A photograph of three business professionals in an office setting. A woman in a white shirt and a man in a light blue shirt are leaning over a desk, looking at a laptop screen. Another man in a light blue shirt is partially visible on the right side of the frame, also looking towards the screen. The background is slightly blurred, showing office furniture and windows.

# Aegon grows earnings and sales in Q4 2012

## Aegon to cancel all preferred shares



The Hague – February 15, 2013

**Alex Wynaendts**

CEO

# Today's announcements

- Strong growth in earnings and sales
- Continued strong capital position and cash flows – final dividend of EUR 0.11
- Aegon and Vereniging Aegon reach agreement to cancel all preferred shares
- 2012: a year of strategic transformation and capturing growth



# Aegon to cancel all preferred shares

- Agreement with Vereniging Aegon to cancel all preferred shares
  - ▶ Simplified capital structure and improved quality of capital
  - ▶ High-quality capital base under new European regulatory solvency requirements
  - ▶ Vereniging Aegon to substantially reduce its debt
- All preferred shares (book value of EUR 2.1 billion) to be exchanged at fair value of EUR 1.1 billion
  - ▶ Vereniging Aegon to receive EUR 400 million from Aegon in cash and the equivalent of EUR 655 million in common shares in addition to a total of EUR 83 million of dividends on the preferred shares
- Vereniging Aegon agreed to give up its economic preferential status
- Impact on EPS limited to 3% as increase in number of common shares by 7% is partly offset by ending preferred dividend payments

***Balanced outcome for all stakeholders***

# Balanced outcome for all stakeholders

Common  
shareholders  
&  
bondholders

- Exchange of preferred shares leads to simplified and improved capital structure
- Improved interest cover for Aegon as payment of preferred dividend will end
- Limited dilutive effect for common shareholders
- No economic preferential status for a single shareholder
- Voting rights of Vereniging Aegon reduced and brought in line with economic ownership
- Long-term commitment from Vereniging Aegon reaffirmed

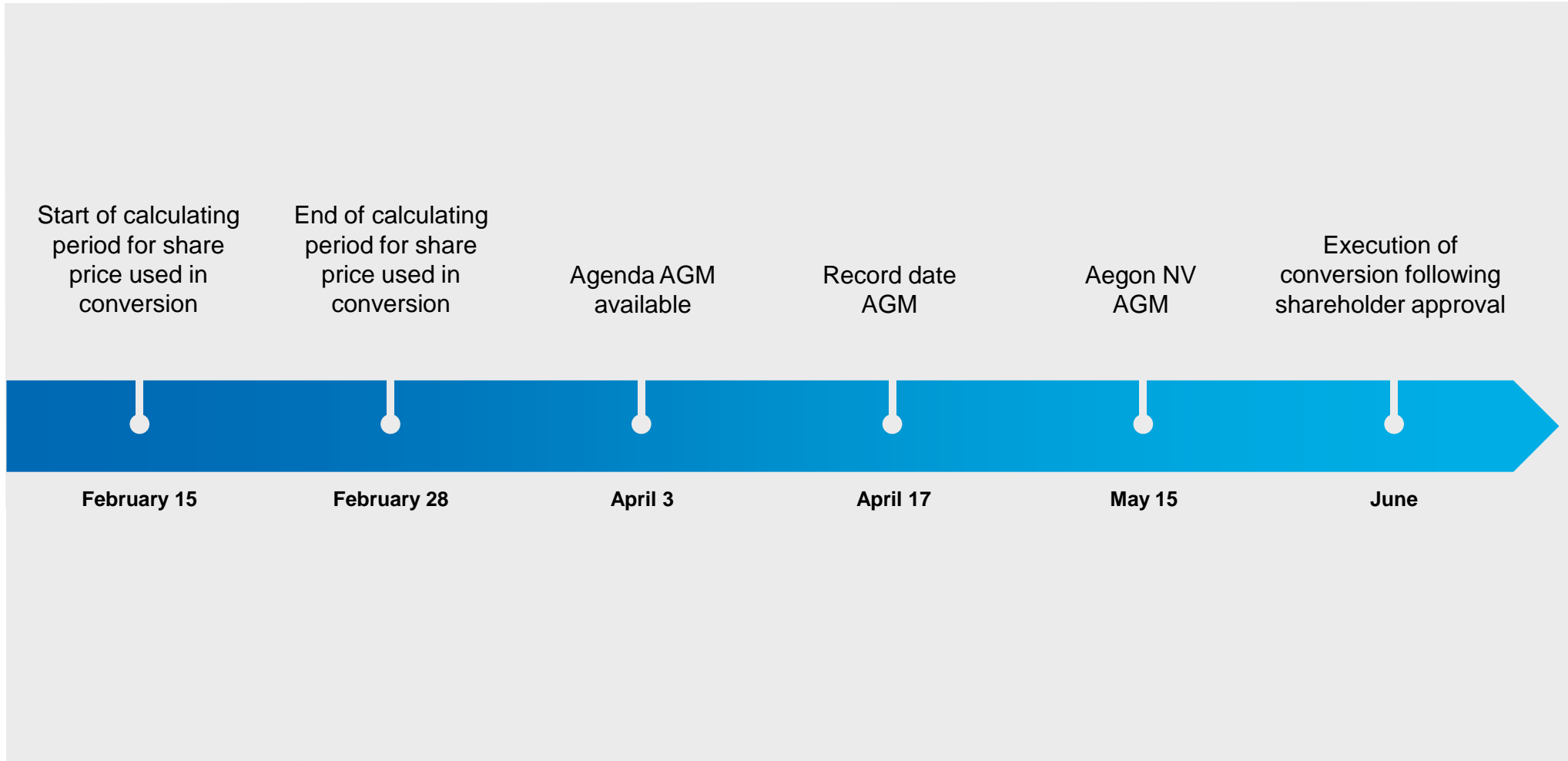
Regulatory

- New structure allows hybrid capital to be classified as Tier 1 under new solvency rules
- Improved interest cover for Aegon as payment of preferred dividend will end

Vereniging  
Aegon

- Substantial reduction of outstanding debt
- Vereniging Aegon maintains substantial common share position in Aegon
- Retention special cause voting rights through creation of new class of shares, common shares B

# Next steps until Annual General Meeting (AGM) of Shareholders





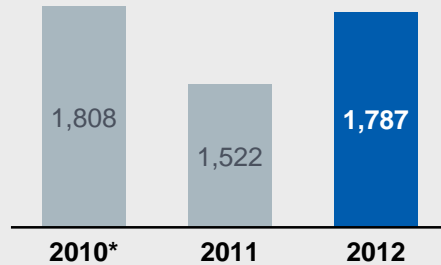
Transform Tomorrow

A photograph of three business professionals in an office setting. A woman in a white shirt and a man in a light blue shirt are leaning over a desk, looking at a laptop screen. Another man in a light blue shirt is partially visible on the right side of the frame, also looking at the screen. The background is slightly blurred, showing office furniture and windows.

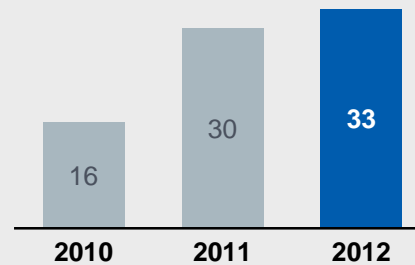
**Aegon grows earnings and sales in Q4 2012**

# Continued delivery of strong results

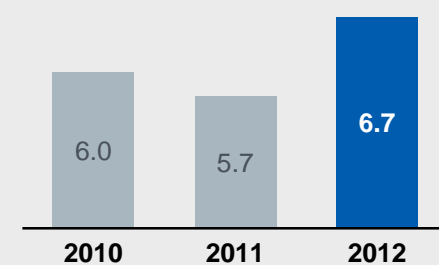
**Underlying earnings before tax**  
(EUR million)



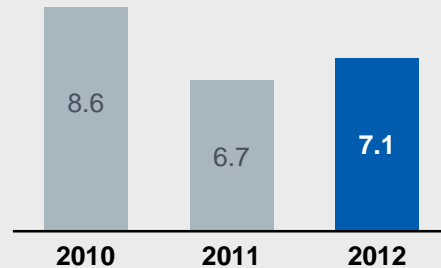
**Fee-based earnings**  
(% of UEBT)



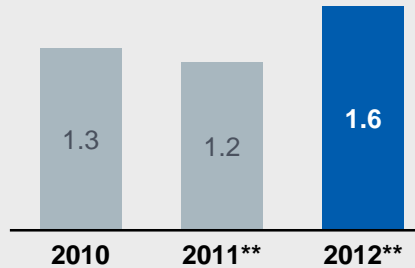
**Sales**  
(EUR billion)



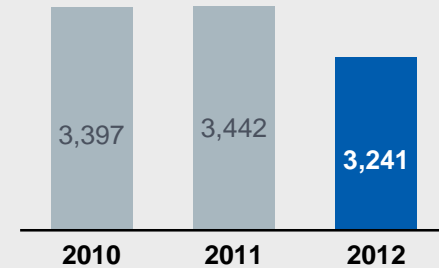
**Return on equity**  
(%)



**Operational free cash flows**  
(EUR billion)



**Operating expenses**  
(EUR million)



\* Rebased level of underlying earnings

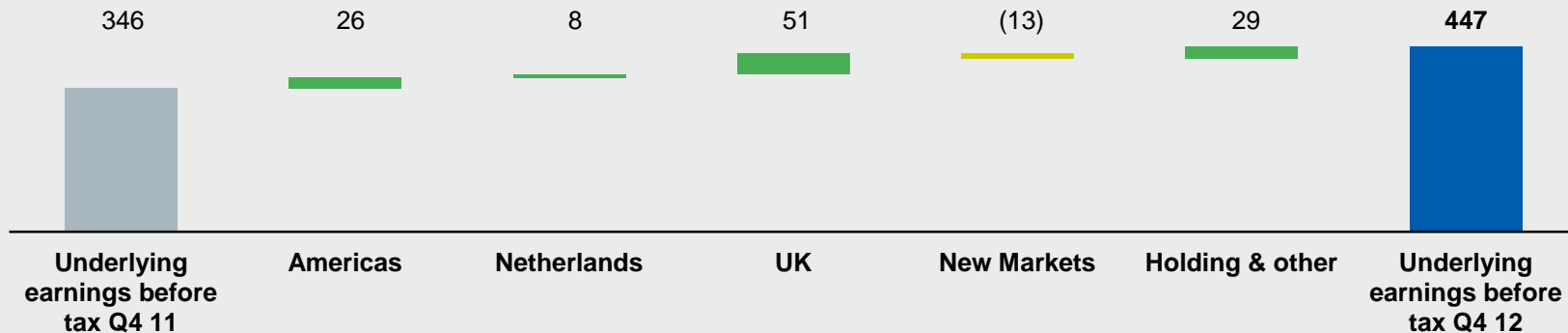
\*\* Excluding market impact

# Earnings up 29% on growth, cost reductions and favorable markets

- Americas' earnings up on business growth and a stronger dollar
- UK earnings up on the cost reduction program and the non-recurrence of exceptional charges
- New markets earnings lower, strong results from Aegon Asset Management were offset by Asia and divestments in Spain
- Holding & other improved as part of corporate center expenses are being charged to the units

## Underlying earnings before tax

(EUR million)



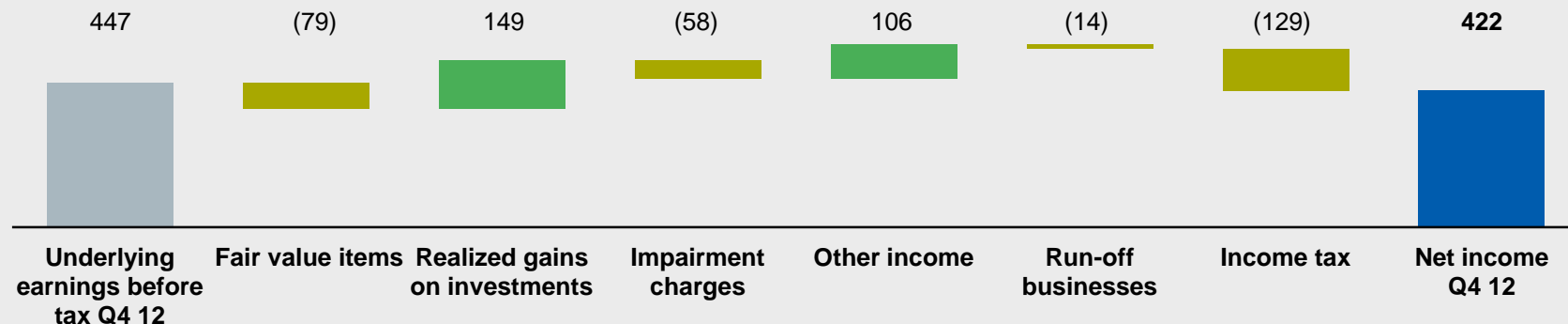


# Net income benefits from investment gains and divestments

- Fair value items loss mainly due to impact of lower credit spreads on Aegon bonds and impact of unfavorable interest rates movements on the fair value of swaps
- Gains on investments are the result of normal trading and asset liability management
- Impairments mainly related to mortgages loans in the US and Hungary
- Other income up on the sale of minority stake in Prisma (EUR 100m), divestment of the Cívica joint venture (EUR 35m), partly offset by a BOLI wrap charge in the US (EUR 26m)

## Underlying earnings to net income development in Q4 2012

(EUR million)



# Operating expenses reduced by 6% while investing in new propositions

- Cost savings in established markets reflect cost reductions in the Americas and successful restructuring programs in the UK and the Netherlands
- Enacted cost savings in Dutch business of EUR 89 million, on track to meet target of EUR 100 million reduction compared to 2010 cost level
- Operating expenses include continued investments in new propositions

## Operating expenses

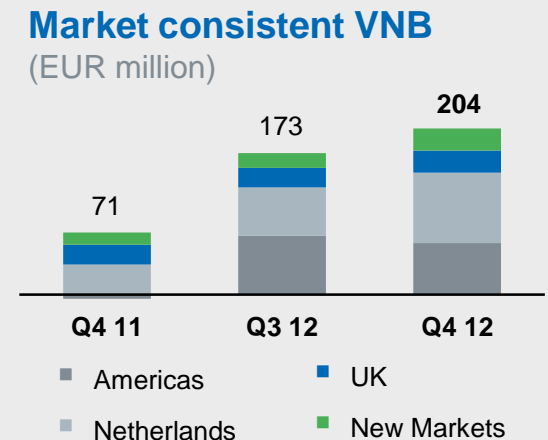
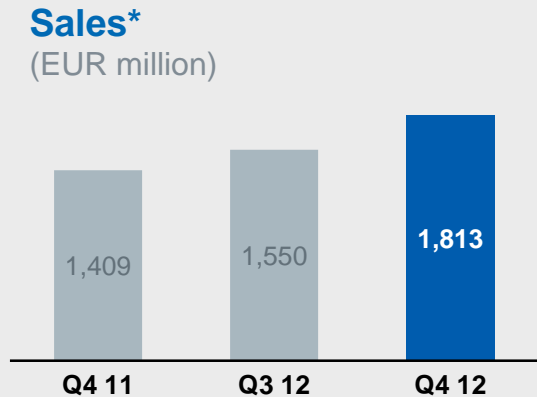
(EUR million)



\* Other expenses include the effect of disposals and business growth

# Sales increase demonstrates strength of franchise

- New life sales increase 36% to EUR 677 million
  - ▶ Higher US new life sales driven by indexed UL and anticipation of UL secondary guarantee product withdrawal
  - ▶ Dutch pension sales increased strongly on new contract wins
  - ▶ UK pension sales benefited from a successful sales campaign
- Gross deposits 30% higher at EUR 9.2 billion
  - ▶ US deposits up 28% on retail mutual funds and pensions mainly
  - ▶ Asset Management up on strong UK retail sales and institutional mandate wins in the US and the Netherlands
- Accident & health and general insurance up 5% to EUR 212 million
- Focus on profitable new business demonstrated by higher MCVNB
  - ▶ MCVNB up on higher volumes, repricing in the US, mortgage and pension production in the Netherlands and higher margins in CEE and Asia



# Focus on adding distribution – driver of sales

## Americas

- Expansion of Indexed Universal Life products into the brokerage channel
- Expansion into alternative channels adds scale and diversity to variable annuity distribution
- Enhanced distribution strategy contributes to pension production

## NL

- Non-life multi-channel distribution strategy (online, retail outlets) resulted in portfolio growth
- Online wealth advisory proposition Knab

## UK

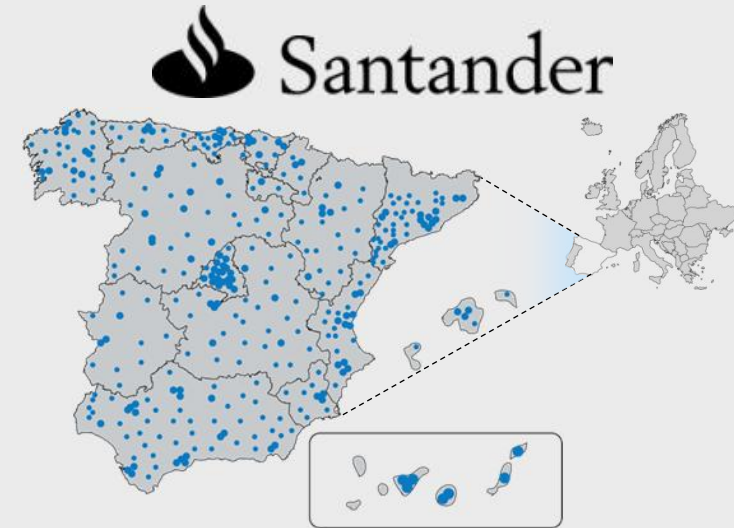
- Uniquely positioned Workplace Savings platform with seamless transition to At Retirement platform
- Strategic platform deals in place with most of the leading adviser networks

## New Markets

- Partnership with Santander in Spain gives access to over 4,600 branches and over 12 million customers
- Acquisitions in Ukraine and Romania, further strengthening position in CEE
- Tied network development and strengthening of broker cooperation as well as adding new partners in new markets

# Successful repositioning of Spanish business

- Strategic partnership with Banco Santander, Spain's largest financial group, offering life and non-life products through Santander's extensive branch network
  - ▶ Access to over 4,600 branches
  - ▶ Potential client base of over 12 million customers
- Aegon acquired a 51% stake in both a life and non-life insurance company for EUR 220 million\*



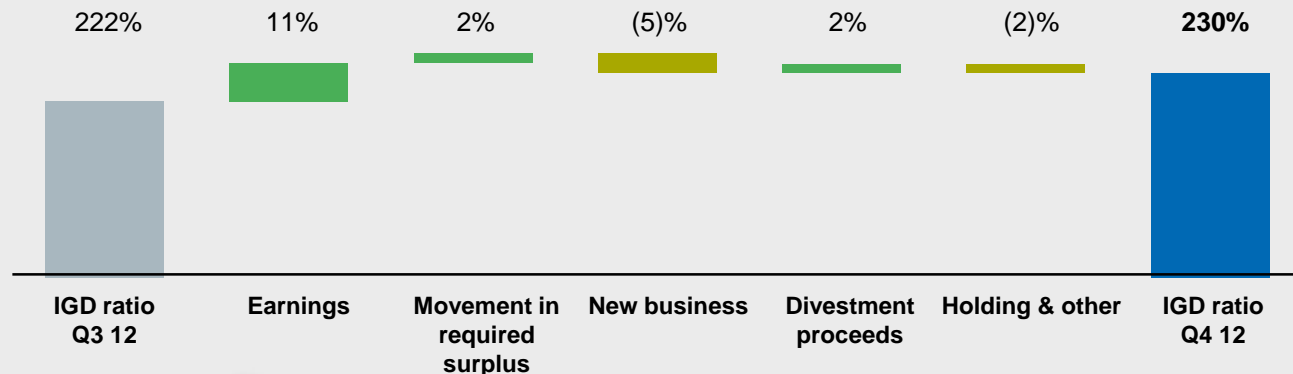
▪ Density of Santander's branch network in Spain – over 4,600 branches

- Divestiture of existing joint ventures
  - ▶ Banca Cívica sold for EUR 190 million, book gain of EUR 35 million
  - ▶ Unnim sold for EUR 353 million, expected book gain of EUR 105 million
  - ▶ Exit process CAM ongoing
- Continued partnerships with Liberbank (~780 branches) and Caja3 (~200 branches)

## Further improved capital position

- Capital base ratio of 76.7%, well above year-end 2012 target of at least 75%
- Strong IGD ratio of 230%
- NAIC RBC ratio of ~495%; NL IGD ratio of ~250%; UK Pillar 1 ratio of ~140%
  - ▶ RBC benefited from strong net income offset by dividends to the holding
- Holding excess capital increased to EUR 2.0 billion
  - ▶ Dividends received from operating units partly offset by operational expenses and interest payments

### Insurance Group Directive (IGD) solvency ratio development



## 2012 a strong basis for the future

- Strong growth in earnings and profitable sales
- Maintained strong capital position
- Operating expenses reduced while investing in new propositions
- Distribution expanded – new partners, platforms and on-line propositions

*Well positioned for the future*



A photograph of three business professionals in an office setting. A woman in a white shirt and a man in a light blue shirt are leaning over a desk, looking intently at a laptop screen. Another man in a light blue shirt is partially visible in the foreground on the right, also looking towards the screen. The background is slightly blurred, showing office furniture and windows.

# Appendix

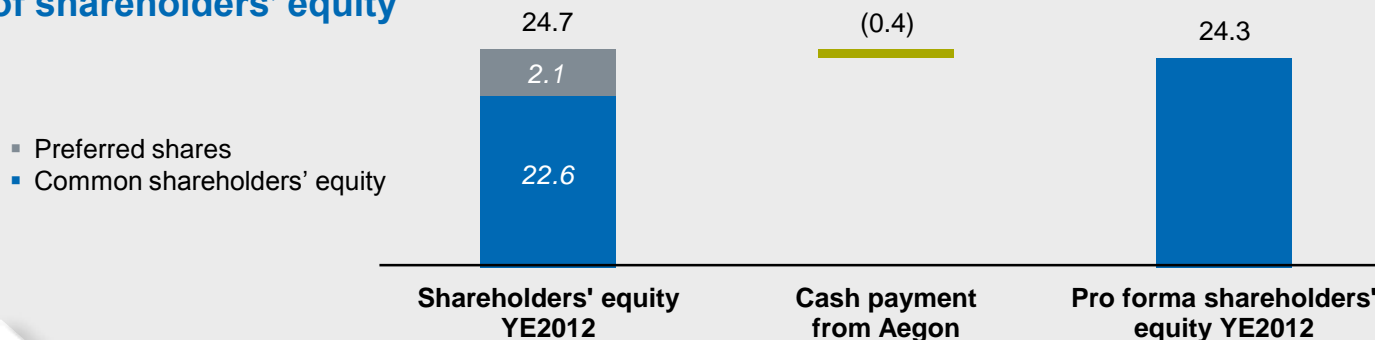


# All preferred shares exchanged for cash and common shares

- Preferred shares with book value of EUR 2.1 billion to be exchanged at fair value of EUR 1.1 billion
  - ▶ After deduction of cash payment from Aegon of EUR 400 million and preferred dividend of EUR 83 million (over 2012 and 1H2013), the remaining EUR 655 million is converted\* into common shares and common shares B
- Current low interest rate drives valuation of preferred shares at 53% of book value
  - ▶ Valuation of preferred shares determined by preferred dividend, which is based on ECB refinancing rate
  - ▶ Transaction slightly EPS dilutive at current low level of ECB refinancing rate
- Shareholders' equity decreases by EUR 400 million, while common shareholders' equity increases by EUR 1.7 billion
  - ▶ Cash payment from Aegon reduces total shareholders' equity by EUR 0.4 billion

## Development of shareholders' equity

(EUR billion)

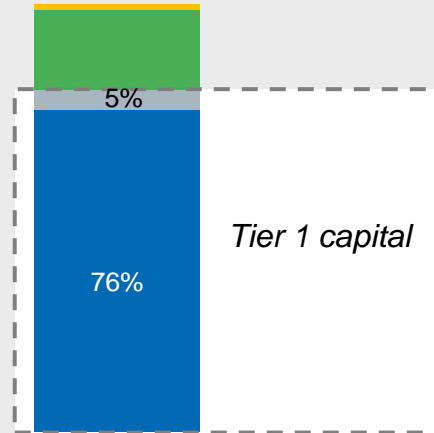


# High-quality regulatory capital under new regulatory solvency requirements

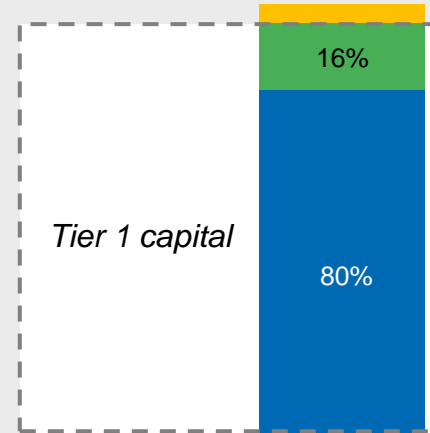
- New structure allows junior perpetual capital securities to be classified as Tier 1 capital, instead of Tier 2

## Solvency II capital structure

**Before exchange**



**After exchange**



- Common shareholders' equity (Core Tier 1)
- Preferred shares (Tier 1)
- Hybrid capital, including junior perpetual capital securities (Tier 2)
- Other (Tier 3)

- Common shareholders' equity (Core Tier 1)
- Junior perpetual capital securities (Tier 1)
- Other hybrid capital (Tier 2) and Other (Tier 3)

Note: based on fair value of securities and a number of assumptions, including the grandfathering of junior perpetual capital securities as Tier 1

# Impact on Aegon's financial metrics

2012 key metrics	Before exchange	After exchange <i>pro forma 2012</i>	Driver
Holding excess capital	EUR 2.0 billion	EUR 1.6 billion	} EUR 400 million cash payment
Capital base ratio	76.7%	75.1%	
IGD solvency ratio	230%	224%	
Interest cover	4.2x	4.8x	Higher interest cover driven by ending payment of preferred dividend
Number of common shares	1,943 million	2,081 million*	Conversion from preferred to common shares
Earnings per share	EUR 0.69	EUR 0.67	Higher share count partly offset as payment of preferred dividend will end
Return on common shareholders' equity	7.1%	6.7%	Higher common shareholders' equity, partly offset by ending payment of preferred dividend
Shareholders' equity per common share**	EUR 8.47	EUR 8.76	Higher common shareholders' equity, partly offset by higher common share count

\* Includes 14.1 million common shares which represent 1/40 of the economic equivalent of 563 million common shares B

\*\* Excluding revaluation reserves

Note: above metrics are based on a number of assumptions, including Aegon share price of EUR 4.75

# Substantial debt reduction for Vereniging Aegon

- Debt reduction of ~EUR 500 million leads to improved financial position
  - ▶ EUR 400 million cash payment from Aegon
  - ▶ EUR 83 million preferred dividend over 2012 and 1H2013 and EUR 19 million final 2012 common share dividend, partly offset by financing costs
- New, three year debt refinancing facility secured
  - ▶ No covenants related to Aegon share price
- Vereniging Aegon to realize book loss of EUR 1 billion on preferred shares

## Balance sheet before transaction – pro forma

Assets (EUR million)	Book value	Market value
Common shares	817	817
Preferred shares A	2,117	1,122
Preferred shares B	29	16
<b>Total</b>	<b>2,963</b>	<b>1,955</b>
<b>Liabilities</b>		
Loan	1,031	1,031
Equity	1,932	924
<b>Total</b>	<b>2,963</b>	<b>1,955</b>

## Balance sheet after transaction – pro forma

Assets (EUR million)	Book value	Market value
Common shares	1,405	1,405
Common shares B	67	67
<b>Total</b>	<b>1,472</b>	<b>1,472</b>
<b>Liabilities</b>		
Loan	548	548
Equity	924	924
<b>Total</b>	<b>1,472</b>	<b>1,472</b>

Note: based on a number of assumptions, including Aegon share price of EUR 4.75

# Vereniging Aegon agreed to give up its economic preferential status

- Voting rights in ordinary course reduced from 22.1% to ~14.9%, aligned with economic interest
- Vereniging Aegon will maintain its voting rights of 32.6% in special cause

## Vereniging Aegon voting rights

<b>Current situation</b>	<b># of shares in million</b>	<b>Market value in million</b>
Common shares	172	817
Preferred shares A	212	1,122
Preferred shares B	118	16
	<b>502</b>	<b>1,955</b>

<b>Ordinary course % of votes</b>	<b>Special cause % of votes</b>
7.6%	6.5%
9.3%	16.8%
5.2%	9.3%
<b>22.1%</b>	<b>32.6%</b>

<b>After exchange</b>	<b># of shares in million</b>	<b>Market value in million</b>
Common shares	296	1,405
Common shares B	563	67
	<b>859</b>	<b>1,472</b>

<b>Ordinary course % of votes</b>	<b>Special cause % of votes</b>
14.2%	11.2%
0.7%	21.4%
<b>14.9%</b>	<b>32.6%</b>

# Strong operational free cash flows

- Operational free cash flows of EUR 619 million excluding market impact
- Market impacts of EUR (89) million due to interest rates movements
- Earnings on the in-force and release of required surplus particularly strong due to reserve releases and proceeds from divestments

## Operational free cash flow development

(EUR million)

EUR million	Q4 11	Q3 12	Q4 12
Earnings on in-force	550	146	529
Return on free surplus	17	16	24
Release of required surplus	103	168	317
New business strain	(436)	(290)	(340)
Operational free cash flow	233	41	530
Market impact	-	~(407)	~(89)
Operational free cash flow excluding market impact	233	448	619

*Note: impact of capital preservation initiatives is not included in the reported operational free cash flows*

# Focus on delivering on targets

Achieve return on equity of

**10-12%**

by 2015

Grow underlying earnings before tax by

**7-10%**

on average per annum between 2010 and 2015

Double fee-based earnings to

**30-35%**

of underlying earnings by 2015

Increase annual normalized operational free cash flow to

**€ 1.3-1.6 billion**

by 2015

Return on equity

**7.1%**  
(8% excluding run-off capital)

FY 2012

Underlying earnings before tax

**-1%**

2010 – 2012 CAGR

Fee-based earnings

**33%**

of 2012 underlying earnings

Operational free cash flow\*

**€ 1.6 billion**

FY 2012

See slide 25 for main economic assumptions embedded in targets

\* Excluding market impact

# Main economic assumptions

## Main US economic assumptions\*

- 10-year US Treasury assumption of 4.75% by 2017
  - Grading to 4.75% in five years
- Credit spreads are assumed to grade over two years to 110 bps
- Bond funds are assumed to return 4% for 5 years and 6% thereafter
- Money market rates are assumed to remain flat at 0.1% for two years followed by a 3-year grading to 3%
- Annual gross equity market returns of 9% (price appreciation + dividends) – Q3 2012 base

2017 Assumptions	NL	UK
10-year interest rate	4.5%	5.6%
3-month interest rate	2.5%	4.5%
Annual gross equity market return (Q3 2012 base) (price appreciation + dividends)	9%	9%

EUR/USD rate of 1.35  
EUR/GBP rate of 0.82

\* As provided per Q3 2012

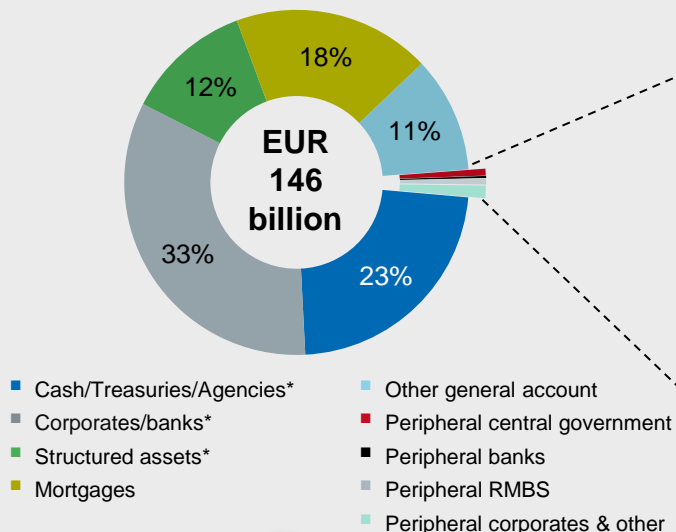


# Limited exposure in general account to peripheral European countries

- Total exposure to peripheral European sovereigns only 0.6% of general account
- Corporate debt mainly related to defensive sectors, for example utilities
- Exit of Unnim and CAM will reduce peripheral exposure by EUR 920 million, mainly Spain

## General account assets

(at fair value December 31, 2012)



## Peripheral European countries

(EUR million, at fair value December 31, 2012)

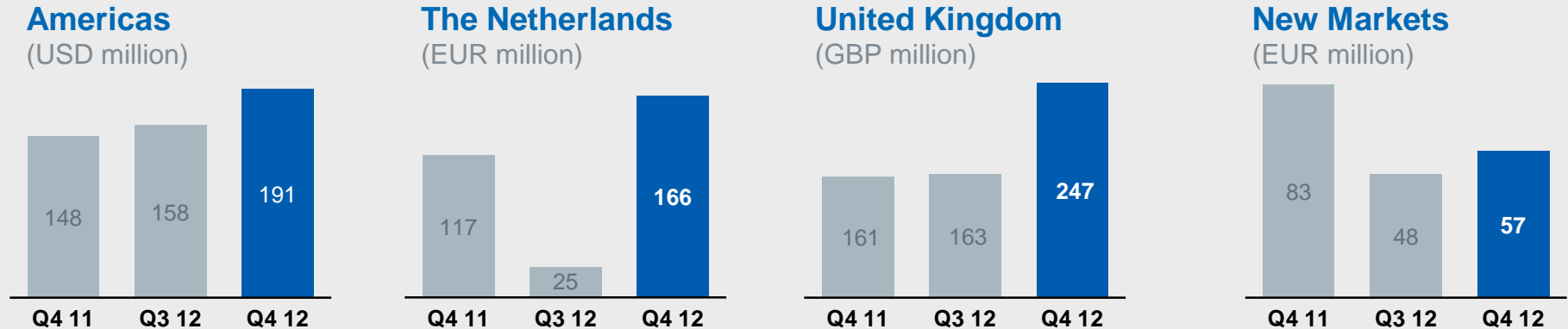
	Central government	Banks	RMBS	Corporates & other	Total
Greece	-	-	2	25	27
Ireland	20	-	140	324	484
Italy	43	84	36	590	753
Portugal	4	10	32	51	97
Spain	875	188	638	725	2,426
<b>Total</b>	<b>942</b>	<b>282</b>	<b>848</b>	<b>1,715</b>	<b>3,787</b>
% GA	0.6%	0.2%	0.6%	1.2%	2.6%

\* Excluding exposure to peripheral European countries

# New life sales of EUR 677 million

- US sales up on increased indexed universal life sales and higher sales in anticipation of UL secondary guarantee product withdrawal
- Individual life sales declined in the Netherlands but were more than offset by a strong increase in pension sales as a result of new large contracts
- Strong increase in UK pension sales driven by successful sales campaign and additional platform sales as new advisors joined the Aegon Retirement Choices (ARC) platform
- New Markets sales reflect higher sales in the CEE following expanded distribution offset by lower sales in Spain due to the exclusion of CAM and Cívica

## New life sales

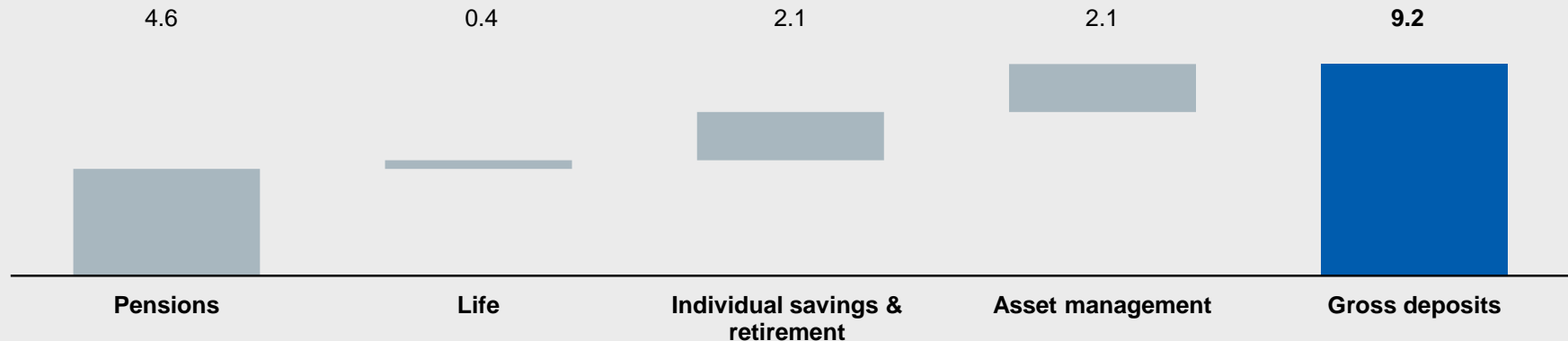


# Gross deposits increases in asset management and variable annuities

- Higher retirement plan deposits were driven mainly by successful efforts to increase inflows from the existing client base through higher contributions and larger participant count
- Asset management inflows as a result of strong institutional sales in the US and the Netherlands, and retail sales in the UK
- US variable annuity deposits increased 3%, despite re-pricing, driven by strong distribution

## Gross deposits Q4 2012

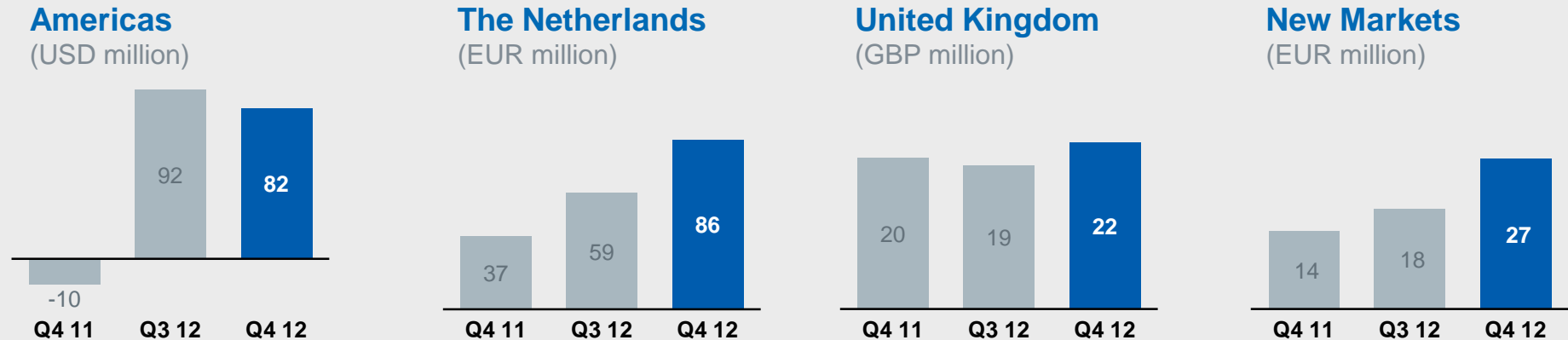
(EUR billions)



# Market consistent value of new business of EUR 204 million

- MCVNB for the Americas remains strong as underperforming products are actively re-priced or withdrawn from the market
- MCVNB in the Netherlands up on higher contribution from mortgages as funding costs declined and due to a strong increase of pension production
- MCVNB in the UK increased driven by lower tax rates and lower acquisition costs, partly offset by lower margins
- New Markets MCVNB higher due mostly to higher margins in CEE and Asia

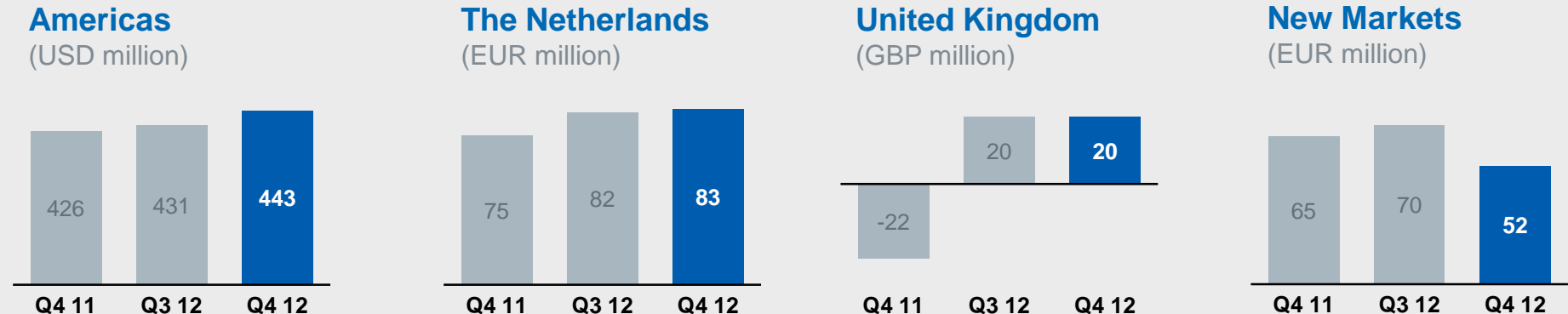
## Market consistent value of new business



# Higher underlying earnings

- Americas' earnings supported by strong business growth, partly offset by higher performance related expenses
- Higher Life and Savings earnings in the Netherlands more than offset lower earnings in Pensions and Non-life
- Earnings in the UK increase as pension earnings improved mainly due to non-recurrence of exceptional charges recorded in the previous year
- New Markets earnings down mostly due to lower earnings in Spain on removal of CAM in Q2 and Cívica in Q4

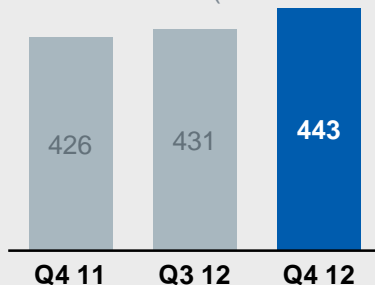
## Underlying earnings before tax



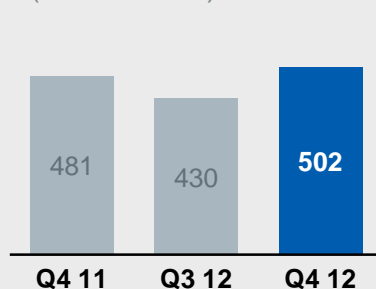
# Americas

- Underlying earnings before tax increased on strong business performance, partly offset by higher performance related expenses
- Operating expenses increased 4% as cost savings were more than offset by higher performance related expenses and costs to support growth
- New life sales increased 29% driven by indexed universal life sales as the product was launched into the brokerage channel last year and higher sales in anticipation of withdrawal of the universal life secondary guarantee single life product
- Gross deposits in variable annuities, retail mutual funds, retirement plans and stable value solutions were all higher than the same period last year; variable annuity gross deposits increased 3% despite continued product re-pricing

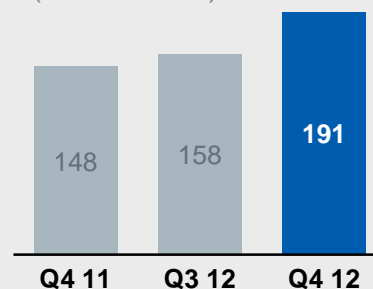
**Underlying earnings before tax** (USD million)



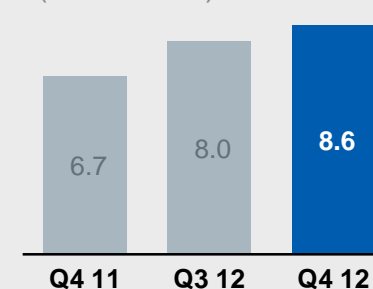
**Operating expenses** (USD million)



**New life sales** (USD million)



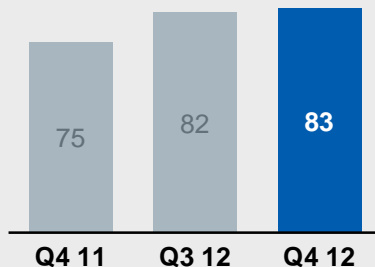
**Gross deposits** (USD billion)



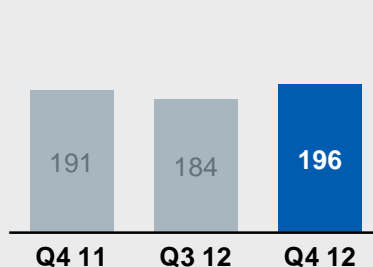
# The Netherlands

- Underlying earnings increased as higher earnings from Life & Savings more than offset lower earnings in Pensions and Non-Life
- Operating expenses increased as realized cost savings were more than offset by higher employee benefit expenses and investments in new distribution capabilities
- New life sales were up 42% as a result of a strong increase in pension sales due to new large contracts
- Gross deposits remained low, driven by strong competition in the Dutch savings market

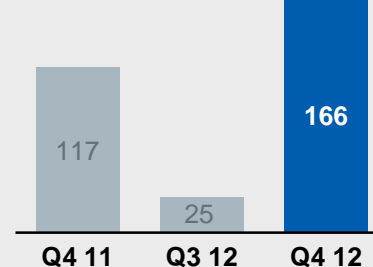
**Underlying earnings before tax** (EUR million)



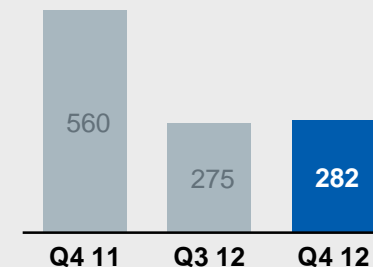
**Operating expenses** (EUR million)



**New life sales** (EUR million)



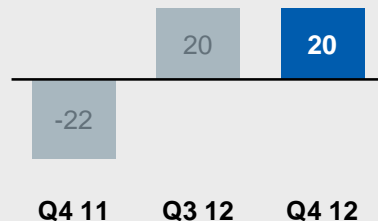
**Gross deposits** (EUR million)



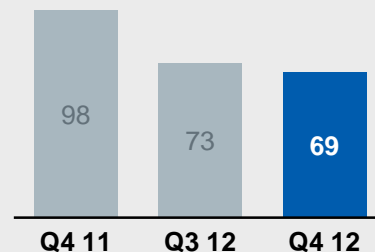
# United Kingdom

- Underlying earnings before tax remained stable with Q3 but improved strongly compared with last year driven by the non-recurrence of exceptional charges recorded last year
- Operating expenses continued to decline following the successful implementation of cost reduction programs in the UK
- New life sales were up 53% reflecting a successful group pensions sales campaign. Platform sales accelerated during the quarter as new advisors joined the Aegon Retirement Choices (ARC) platform

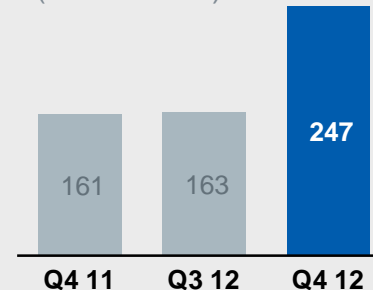
**Underlying earnings before tax** (GBP million)



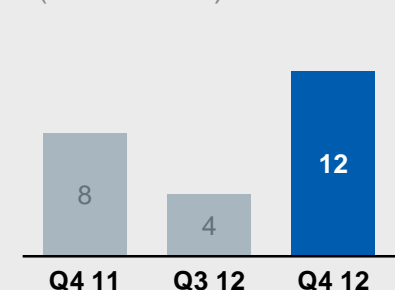
**Operating expenses** (GBP million)



**New life sales** (GBP million)



**Gross deposits** (GBP million)

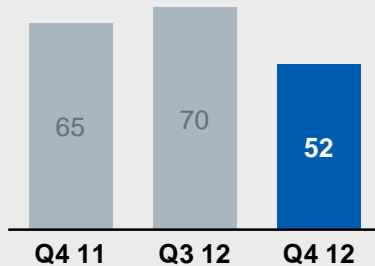




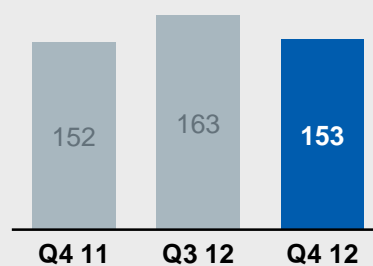
# New Markets

- Underlying earnings before tax decline mainly driven by divestments in Spain
- Operating expenses increased 1% as the result of higher costs in Asia and VA Europe driven by investments to support future growth, recurring charges for corporate center expenses were partly offset by the divestment of the Cívica joint venture
- New life sales lower due to the exclusion of CAM and sale of Cívica joint venture in Spain
- Deposit growth in asset management driven by strong institutional sales in the US and NL and retail flows in the UK

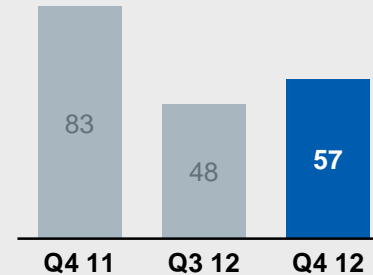
**Underlying earnings before tax** (EUR million)



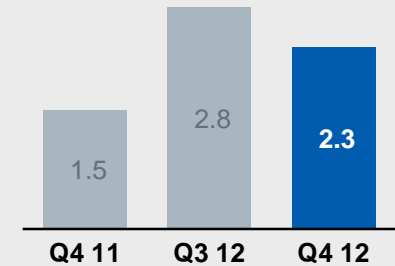
**Operating expenses** (EUR million)



**New life sales** (EUR million)



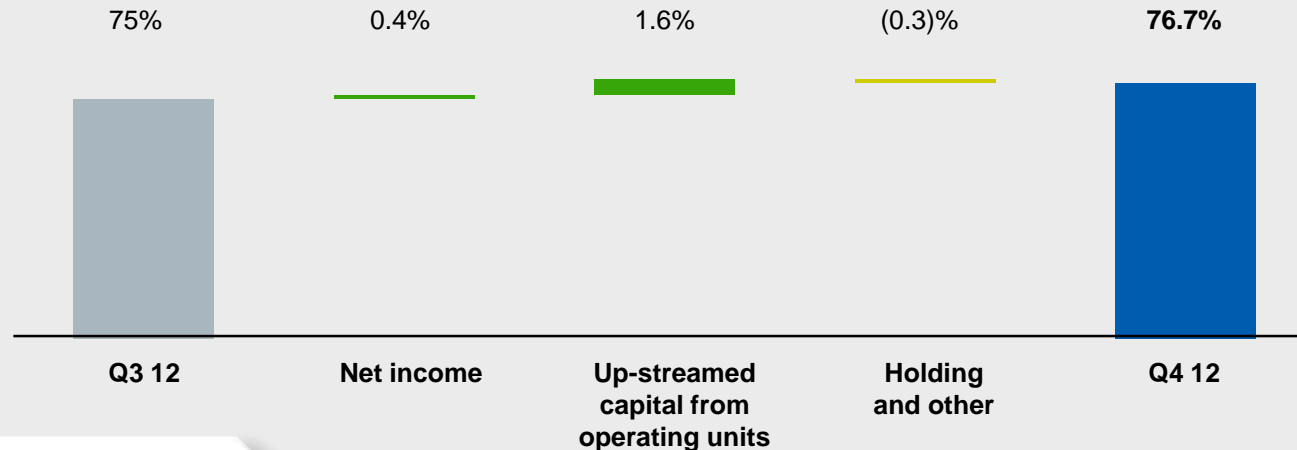
**Gross deposits** (EUR billion)



## Capital base ratio of 76.7%

- Capital base ratio increases to 76.7%, above target of at least 75% by year-end 2012
- Improvement of capital base ratio up on retained earnings, dividends from operating units and divestitures
- Holding and other reflects mainly operating and interest expenses
- Common shareholders' equity per share, excluding preference capital and revaluation reserves, of EUR 8.47

### Capital base ratio roll forward



# Capital allocated to run-off businesses

- Current capital allocated to run-off businesses of EUR 2.1 billion
  - ▶ Return on capital of run-off businesses of 2.5% year to date
- Capital intensive run-off businesses negatively impact return on equity
  - ▶ Capital allocated to run-off businesses is included in RoE calculations, but run-off earnings are not

## Allocated capital to run-off businesses\*

(EUR billion)

	Run-off period	2010	2011	2012	2015E
▪ Payout annuities	> 20 years	0.4	0.4	0.2	0.2
▪ Institutional spread-based business	~ 5 years	0.6	0.5	0.5	0.1
▪ BOLI/COLI	> 10 years	0.5	0.4	0.4	0.4
▪ Life reinsurance	~ 15 years	2.3	1.1	1.0	0.7
		<b>3.8</b>	<b>2.4</b>	<b>2.1</b>	<b>1.5</b>

\* Excluding revaluation reserves

# General account investments roll-forward

## General account investment roll-forward

EUR billion	Americas	The Netherlands	United Kingdom	New Markets
<b>Opening balance October 1, 2012</b>	<b>90.0</b>	<b>40.9</b>	<b>11.2</b>	<b>5.1</b>
Net in- and outflow	(1.4)	1.6	0.2	(0.3)
Unrealized / realized results	0.1	0.4	0.1	0.1
Foreign exchange	(2.2)	0.0	(0.2)	(0.1)
<b>Closing balance December 31, 2012</b>	<b>86.5</b>	<b>42.9</b>	<b>11.3</b>	<b>4.8</b>

- Outflows in the Americas of institutional spread-based balances and fixed annuities as the product is de-emphasized

# Investments general account

Aegon

## INVESTMENTS GENERAL ACCOUNT

UNAUDITED

December 31, 2012

amounts in EUR millions, except for the impairment data	Americas	The Netherlands	United Kingdom	New Markets	Holdings and other	TOTAL
Cash / Treasuries / Agencies	17,069	11,861	3,122	1,484	759	34,295
Investment grade corporates	37,939	5,125	5,773	1,879	-	50,716
High yield (and other) corporates	2,485	39	194	109	-	2,827
Emerging markets debt	1,584	-	60	30	-	1,674
Commercial MBS	5,227	9	438	147	-	5,821
Residential MBS	5,084	1,141	640	322	-	7,187
Non-housing related ABS	2,982	1,081	1,055	62	-	5,180
<b>Subtotal</b>	<b>72,370</b>	<b>19,256</b>	<b>11,282</b>	<b>4,033</b>	<b>759</b>	<b>107,700</b>
Residential mortgage loans	34	19,864	-	349	-	20,247
Commercial mortgage loans	6,803	80	-	-	-	6,883
<b>Total mortgages</b>	<b>6,837</b>	<b>19,944</b>	<b>-</b>	<b>349</b>	<b>-</b>	<b>27,130</b>
Convertibles & preferred stock	326	-	-	-	-	326
Common equity & bond funds	1,169	331	51	45	(2)	1,594
Private equity & hedge funds	1,402	367	-	3	-	1,772
<b>Total equity like</b>	<b>2,897</b>	<b>698</b>	<b>51</b>	<b>48</b>	<b>(2)</b>	<b>3,692</b>
Real estate	1,483	1,912	-	1	-	3,396
Other	799	1,071	5	331	-	2,206
<b>Investments general account (excluding policy loans)</b>	<b>84,386</b>	<b>42,881</b>	<b>11,338</b>	<b>4,762</b>	<b>757</b>	<b>144,124</b>
Policyholder loans	2,073	9	-	28	-	2,110
<b>Investments general account</b>	<b>86,459</b>	<b>42,890</b>	<b>11,338</b>	<b>4,790</b>	<b>757</b>	<b>146,234</b>
Impairments in basis points (quarterly)	3	1	-	39	-	4

# Impairments by asset class

## Aegon general account investments

Q4 12 impairments / (recoveries) by country unit - IFRS basis (pre-DAC, pre-tax)

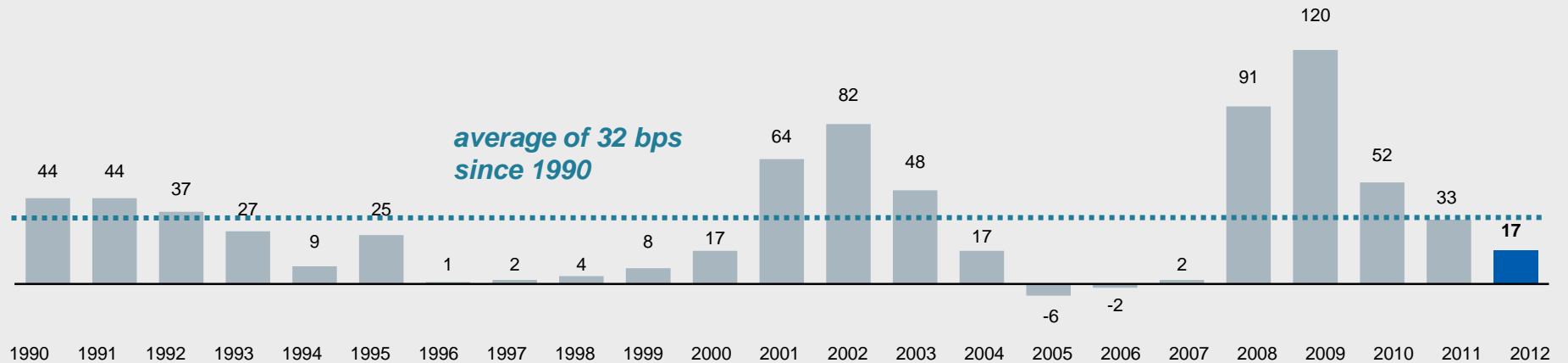
EUR millions	Americas	NL	UK	New Markets	Total
ABS – Housing	-	-	-	-	-
ABS – Non-housing	(1)	-	-	-	(1)
CMBS	5	-	-	-	5
RMBS	1	-	-	(0)	1
<i>Subtotal structured assets</i>	5	-	-	(0)	5
Corporate – private	(0)	10	-	(0)	10
Corporate – public	3	(8)	-	5	(0)
<i>Subtotal corporate</i>	3	2	-	5	10
Sovereign debt	-	-	-	-	-
Residential mortgage loans	-	4	-	11	15
Commercial mortgage loans	17	-	-	-	17
<i>Subtotal mortgage loans</i>	17	4	-	11	32
Common equity impairments	-	4	-	-	4
<b>Total</b>	25	10	-	16	51

Note: numbers may not add up due to rounding

# Credit losses in the US trending down

- Q4 2012 US credit impairments amount to 4 bps

## US credit losses in bps of fixed income assets



Periods prior to 2005 are based on Dutch Accounting Principles (DAP)  
Periods 2005 and later are based on International Financial Reporting Standards (IFRS)

# Reconciliation of effective tax rate Q4 2012

## Reconciliation of effective tax rate Q4 12

EUR million	Americas	The Netherlands	United Kingdom	New Markets/ Holdings	Total
<b>Income before tax</b>	<b>299</b>	<b>142</b>	<b>50</b>	<b>60</b>	<b>551</b>
Nominal tax rate	35.0% (105)	25.0% (36)	24.5% (12)	NM (23)	(176)
Actual income tax	(60)	(26)	(13)	(30)	(129)
<b>Net income</b>	<b>239</b>	<b>116</b>	<b>37</b>	<b>30</b>	<b>422</b>

- Actual income tax can deviate from the nominal tax rate, amongst others due to:
  - Tax exempt income
  - Tax credits
  - Valuation allowances for tax losses
- Cross border intercompany reinsurance
  - Policyholder tax UK (offsetting)
  - Other items





Transform Tomorrow

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# Disclaimer

## Cautionary note regarding non-GAAP measures

This document includes certain non-GAAP financial measures: underlying earnings before tax and market consistent value of new business.

The reconciliation of underlying earnings before tax to the most comparable IFRS measure is provided in Note 3 "Segment information" of Aegon's Condensed consolidated interim financial statements. Market consistent value of new business is not based on IFRS, which are used to report Aegon's primary financial statements and should not be viewed as a substitute for IFRS financial measures. Aegon may define and calculate market consistent value of new business differently than other companies. Aegon believes that these non-GAAP measures, together with the IFRS information, provide meaningful supplemental information that Aegon's management uses to run its business as well as useful information for the investment community to evaluate Aegon's business relative to the businesses of its peers.

## Local currencies and constant currency exchange rates

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

## Forward-looking statements

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

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - ▶ The frequency and severity of defaults by issuers in Aegon's fixed income investment portfolios;
  - ▶ The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
  - ▶ The effects of declining creditworthiness of certain private sector securities and the resulting decline in the value of sovereign exposure that Aegon holds;
- Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- Consequences of a potential (partial) break-up of the euro;
- The frequency and severity of insured loss events;
- Changes affecting mortality, morbidity, persistence and other factors that may impact the profitability of Aegon's insurance products;
- Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels; changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- Changes in laws and regulations, particularly those affecting Aegon's operations, ability to hire and retain key personnel, the products Aegon sells, and the attractiveness of certain products to its consumers;
- Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates;
- Changes in customer behavior and public opinion in general related to, among other things, the type of products also Aegon sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- Acts of God, acts of terrorism, acts of war and pandemics;
- Changes in the policies of central banks and/or governments;
- 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 premium writings, policy retention, profitability and liquidity of its insurance subsidiaries;
- The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
- Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt Aegon's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- Customer responsiveness to both new products and distribution channels;
- Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- Changes in accounting regulations and policies may affect Aegon's reported results and shareholders' equity;
- The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon's business; and
- Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives.

Further details of potential risks and uncertainties affecting Aegon are described in its filings with the Netherlands Authority for the Financial Markets and the US Securities and Exchange Commission, including the Annual Report. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, Aegon expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Aegon's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.