

# Aegon NV to Implement Accounting Changes Conference Call

## Company Participants

- Darryl Button, CFO
- Jurgen van Rossum, Controller
- Karen Wright, Treasurer
- Willem van den Berg, Head of IR

## Other Participants

- Albert Ploegh, Analyst
- Arthur van Riemsdyk, Media
- Ashik Musaddi, Analyst
- Farooq Hanif, Analyst
- Francois Boissin, Analyst
- Gordon Aitken, Analyst
- Marcus Rivaldi, Analyst
- William Elderkin, Analyst
- William Hawkins, Analyst

## Presentation

### Operator

Ladies and gentlemen, welcome to the Aegon conference call on Wednesday January 22, 2014. (Operator Instructions) I will now hand the conference over to Willem van den Berg, Head of Investor Relations. Please go ahead, sir.

### Willem van den Berg {BIO 15203834 <GO>}

Thank you, Kirsten. Good morning, everyone. We appreciate that you have joined us for this call.

Before we begin I would like to remind you to take a moment to review our disclaimer on forward-looking statements, which is at the back of this presentation. We will update you on the progress we are making to execute our financial strategy and would like to take the opportunity to provide further color on the announcements made this morning.

Now joining me this morning on the call is Darryl Button, our Chief Financial Officer. Also here are Karen Wright, our Treasurer. And Jurgen van Rossum, our Controller.

As always we welcome your questions after the presentation. We have invited both analysts and media for this call. But we will keep the Q&A session separate and will start with the analysts.

Darryl, please go ahead.

## **Darryl Button** {BIO 7089946 <GO>}

Thank you, Willem. Good morning, everyone. Last June we presented our financial framework, emphasizing our focus on profitable growth, implementing cost reductions and addressing low-return businesses. I also indicated that we would conduct a review of our accounting policies for internal consistency, comparability with peers and transparency. Today's presentation focuses on the results of that review.

The outcome of the review is that as of January 1, 2014, we have implemented a new and uniform policy for deferred-policy acquisition costs across the Group. Furthermore, longevity reserves in the Netherlands will be based on prospective instead of observed mortality tables as of the beginning of 2014.

As you know, we have committed to further improving the quality of our balance sheet. And we believe that with today's announcements we are doing just that, making Aegon stronger.

Calling the perpetual security will keep us on track to bring our leverage ratios within the Company's target ranges and improves our financial flexibility.

Slide three summarizes the accounting changes to be implemented in 2014. We will no longer be deferring indirect acquisition costs related to new sales or renewals. The estimated negative impact on shareholders' equity is EUR1.4 billion to EUR1.6 billion as existing DAC balances will be adjusted retrospectively.

The amended DAC accounting policy is consistent with the current proposals for IFRS 4 phase II and more comparable to the policies of many of our peers. We anticipate that this measure will have a EUR50 million negative impact on underlying earnings in 2014.

Indirect acquisition costs will be expensed directly and will no longer be capitalized, which more than offsets the benefit of lower amortization.

We also decided to amend our accounting policy for longevity reserves in the Netherlands. As of 2014, Aegon will base its longevity reserves on prospective instead of observed mortality tables. The new methodology is consistent with that used in our solvency calculations and internal economic framework. As a result, we estimate a positive impact of EUR130 million on underlying earnings in 2014. The retrospective adoption of this change will decrease IFRS equity by EUR800 million to EUR900m.

The announced accounting changes will have no impact on our cash flows, our local solvency metrics or the Group IGD ratio.

Slide four shows the impact of the amended DAC accounting policy by geography. We expect to write down approximately 8% of DAC balances in the Americas, leading to a negative impact on shareholders' equity of between EUR525 million and EUR625m.

In the UK, DAC will be lowered by almost one-third, decreasing equity by EUR900 million to EUR1b. The impact of the accounting changes outside the Americas and the UK is limited.

We anticipate that the accounting changes will decrease underlying earnings by approximately EUR50 million in the near term.

Growth of our business, for example in variable annuities and certain life and health products in the US, leads to higher indirect costs which will no longer be deferred. Over time, the earnings impact of these accounting changes will improve as reduced amortization expense increasingly compensates for the lower expense deferral. For example, under our new policy, underlying earnings will improve immediately whenever indirect acquisition costs are reduced.

Turning to slide 5. We also decided to change our accounting policy for longevity reserves in the Netherlands. As of 2014 we will base longevity reserves on prospective instead of observed mortality tables. This is consistent with the current regulatory solvency regime, the future methodology to be applied under Solvency II, our internal economic framework and how we price for longevity risk. And, importantly, the longevity instruments we placed into the capital markets that are accounted for at fair value under IFRS.

Previously we based our reserving on observed mortality tables and took incremental changes in life expectancy through the P&L as actual data emerged. This has led to a recurring reduction in earnings. By moving to prospective mortality tables we anticipate future longevity improvements and strengthen existing reserves, thereby increasing underlying earnings in the Netherlands by approximately EUR130 million per annum.

Any changes to our prospective longevity table in the future, whether positive or negative, will be recorded in the income statement on a fair-value basis.

As you can see on slide 6, we have reduced outstanding debt considerably over the last couple of years. Today we announced the call of a \$550 million perpetual capital security. This capital instrument is included in our IGD capital base.

Since 2011, gross leverage has been reduced by approximately EUR2b. In addition, we cancelled the preferred shares held by the Aegon Association, thus eliminating the preferred dividend. Together these actions have decreased the annual fixed charges for the holding by approximately EUR200m.

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Following the announced deleveraging and cancellation of the preferred shares, we're on track to be within our gross leverage and fixed charge cover ratio target ranges, as you can see on the graph on the left.

The picture on the right shows how the reduction in fixed charges and holding operating expenses allows us to lower the excess capital floor level for the holding from EUR750 million to approximately EUR600m.

We continue to maintain a prudent buffer over our floor level. This buffer is driven by the need for flexibility in a continuously uncertain regulatory and economic environment, liquidity needs and our plans for dividends. As you know, our dividend policy is to pay a sustainable and, if the capital position and our operational free cash flows so allow, a growing dividend.

Now let me conclude. With the measures announced today, we continue the execution of our financial strategy. Slide seven summarizes the impact of today's announcements on several of our key metrics. While the overall impact is positive, the motivation throughout this process has always been to improve the consistency, comparability and transparency of our business.

The call of the perpetual capital security will reduce our leverage and improve our financial flexibility. We are able to do this because of our continued commitment to a strong balance sheet and capital position.

The announced accounting changes will increase our return on equity. That said, we will keep our focus on profitable growth and implementing cost reductions to drive further ROE growth in the future.

I would also like to reiterate the importance of portfolio optimization in our strategy. As we have discussed before, there are several businesses in the Aegon Group that are not meeting our return expectations. We have resources dedicated to addressing these issues and we will keep you updated on our progress.

Thank you for your attention. And we will now open the floor for questions.

## Questions And Answers

### Operator

(Operator Instructions) Farooq Hanif, Citigroup.

### Q - Farooq Hanif {BIO 4780978 <GO>}

Thank you very much. Good morning. Just two questions. Firstly, when you look at that net positive EUR80 million underlying earnings impact that you've talked about today, there are obviously two components to it. And the DAC component going forward will probably

change in a different way to the longevity component. I was wondering if you could talk about whether the EUR80 million is going to be roughly EUR80 million every year or whether it might grow. So if you could just talk about that briefly and whether that's a significant impact.

And secondly, when you talk about prospective longevity tables, can you remind us which ones they are? So I know there are industry tables. There are tables that you might be working on and there might be increments to that. So could you just give us a sense of how conservative you think you're being? Thank you very much.

**A - Darryl Button** {BIO 7089946 <GO>}

Yes. Hi, Farooq. It's Darryl. I'll take your first one and then I'll have Jurgen van Rossum answer your second one.

On the EUR80 million as we look forward, yes, the longevity, the EUR130m, that is a step change to our run rates going forward. And obviously we've given you the 2014 number. We have the most visibility on that. But I expect that to be sustainable into the future.

On the EUR50 million negative on the accounting changes, that will get better over time. It really is a function, at the end of the day, the DAC that we're taking off, the lower amortization costs will eventually offset and overtake the deferral or the higher deferral or the lack of deferral expenses coming through now, in addition to, as we continue to run our cost reduction programs and we focus on those indirect acquisition costs, as those come down, those will come directly through.

So there's two factors that will actually improve the EUR50 million over time as we go forward. And it's a little hard to give a specific trajectory on that because it depends by product, by region, by acquisition cost strategy, if you will. But I would definitely look for the EUR50 million to improve over time.

On your second question, Jurgen?

**A - Jurgen van Rossum** {BIO 17588111 <GO>}

Yes. Aegon in the Netherlands is using the Actuarial Society 2012-2016 II [ph] table. It's -- our table is based on -- it's on the industry table.

**Q - Farooq Hanif** {BIO 4780978 <GO>}

And just, sorry to ask stupid questions. But presumably -- what kind of assumptions do they make for -- do they assume continual longevity improvements going forward or do they assume that those improvements tail off? Can you give us a little bit more detail?

**A - Jurgen van Rossum** {BIO 17588111 <GO>}

Yes. This table assumes a continued growth of life expectancy. But there is a short-term and a long-term element to it. But we saw a spike in longevity in 2012, 2011, 2012

compared [ph] to our numbers. That's built into that curve.

**A - Darryl Button** {BIO 7089946 <GO>}

I think, Farooq, it's important to understand. It is an Aegon table at the end of the day. It's our best estimate table. Jurgen gave you the basis for forming that table and it has the prospect of longevity improvements built into that. But we also adjust that table based on our own individual Aegon experience as well.

**Q - Farooq Hanif** {BIO 4780978 <GO>}

Okay. That's very kind of you. Thanks a lot.

**A - Darryl Button** {BIO 7089946 <GO>}

Okay.

**Operator**

Ashik Musaddi, JPMorgan.

**Q - Ashik Musaddi** {BIO 15847584 <GO>}

Yes. Hi. Thank you. Good morning, everyone. A couple of questions. Can you give us some color on the recoverability test of UK and Canadian DAC?

And secondly, in terms of your leverage ratio, your target is 26% to 30%. Now are you happy at the 30% range? Or would you want to go in between 26% or 30%? How do you think about that would be interesting to know. Thank you.

**A - Darryl Button** {BIO 7089946 <GO>}

Yes. Hi, Ashiq. This is Darryl. In terms of the recoverability testing, that's standard recoverability testing and none of that changes in what we do with this accounting change. So the Canadian and the UK DAC was recoverable before this accounting change. And that's an important, I think, distinction to make here. This has not been a reduction in DAC balances based on a lack of recoverability; this has been a change in our deferral practices that have been implemented on a retrospective basis. So the DAC remains recoverable before and after with the coverage margin that's in there as well.

On the 26% to 30%, well we've -- I think really the best thing I can say is we've been on a journey to reduce leverage. And I think we've been pretty clear about that. We have -- I have felt that our leverage position has been too high and we've been undertaking a significant deleveraging program over the last 18 months or so.

We're not done with that. We still plan on maturing out the EUR500 million senior maturity coming up in December of this year. That's also part of the plan. So this has been a journey that we've been on to reduce leverage. We expect to get down within sight of our 26% to 30% range by the end of the year.

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In terms of where we would like to operate, I think long term we'd like to obviously operate somewhere in the middle of the range to give us flexibility. That being said, there are -- we're operating around the high end of the range. I think that's comfortable now, particularly when you consider the significant improvement that we've made in our fixed charge cover. And I think that's important as well. And we certainly make those points when we talk with the rating agencies.

So I think we're comfortable at the high end of the range. We have -- I've tried to lay out the cash development over the next several years. We actually have multiple priorities that we're going to try to achieve over that period. So for now I think the high end of the range works for us.

**Q - Ashik Musaddi** {BIO 15847584 <GO>}

That's very clear. Thanks, Darryl.

**Operator**

Albert Ploegh, ING.

**Q - Albert Ploegh** {BIO 3151309 <GO>}

Yes. Good morning, all. A few questions from my side. First on the change in the floor for the holding, a net cash buffer to EUR600m. You mentioned that you would like to keep an additional buffer also for liquidity and stability of dividend purposes. Can you give a bit more color there?

Second question is I think with Q1 there might still follow some more communication on, let's say, the hedging policies relating to the macro hedge and equity collar hedge. Is there still plan maybe to address some somewhat the P&L volatility going forward?

And my final question, a bit more factual one, on the guidance for the DAC impairment balances. Can you maybe break that down between UK, US and Canada? Thank you.

**A - Darryl Button** {BIO 7089946 <GO>}

Okay. Let me try and take these in order. I think I might have -- ask Jurgen to take the third one.

On the first one on the floor and the buffer and how much, I don't have a specific answer for you. It's similar to what I've said in the past. We've tried to identify a hard floor of minimum excess capital that we want to retain in the holding. That loosely ties to 1.5 times cash flow. We think that, if anything, 2008 showed us that we needed to have a one and a half years' worth of cash flow at the holding at all time. And that's a floor that we don't want to pierce.

That floor is going down from the EUR750 million level to the EUR600m, as we indicate in the slide. I think it's reasonable to assume that we're going to want to manage a buffer

over and above that. It gives us flexibility and helps us secure dividend flexibility. It allows us to be opportunistic, all of those things. So I think a reasonable floor over and above that EUR600 million is still in our sight line.

Obviously it will fluctuate as we receive dividends periodically from our units into the HoldCo. And our holding expenses are not uniform throughout the year as well. Obviously today we've announced the perpetual call. So that is a fluctuation on that balance as well. So I still look for us to maintain a reasonable prudent buffer over and above that floor.

On the macro hedge, I really think the best time to talk about the macro hedge will be in a few weeks when we bring out our Q4 results. I'll be able to discuss the year-end results and talk about our intention there. So I'm going to defer that one until February.

On the third one, Jurgen?

**A - Jurgen van Rossum** {BIO 17588111 <GO>}

Yes, Albert, on the changes in the DAC policy, Americas is about EUR500 million to EUR600m. But they are actually on slide 11.

**Q - Albert Ploegh** {BIO 3151309 <GO>}

Sorry. My apologies.

**A - Jurgen van Rossum** {BIO 17588111 <GO>}

EUR100 million of that is related to Canada. UK is about EUR900 million to EUR1b. And they are the two meaningful amounts.

**Q - Albert Ploegh** {BIO 3151309 <GO>}

Okay. Thank you very much.

**Operator**

William Hawkins, KBW.

**Q - William Hawkins** {BIO 1822411 <GO>}

Hello. Morning. Thank you very much. First of all, Darryl, you did just make passing reference to your expectation you'll be at about 30% leverage ratio by the end of this year. Are you assuming in that further debt action like the one you've announced today? Or is that purely based now on just operating experience, retained earnings and the rest of it?

Then secondly, now that you've made this change to longevity, should we be expecting any risk of volatility in the future for IRFS earnings? Or are you now effectively perfectly matched between the way you're accounting for the swaps and the way you're

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accounting for longevity? I'm just wondering, is this issue now off the table or should we be aware of any risks for Dutch longevity in the future?

**A - Darryl Button** {BIO 7089946 <GO>}

Yes. Two good questions, William. The short answer is that -- on the first question is that we should get there based on what we've already laid out. So in terms of the senior maturity that we've already talked about and the announcement here today, that should get us right around 30% if not a little below by the end of the year.

We will take a look at other -- we are going to take a look at other perpetuals, just more -- but more from a refinancing perspective because we think that there is a market opportunity to reduce some cost. But there isn't -- I wouldn't say there's any hard plans in terms of doing anything more in terms of excess capital allocation towards deleveraging between now and the end of the year. Obviously we'll assess that as we go throughout the year.

In terms of volatility of earnings, yes, I'm glad you asked that question. The answer is yes now that we've gone through a fair value approach for prospective longevity tables in the Netherlands. If we change our view of prospective longevity in the future, that'll come through on a fair value basis. And that will be a little more volatile number than obviously what we've seen in the past.

What I would say is that now that we've gone to the prospective view we've got all of our forward-looking views of how we think longevity will improve into the future. So there should be an equal probability that this would be a plus or a minus number when those tables -- if those tables change. So it is something centered around zero.

That being said, it is a fair value on a very long-tailed product. So it could come up -- it could have more volatility than what we've seen in the past.

**Q - William Hawkins** {BIO 1822411 <GO>}

Okay. Thank you.

**Operator**

Marcus Rivaldi, Morgan Stanley.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Good morning. Thanks for taking my questions. Two questions again about the debt side of things, I'm afraid. Look, clearly obviously it's good to see the deleveraging going on. But you've got a lot of senior debt in your debt stack that if you were to maybe do some sort of tender around that would reduce leverage but would have no solvency impact. Have you thought about trying to do something about that?

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Then just to confirm, I think you were saying again you're looking at some of the higher-coupon debt down the line for perhaps refinancing. Could you just maybe give some more color about that or whether you're looking -- what currencies you might be looking at for that? Thank you very much.

**A - Karen Wright** {BIO 17227718 <GO>}

Okay. Hi, Marcus. It's Karen Wright. On the deleveraging, as Darryl is pointing out, it has been -- this has been more of a journey. And we have taken out actually quite a bit of senior debt. So we're also at a point where taking out some of the capital securities is comfortable to us.

So yes, we're always looking at different alternatives as far as our senior debt, what's available for tender, what's available for make [ph] while we're looking at our capital securities and what's currently accruable [ph] also. So those are options that are all -- that have been looked at. And we continue to look at that. Right now we're very comfortable with the plan that we've laid out and getting into our targets that we set out last June.

As far as some of our capital securities, can you repeat the question again, the second question?

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

So I was just going to ask have you thought about any particular currencies around that you would be targeting for refinancing those at all?

**A - Karen Wright** {BIO 17227718 <GO>}

Yes. It really is the same thing. We're going to look at which markets make the most sense at the time. And so certainly we're looking at different currencies. But when we get to that point of looking at our ALM activity and we get closer to any kind of execution, we would certainly look at the best markets to issue in. So it doesn't need to be specific to one currency or another.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Okay. Thank you.

**A - Darryl Button** {BIO 7089946 <GO>}

I think I'm going to add just one thing onto what Karen said, just from a Solvency II lens as well. We are -- obviously we are trying to optimize our hybrid capital situation with -- from a perspective of Solvency II. A lot of more clarity has come to Solvency II here recently. And I expect actually we're in the -- so we've had level one clarity and now we're working on level two implementing measures.

So I hope over the next six months or so I'll have a much better view of how much hybrid capital we can support under the Solvency II Tier 1 rules. And that'll also help us size the overall concentration of the hybrid relative to the senior.

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**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

So this is -- what you're saying is perhaps any further action might be a second-half-of-the-year type of activity for you?

**A - Darryl Button** {BIO 7089946 <GO>}

Yes, I think that's exactly right. We're really doing a lot of work right now on the Solvency II. And I hope by summer we'll have a better sight line into some of those calculations to Solvency II balance sheet. Then obviously, as it relates into the capital structure, the amount of perpetual capital securities that we can support as Tier 1 capital.

And I'm reasonably confident that we had too much concentration where we were, which is why we've led to the call on the perpetual here today. Going forward, the mix of, I would say, deleveraging between perpetuals and seniors will be -- at some level will be guided by what we can continue to support and optimize under Solvency II.

**Q - Marcus Rivaldi** {BIO 5739374 <GO>}

Thank you very much.

**Operator**

Francois Boissin, Exane BNP Paribas.

**Q - Francois Boissin** {BIO 16045021 <GO>}

Yes. Thank you very much. Good morning, everybody. Just one question remaining on my side. Does your new DAC balance reflect the change in economic assumptions that you took in Q3, namely lower rates and lower equity returns? Or should we expect further negative impact in the future? Thank you.

**A - Darryl Button** {BIO 7089946 <GO>}

It's a short answer and the answer is yes. It fully reflects all of the latest working assumptions that we made in Q3. Yes.

**Q - Francois Boissin** {BIO 16045021 <GO>}

Thank you very much.

**Operator**

Gordon Aitken, RBC.

**Q - Gordon Aitken** {BIO 3846728 <GO>}

Yes. Morning. There's a couple of questions, please, on longevity. You've done two very large longevity swaps, very large, EUR12 billion in 2012 and EUR1.4 billion in 2013. So the expectation would be that you'd hedge some of your longevity risk. And I seem to

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remember when you did the first one you said that the Dutch business was now partially covered against future increases in longevity. So could you just talk us through how the longevity swaps work in practice and maybe what the charge would have been if you hadn't done the swaps?

And the second question is there's some people out there who would say future male longevity improves at three months per year. And this has been the case going back in time and it'll be the case going forward. Can you just tell us how many months per year you're assuming now initially and how fast this tails off, please? Thanks.

**A - Darryl Button** {BIO 7089946 <GO>}

Yes. The first one is easier than the second one. On the first one we have -- the EUR12 billion first longevity swap that we did, that was an out-of-the-money longevity swap. So in terms of providing tail protection. So it provided us a smaller coverage, if you will, in terms of overall reserves. Then of course we did the EUR1.4b, which was more of an add-to-money. Collectively together those two transactions cover about 20% of our longevity risk in the Netherlands.

It is a very good point to make and I'll tie it into my comment earlier on the volatility on the earnings. But the more hedging that we do, the less volatility that we'll have. And so the volatility that we will have in our earnings, if and when we update our prospective mortality table, would be on the 80% net exposure that we have, which is the gross less the hedging.

So the more the hedging comes along the less obviously the mark-to-mark [ph] exposure that we'll have going forward. And I think that's an evolving story you'll hear from us as we continue to look at. And that's still our aspiration is to continue to look at bringing longevity protection into the capital markets.

On the second question, I think we're just going to have to take that one offline. And I'll ask you to contact IR or we'll find a different forum to bring in in terms of when we can better answer that question.

**Q - Gordon Aitken** {BIO 3846728 <GO>}

Just to follow up on the first question. So if you did offload 20% of your longevity risk, how does -- the investors who bought into those bonds, how are they impacted?

**A - Darryl Button** {BIO 7089946 <GO>}

How are they impacted by our announcements here today?

**Q - Gordon Aitken** {BIO 3846728 <GO>}

Yes.

**A - Darryl Button** {BIO 7089946 <GO>}

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Well they're not impacted at all. That's a complete separate and independent transaction that we've done with outside investors. So what we are doing today is aligning our accounting much more directly with the accounting that we'll have on those transactions that we've done. So effectively. And this gets into a lot of my consistency comments that I made earlier, we'll have an alignment in the way we treat our longevity book that we -- our gross longevity book with these hedging transactions so that we don't have an accounting mismatch. And that's one of the big rationales for making this change.

**Q - Gordon Aitken** {BIO 3846728 <GO>}

Okay. Thanks.

**Operator**

(Operator Instructions) William Elderkin, Goldman Sachs.

**Q - William Elderkin** {BIO 3349136 <GO>}

Thank you. Good morning, everyone. Just one question. Will you be making any revisions to your Group financial targets or divisional financial targets as a result of these accounting changes?

**A - Darryl Button** {BIO 7089946 <GO>}

Yes. Well the short answer to that is no. And I did try to lay the groundwork for this when I laid out the financial strategy back in June. The biggest impact here obviously is as it relates to the ROE. That's the biggest impact on these accounting changes. We remain -- maintain our ambition and target for 10% to 12% ROE, as I laid out in the fall or back in June and through our discussions in the fall.

Our trajectory is lower than that. We were on a trajectory of 8% to 10%, not 10% to 12%. And I highlighted that, in fact, we would need to do additional management actions to move us from our trajectory to our target range and that this accounting review would be one of those additional management actions.

I've also highlighted the portfolio optimization review that's still ongoing as another one of those management actions. So this was contemplated in terms of trying to move us from our trajectory to our target range.

**Q - William Elderkin** {BIO 3349136 <GO>}

Okay. Thank you.

**Operator**

(Operator Instructions) Arthur van Riemsdyk [ph], Dow Jones.

**Q - Arthur van Riemsdyk**

Yes. Good morning. A short follow-up on the last question. You mentioned this is part of the actions taken to -- in order to improve the trajectory for the ROE target. Could you shortly summarize which are the other types of actions that are considered and the timeline for them?

**A - Darryl Button** {BIO 7089946 <GO>}

Yes. Well obviously the biggest and most important actions we have across the organization are continued focus and discipline on our new business and the profitability that we have in our new business. That is probably the single most important driver of the increasing -- accreting ROE going forward, as well as our cost reduction programs that we have across all of our regions. Those are the organic things that are going on that we're working on every single day in terms of driving the ROE higher.

These accounting changes were part of the step that I mentioned before. But next to that would be our portfolio optimization review. And we're really looking at where the low return businesses are that are reducing and dragging the ROE across the portfolio of Aegon companies and have various action plans to deal with those.

**Q - Arthur van Riemsdyk**

All right. Thank you. And when would this review be finished?

**A - Darryl Button** {BIO 7089946 <GO>}

Well the portfolio review, of course, is never finished. I think it's always ongoing as part of our annual and repeating strategy work that we do. But we are taking a more concentrated look at a few of our low-returning businesses. And that's something we're going to do through the course of 2014.

**Q - Arthur van Riemsdyk**

Okay. Thank you very much.

**Operator**

Thank you. We have no further questions from the media. Please continue with any further points you wish to raise.

**A - Darryl Button** {BIO 7089946 <GO>}

All right. I think at this point I'd like to just close the call and thank everyone for your continued interest in Aegon. Thank you.

**Operator**

Thank you, ladies and gentlemen. That concludes today's Aegon conference call. Thank you for your participation. You may now disconnect.

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