa3/A+	A-/A2/A-
<b>Programme Rating (S/M/F)<sup>1</sup></b>	NR/Aaa/AAA	NR/Aaa/AAA	a) AAA/NR/NR b) AAA/NR/NR	AAA/NR/AAA	AAA/Aaa/AAA	AAA/NR/AAA	a) AAA/NR/NR b) AAA/NR/NR	NR/Aaa/NR	NR/Aaa/AAA
<b>Mortgage lending position<sup>2</sup></b>	2	8	4	Not in top 9	3	Not in top 9	5	1	7
<b>Collateral Type</b>	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages	Prime Residential Dutch Mortgages
<b>Indexed Valuation</b>	Kadaster, 85% increase 100% decrease	Calcasa, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease	Kadaster, 90% increase 100% decrease
<b>NHG%<sup>1</sup></b>	0%	14.5%	a) 69.1% b) 69.4%	0%	10.5%	11.8%	a) 18.4% b) 27.6%	27.5%	21.3%
<b>LTV Cut-Off (ACT)</b>	80%	80%	80%	80%	80%	80%	80%	80%	80%
<b>Asset Percentage<sup>1</sup></b>	84.5%	93.5%	a) 93% b) 96.7%	95%	97.6%	97.5%	a) 94.0% b) 96.5%	100%	87.5%
<b>Total Return Swap Provider</b>	n.a.	n.a.	n.a.	n.a.	ING Bank N.V.	n.a.	n.a.	n.a.	n.a.
<b>Repayment Type</b>	Hard and Soft Bullet	Conditional Pass-Through	a) CPT b) Soft Bullet	Conditional Pass-Through	Hard and Soft Bullet	Conditional Pass-Through	a) CPT b) Soft Bullet	Soft Bullet	Soft Bullet
<b>UCITS Compliant</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>CRR Article 129 Compliant</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>DNB Registration</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Comments</b>	ABN AMRO has: a) Public programme b) Retained programme		Aegon Bank has 2 public programmes	Van Lanschot has: a) Public programme b) Retained programme	ING Bank has: a) Public programme b) 2 Retained programmes		NN has 2 public programmes	Rabobank has: a) Public programme b) Retained programme	

1. Source: Company April 2021 Covered Bond Monthly Investor Reports

2. Source: Dutch Land Registry FY 2020 (Kadaster)

A photograph of two women sitting at a wooden desk in a modern office. They are looking at a large monitor displaying a presentation. The woman on the left is smiling at the camera. The woman on the right is looking at the monitor. On the desk, there is a laptop, a green water bottle, and a white mug. A tablet on a stand to the left shows a building image. The background shows a glass wall and another monitor displaying a 'knab' logo.

**For questions and information relating to the Aegon Bank Soft Bullet Covered Bond Programme please contact:**

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**Or visit our website: [www.aegon.com/coveredbond](http://www.aegon.com/coveredbond)**

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