

AEGON NV
Form 6-K
May 08, 2013
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Securities and Exchange Commission

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d/16 of
the Securities Exchange Act of 1934

May 2013

AEGON N.V.

AEGONplein 50

2591 TV THE HAGUE

The Netherlands

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Aegon's condensed consolidated interim financial statements Q1 2013, is included as an exhibit and incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AEGON N.V.
(Registrant)

Date: May 8, 2013

By /s/ E. Lagendijk
E. Lagendijk
Executive Vice President and General Counsel

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Condensed consolidated
interim financial statements
Q1 2013

aegon.com

The Hague, May 8, 2013

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Table of Contents**Condensed consolidated income statement**

| <i>EUR millions</i> | Notes | Q1 2013 | Q1 2012 |
|---|-------|---------------|---------------|
| Premium income | 4 | 6,267 | 5,690 |
| Investment income | 5 | 2,013 | 2,060 |
| Fee and commission income | | 466 | 455 |
| Other revenues | | 2 | 2 |
| Total revenues | | 8,748 | 8,207 |
| Income from reinsurance ceded | | 803 | 946 |
| Results from financial transactions | 6 | 7,731 | 7,556 |
| Other income | 7 | 87 | - |
| Total income | | 17,369 | 16,709 |
| Benefits and expenses | 8 | 16,909 | 15,944 |
| Impairment charges / (reversals) | 9 | 25 | 46 |
| Interest charges and related fees | | 103 | 141 |
| Other charges | 10 | 95 | 18 |
| Total charges | | 17,132 | 16,149 |
| Share in net result of joint ventures | | (8) | (3) |
| Share in net result of associates | | 5 | 11 |
| Income before tax | | 234 | 568 |
| Income tax (expense) / benefit | | (30) | (43) |
| Net income | | 204 | 525 |
| Net income attributable to: | | | |
| Equity holders of Aegon N.V. | | 204 | 525 |
| Non-controlling interests | | - | - |
| Earnings per share (EUR per share) | | | |
| Basic earnings per share | | 0.08 | 0.25 |
| Diluted earnings per share | 17 | 0.08 | 0.25 |
| Earnings per common share calculation | | | |
| Net income attributable to equity holders of Aegon N.V. | | 204 | 525 |
| Coupons on other equity instruments | | (49) | (47) |
| Earnings attributable to common shareholders | | 155 | 478 |
| Weighted average number of common shares outstanding (in million) | | 1,943 | 1,880 |
| Amounts for 2012 have been restated for the change in accounting policy as disclosed in note 2. | | | |

Table of Contents**Condensed consolidated statement of comprehensive income**

| <i>EUR millions</i> | Q1 2013 | Q1 2012 |
|---|------------|------------|
| Net income | 204 | 525 |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Changes in revaluation reserve real estate held for own use | 1 | - |
| Remeasurements of defined benefit plans | 122 | (44) |
| Income tax relating to items that will not be reclassified | (50) | (3) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Gains / (losses) on revaluation of available-for-sale investments | (334) | 432 |
| (Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments | (113) | (34) |
| Changes in cash flow hedging reserve | (95) | (330) |
| Movement in foreign currency translation and net foreign investment hedging reserve | 235 | (292) |
| Equity movements of joint ventures | 10 | 14 |
| Equity movements of associates | 10 | 17 |
| Income tax relating to items that may be reclassified | 164 | 20 |
| Other | 3 | 2 |
| Other comprehensive income for the period | (47) | (218) |
| Total comprehensive income | 157 | 307 |
| Total comprehensive income attributable to: | | |
| Equity holders of Aegon N.V. | 158 | 307 |
| Non-controlling interests | (1) | - |

Amounts for 2012 have been restated for the change in accounting policy as disclosed in note 2.

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| <i>EUR millions</i> | Notes | Mar. 31, 2013 | Dec. 31, 2012 |
|---|-------|------------------|------------------|
| Assets | | | |
| Intangible assets | 11 | 2,506 | 2,485 |
| Investments | 12 | 145,718 | 145,021 |
| Investments for account of policyholders | 13 | 159,563 | 152,968 |
| Derivatives | 14 | 19,006 | 21,134 |
| Investments in joint ventures | | 1,569 | 1,568 |
| Investments in associates | | 791 | 771 |
| Reinsurance assets | | 11,966 | 11,965 |
| Deferred expenses and rebates | 16 | 11,868 | 11,644 |
| Other assets and receivables | | 8,120 | 7,738 |
| Cash and cash equivalents | | 8,572 | 9,590 |
| Total assets | | 369,679 | 364,884 |
| Equity and liabilities | | | |
| Shareholders' equity | | 23,600 | 23,488 |
| Other equity instruments | | 5,030 | 5,018 |
| Issued capital and reserves attributable to equity holders of Aegon N.V. | | 28,630 | 28,506 |
| Non-controlling interests | | 12 | 13 |
| Group equity | | 28,642 | 28,519 |
| Trust pass-through securities | | 156 | 155 |
| Subordinated borrowings | | 44 | 42 |
| Insurance contracts | | 106,316 | 104,004 |
| Insurance contracts for account of policyholders | | 80,657 | 76,169 |
| Investment contracts | | 16,646 | 17,767 |
| Investment contracts for account of policyholders | | 81,498 | 78,418 |
| Derivatives | 14 | 16,330 | 18,052 |
| Borrowings | 18 | 13,941 | 13,742 |
| Other liabilities | | 25,449 | 28,016 |
| Total liabilities | | 341,037 | 336,365 |
| Total equity and liabilities | | 369,679 | 364,884 |

Amounts for 2012 have been restated for the change in accounting policy as disclosed in note 2.

Table of Contents**Condensed consolidated statement of changes in equity**

| <i>EUR millions</i> | Share capital ¹ | Retained earnings | Revaluation reserves | Remeasurement of defined benefit plans | Other reserves | Other equity instruments | Issued capital and reserves ² | Non-controlling interests | Total |
|---|----------------------------|-------------------|----------------------|--|----------------|--------------------------|--|---------------------------|---------------|
| Three months ended March 31, 2013 | | | | | | | | | |
| At beginning of year | 9,099 | 10,446 | 6,073 | (1,085) | (1,045) | 5,018 | 28,506 | 13 | 28,519 |
| Net income recognized in the income statement | - | 204 | - | - | - | - | 204 | - | 204 |
| Other comprehensive income: | | | | | | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | | | | | |
| Changes in revaluation reserve real estate held for own use | - | - | 1 | - | - | - | 1 | - | 1 |
| Remeasurements of defined benefit plans | - | - | - | 122 | - | - | 122 | - | 122 |
| Income tax relating to items that will not be reclassified | - | - | - | (50) | - | - | (50) | - | (50) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | | | | | |
| Gains / (losses) on revaluation of available-for-sale investments | - | - | (334) | - | - | - | (334) | - | (334) |
| (Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments | - | - | (113) | - | - | - | (113) | - | (113) |
| Changes in cash flow hedging reserve | - | - | (95) | - | - | - | (95) | - | (95) |
| Movement in foreign currency translation and net foreign investment hedging reserves | - | - | - | (7) | 242 | - | 235 | - | 235 |
| Equity movements of joint ventures | - | - | - | - | 10 | - | 10 | - | 10 |
| Equity movements of associates | - | - | - | - | 10 | - | 10 | - | 10 |
| Income tax relating to items that may be reclassified | - | - | 187 | - | (23) | - | 164 | - | 164 |
| Transfer from / to other headings | - | (2) | 2 | - | - | - | - | - | - |
| Other | - | 4 | - | - | - | - | 4 | (1) | 3 |
| Total other comprehensive income | - | 2 | (352) | 65 | 239 | - | (46) | (1) | (47) |
| Total comprehensive income/ (loss) for 2013 | - | 206 | (352) | 65 | 239 | - | 158 | (1) | 157 |
| Coupons on non-cumulative subordinated notes | - | (6) | - | - | - | - | (6) | - | (6) |
| Coupons on perpetual securities | - | (43) | - | - | - | - | (43) | - | (43) |
| Share options and incentive plans | - | 3 | - | - | - | 12 | 15 | - | 15 |
| At end of period | 9,099 | 10,606 | 5,721 | (1,020) | (806) | 5,030 | 28,630 | 12 | 28,642 |
| Three months ended March 31, 2012 | | | | | | | | | |
| At beginning of year (as previously stated) | 9,097 | 9,403 | 3,464 | - | (964) | 4,720 | 25,720 | 14 | 25,734 |
| Changes in accounting policies relating to IFRS 10 | - | (122) | - | - | - | - | (122) | - | (122) |

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| | | | | | | | | | |
|---|--------------|--------------|--------------|----------------|----------------|--------------|---------------|-----------|---------------|
| Changes in accounting policies relating to IFRS 11 | - | - | 17 | - | (17) | - | - | - | - |
| Changes in accounting policies relating to IAS 19 | - | 15 | - | (979) | - | - | (964) | - | (964) |
| At beginning of year, restated | 9,097 | 9,296 | 3,481 | (979) | (981) | 4,720 | 24,634 | 14 | 24,648 |
| Net income recognized in the income statement | - | 525 | - | - | - | - | 525 | - | 525 |
| Other comprehensive income: | | | | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | | | | |
| Remeasurements of defined benefit plans | - | - | - | (44) | - | - | (44) | - | (44) |
| Income tax relating to items that will not be reclassified | - | - | - | (3) | - | - | (3) | - | (3) |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | | |
| Gains / (losses) on revaluation of available-for-sale investments | - | - | 432 | - | - | - | 432 | - | 432 |
| (Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments | - | - | (34) | - | - | - | (34) | - | (34) |
| Changes in cash flow hedging reserve | - | - | (330) | - | - | - | (330) | - | (330) |
| Movement in foreign currency translation and net foreign investment hedging reserves | - | - | - | 13 | (305) | - | (292) | - | (292) |
| Equity movements of joint ventures | - | - | - | - | 14 | - | 14 | - | 14 |
| Equity movements of associates | - | - | - | - | 17 | - | 17 | - | 17 |
| Income tax relating to items that may be reclassified | - | - | 3 | - | 19 | (2) | 20 | - | 20 |
| Transfer from / to other headings | - | (17) | 17 | - | - | - | - | - | - |
| Other | - | 2 | - | - | - | - | 2 | - | 2 |
| Total other comprehensive income | - | (15) | 88 | (34) | (255) | (2) | (218) | - | (218) |
| Total comprehensive income / (loss) for 2012 | - | 510 | 88 | (34) | (255) | (2) | 307 | - | 307 |
| Issuance of non-cumulative subordinated loans | - | - | - | - | - | 271 | 271 | - | 271 |
| Coupons on non-cumulative subordinated notes | - | (3) | - | - | - | - | (3) | - | (3) |
| Coupons on perpetual securities | - | (44) | - | - | - | - | (44) | - | (44) |
| Cost of issuance of non-cumulative subordinated notes (net of tax) | - | (9) | - | - | - | - | (9) | - | (9) |
| Share options and incentive plans | - | - | - | - | - | 9 | 9 | - | 9 |
| At end of period | 9,097 | 9,750 | 3,569 | (1,013) | (1,236) | 4,998 | 25,165 | 14 | 25,179 |

¹ For a breakdown of share capital please refer to note 18.

² Issued capital and reserves attributable to equity holders of Aegon N.V.

Amounts for 2012 have been restated for the change in accounting policy as disclosed in note 2.

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| <i>EUR millions</i> | Q1 2013 | Q1 2012 |
|---|----------------|--------------|
| Cash flow from operating activities | (1,073) | (693) |
| Purchases and disposals of intangible assets | (1) | (10) |
| Purchases and disposals of equipment and other assets | (10) | (13) |
| Purchases, disposals and dividends of subsidiaries, associates and joint ventures | (21) | (4) |
| Cash flow from investing activities | (32) | (27) |
| Issuances, repurchases and coupons of perpetuals | (57) | (58) |
| Issuances, repurchases and coupons of non-cumulative subordinated notes | (8) | 266 |
| Issuances and repayments of borrowings | 58 | 1,299 |
| Cash flow from financing activities | (7) | 1,507 |
| Net increase / (decrease) in cash and cash equivalents | (1,112) | 787 |
| Net cash and cash equivalents at January 1 | 9,497 | 7,717 |
| Effects of changes in foreign exchange rates | (6) | (15) |
| Net cash and cash equivalents at end of period | 8,379 | 8,489 |
| | Mar. 31, | Mar. 31, |
| | 2013 | 2012 |
| Cash and cash equivalents | 8,572 | 8,591 |
| Bank overdrafts | (193) | (102) |
| Net cash and cash equivalents | 8,379 | 8,489 |

Amounts for 2012 have been restated for the change in accounting policy as disclosed in note 2.

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Notes to the condensed consolidated interim financial statements

Amounts in EUR millions, unless otherwise stated

Aegon N.V., incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under number 27076669 and with its registered address at Aegonplein 50, 2591 TV, The Hague, the Netherlands. Aegon N.V. serves as the holding company for the Aegon Group and has listings of its common shares in Amsterdam and New York.

Aegon N.V. (or the company) and its consolidated subsidiaries (Aegon or the Group) have life insurance and pensions operations in over twenty countries in the Americas, Europe and Asia and are also active in savings and asset management operations, accident and health insurance, general insurance and to a limited extent banking operations. Its headquarters are located in The Hague, the Netherlands. The Group employs approximately 24,500 people worldwide (2012: 24,500).

1. Basis of presentation

The condensed consolidated interim financial statements as at, and for the first quarter ended, March 31, 2013, have been prepared in accordance with IAS 34 Interim financial reporting, as adopted by the European Union (hereafter IFRS). They do not include all of the information required for a full set of financial statements prepared in accordance with IFRS and should therefore be read together with the 2012 consolidated financial statements of Aegon N.V. as included in Aegon's Annual Report for 2012. Aegon's Annual Report for 2012 is available on its website (aegon.com).

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of investment properties and those financial instruments (including derivatives) and financial liabilities that have been measured at fair value. Certain amounts in prior periods have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income, shareholders' equity or earnings per share. The condensed consolidated interim financial statements as at, and for the first quarter ended, March 31, 2013 were approved by the Executive Board on May 6, 2013.

The published figures in these condensed consolidated interim financial statements are unaudited.

2. Significant accounting policies

The accounting policies and methods of computation applied in the condensed consolidated interim financial statements are the same as those applied in the 2012 consolidated financial statements, except for the newly applied accounting policies.

Adoption of new accounting policies

Aegon applies new and amended standards that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 19 (revised 2011) Employee Benefits and IAS 1 Presentation of Financial Statements. Application of IFRS 13 Fair Value Measurement is required prospectively as of the beginning of the annual reporting period.

The nature and the impact of each new standard/amendment that has been applied for the first time in 2013 is described below:

- t IFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities: The amendments to IFRS 7 enable users of the financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The amendment affects disclosure only and is included in note 19.

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- t IFRS 10, Consolidated financial statements : IFRS 10 replaces all the guidance on control and consolidation in IAS 27, Consolidated and separate financial statements , and SIC-12, Consolidation special purpose entities . The application of this new standard impacted the financial position of Aegon by consolidating one securitization vehicle that was previously not consolidated. In addition for several investment funds the consolidation conclusion has been revisited which resulted in changes compared to previous years. The impact of the adoption of IFRS 10 on the financial position of Aegon is described in note 2.1.
- t IFRS 11, Joint Arrangements : IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The effect of this standard is that Aegon starts to account for its joint ventures on a net equity value basis. The impact of the adoption of IFRS 11 on the financial position of Aegon is described in note 2.1.
- t IFRS 12, Disclosure of interests in other entities : IFRS 12 provides disclosure requirements on interests in subsidiaries, associates, joint ventures, and structured entities. This standard affects disclosure only and has therefore no impact on Aegon s financial position or performance. Aegon will provide the disclosures in the annual report 2013 as required.
- t IFRS 13, Fair Value Measurement : IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not impacted the fair value measurements carried out by the Group, which is described in note 2.3. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures, specifically for financial instruments, are required in interim condensed consolidated financial statements. Aegon provides these disclosures in note 15.
- t IAS 1, Financial Statement Presentation Presentation of Items of Other Comprehensive Income : The amendments require the grouping of items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The amendment affects presentation only and changes are included in the condensed statement of comprehensive income.
- t IAS 19, Employee Benefits : The revised standard eliminates the option to defer the recognition of actuarial gains and losses, known as the corridor method . The amendments streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, to immediately recognize all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The impact of the adoption of the revised IAS 19 on the financial position of Aegon is described in note 2.2.
- t IAS 27, Separate financial statements : IAS 27 was amended following the issuance of IFRS 10. The revised IAS 27 deals only with the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company. The application of the amendments has not impacted the financial position of the Group.
- t IAS 28, Investments in Associates and Joint Ventures : IAS 28 was amended following the issuance of IFRS 10 and IFRS 11. The revised IAS 28 describes the application of the equity method to investments in joint ventures in addition to associates. The application of the amendments has not impacted the financial position of the Group.

For a complete overview of IFRS standards, published before January 1, 2013, that will be applied in future years, but were not early adopted by the Group, please refer to Aegon s Annual Report for 2012.

Taxes

Taxes on income for the Q1 2013 interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

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Judgments and critical accounting estimates

Preparing the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions, including the likelihood, timing or amount of future transactions or events, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates made.

In preparing the condensed consolidated interim financial statements, significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2012.

Exchange rates

Assets and liabilities are translated at the closing rates on the balance sheet date. Income, expenses and capital transactions (such as dividends) are translated at average exchange rates or at the prevailing rates on the transaction date, if more appropriate. The following exchange rates are applied for the condensed consolidated interim financial statements:

Closing exchange rates

| | | | USD | GBP |
|---------------------------------|---|-----|--------|--------|
| March 31, 2013 | 1 | EUR | 1.2841 | 0.8456 |
| December 31, 2012 | 1 | EUR | 1.3184 | 0.8111 |
| Weighted average exchange rates | | | | |

| | | | USD | GBP |
|---------|---|-----|--------|--------|
| Q1 2013 | 1 | EUR | 1.3195 | 0.8506 |
| Q1 2012 | 1 | EUR | 1.3101 | 0.8335 |

2.1 Changes in accounting policies for consolidation and joint arrangements

Aegon has early adopted IFRS 10 - Consolidated Financial Statements on January 1, 2013. Aegon also adopted IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, and consequential amendments to IAS 27, Separate financial statements and IAS 28, Investments in Associates and Joint Ventures, at the same time.

a. Subsidiaries

IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Aegon has applied the new standard retrospectively, in accordance with the transitional provisions of IFRS 10. The application of this new standard impacted the financial position of Aegon by consolidating one securitization vehicle that was previously not consolidated. In addition, for several investment funds the consolidation conclusion has been revisited which resulted in changes compared to previous years. The effect of the change in accounting policies for consolidation on the financial position, comprehensive income and the cash flows of Aegon at January 1, 2012, and December 31, 2012, are summarized together with the impact of IFRS 11 and revised IAS 19 in note 2.4.

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b. Joint arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

In general, joint arrangements are contractual agreements whereby the Group undertakes with other parties an economic activity that is subject to joint control. Joint control exists when it is contractually agreed to share control of an economic activity. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Aegon has early adopted IFRS 11 - Joint Arrangements, on January 1, 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Aegon has assessed the nature of its joint arrangements and determined them to be joint ventures. The joint ventures will be accounted for using the equity method and are no longer proportionately consolidated.

Aegon has applied the new policies for interests in joint ventures occurring on or after January 1, 2012, in accordance with the transition provisions of IFRS 11. The effects of the change in accounting policies for joint arrangements on the financial position of the group are summarized in note 2.4.

2.2 Changes in accounting policies for assets and liabilities relating to employee benefits

Aegon adopted IAS 19 - Employee Benefits, on January 1, 2013. As a result, Aegon changed its accounting policies for the assets and liabilities relating to employee benefits.

Aegon has applied the new policies for employee benefits retrospectively in accordance with the transitional provisions of the revised IAS 19. Aegon's accounting policies for assets and liabilities relating to employee benefits as set out below reflect the changes under the revised IAS 19.

a. Short-term employee benefits

Prior to January 1, 2013, short-term benefits were recognized based on the employee's entitlement to the benefits. Under the revised IAS 19 a liability is recognized for the undiscounted amount of short-term employee absences benefits expected to be settled within one year after the end of the period in which the service was rendered. Accumulating short-term absences are recognized over the period in which the service is provided. Benefits that are not service-related are recognized when the event that gives rise to the obligation occurs. This change in accounting policies has no impact on Aegon's financial position.

b. Post-employment benefits

The Group has issued defined contribution plans and defined benefit plans. A plan is classified as a defined contribution plan when the Group has no further obligation than the payment of a fixed contribution. All other plans are classified as defined benefit plans.

Defined contribution plans

The contribution payable to a defined contribution plan for services provided is recognized as an expense in the income statement. An asset is recognized to the extent that the contribution paid exceeds the amount due for services provided.

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Defined benefit plans

Revised IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are recognized in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

Upon transition to revised IAS 19, Aegon recognizes all actuarial gains and losses as they occur and therefore no longer applies the corridor approach. Furthermore, past service costs are recognized immediately if the benefits have vested directly after the introduction of, or changes to, a pension plan.

The effects of the change in accounting policies for assets and liabilities relating to employee benefits on the financial position of the Group are summarized in note 2.4.

2.3 Changes in accounting policies for fair value measurement relating to financial and non-financial liabilities

Aegon adopted IFRS 13 Fair Value Measurement, on January 1, 2013. This resulted in the Group changing its accounting policies for the fair value measurement of financial and non-financial liabilities.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Under IFRS 13, fair value is defined as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The application of IFRS 13 has not impacted Aegon's fair value measurements. The description of Aegon's methods of determining fair value is included in the consolidated financial statements 2012 and has not changed under IFRS 13. IFRS 13 requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures, specifically for financial instruments, are required in interim condensed consolidated financial statements. These disclosures are provided in note 15.

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| | Q1 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | Q1 2012 (restated) |
|---|-------------------------------------|---|--|-----------------------|
| <i>EUR millions</i> | | | | |
| Total income | 16,912 | (203) | - | 16,709 |
| Total charges | 16,360 | (197) | (14) | 16,149 |
| Share in net result of joint ventures | - | (3) | - | (3) |
| Share in net result of associates | 11 | - | - | 11 |
| Income before tax | 563 | (9) | 14 | 568 |
| Income tax (expense) / benefit | (42) | 3 | (4) | (43) |
| Net income | 521 | (6) | 10 | 525 |
| Net income attributable to: | | | | |
| Equity holders of Aegon N.V. | 521 | (6) | 10 | 525 |
| Non-controlling interests | - | - | - | - |
| Earnings per share (EUR per share) | | | | |
| Basic earnings per share | 0.25 | - | - | 0.25 |
| Diluted earnings per share | 0.25 | - | - | 0.25 |
| Earnings per common share calculation | | | | |
| Net income attributable to equity holders of Aegon N.V. | 521 | (6) | 10 | 525 |
| Coupons on other equity instruments | (47) | - | - | (47) |
| Earnings attributable to common shareholders | 474 | (6) | 10 | 478 |
| Weighted average number of common shares outstanding (in million) | 1,880 | - | - | 1,880 |

Impact of changes in accounting policies on condensed consolidated statement of comprehensive income

| | Q1 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | Q1 2012 (restated) |
|---|-------------------------------------|---|--|-----------------------|
| Net income | 521 | (6) | 10 | 525 |
| Items that will not be reclassified to profit or loss: | | | | |
| Remeasurements of defined benefit plans | - | - | (44) | (44) |
| Income tax relating to items that will not be reclassified | - | - | (3) | (3) |

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Items that may be reclassified to profit or loss:

| | | | | |
|--|------------|------------|-------------|------------|
| Gains / (losses) on revaluation of available-for-sale investments | 453 | (21) | - | 432 |
| Income tax relating to items that may be reclassified | 13 | 7 | - | 20 |
| Movement in foreign currency translation and net foreign investment hedging reserves | (305) | - | 13 | (292) |
| Equity movements of joint ventures | - | 14 | - | 14 |
| Other comprehensive income for the period | (345) | - | - | (345) |
| Total other comprehensive income for the period | (184) | - | (34) | (218) |
| Total comprehensive income | 337 | (6) | (24) | 307 |

Total comprehensive income attributable to:

| | | | | |
|------------------------------|-----|-----|------|-----|
| Equity holders of Aegon N.V. | 337 | (6) | (24) | 307 |
| Non-controlling interests | - | - | - | - |

Table of Contents**Impact of changes in accounting policies on condensed consolidated statement of financial position**

| | January 1, 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | January 1, 2012 (restated) | December 31, 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | December 31, 2012 (restated) |
|---|--|--|--|----------------------------------|--|--|--|------------------------------------|
| <i>EUR millions</i> | | | | | | | | |
| Assets | | | | | | | | |
| Investments | 144,079 | (1,374) | - | 142,705 | 146,234 | (1,213) | - | 145,021 |
| Investments for account of policyholders | 142,529 | (866) | - | 141,663 | 153,670 | (702) | - | 152,968 |
| Investments in joint ventures | - | 1,224 | - | 1,224 | - | 1,568 | - | 1,568 |
| Defined benefit assets | 303 | - | (285) | 18 | 201 | - | (179) | 22 |
| Other assets | 58,465 | (299) | - | 58,166 | 66,013 | (708) | - | 65,305 |
| Total assets | 345,376 | (1,315) | (285) | 343,776 | 366,118 | (1,055) | (179) | 364,884 |
| Equity and liabilities | | | | | | | | |
| Shareholders' equity | 21,000 | (122) | (964) | 19,914 | 24,669 | (154) | (1,027) | 23,488 |
| Other equity instruments | 4,720 | - | - | 4,720 | 5,018 | - | - | 5,018 |
| Issued capital and reserves attributable to equity holders of Aegon N.V. | 25,720 | (122) | (964) | 24,634 | 29,687 | (154) | (1,027) | 28,506 |
| Non-controlling interests | 14 | - | - | 14 | 13 | - | - | 13 |
| Group equity | 25,734 | (122) | (964) | 24,648 | 29,700 | (154) | (1,027) | 28,519 |
| Insurance contracts | 104,974 | (1,452) | - | 103,522 | 105,209 | (1,205) | - | 104,004 |
| Insurance contracts for account of policyholders | 73,425 | (866) | - | 72,559 | 76,871 | (702) | - | 76,169 |
| Investment contracts | 20,847 | (1) | - | 20,846 | 17,768 | (1) | - | 17,767 |
| Investment contracts for account of policyholders | 71,433 | - | - | 71,433 | 78,418 | - | - | 78,418 |
| Defined benefit obligations | 2,184 | - | 1,147 | 3,331 | 2,222 | - | 1,328 | 3,550 |
| Deferred tax liabilities | 2,499 | (27) | (468) | 2,004 | 3,622 | (33) | (480) | 3,109 |
| Other liabilities | 44,280 | 1,153 | - | 45,433 | 52,308 | 1,040 | - | 53,348 |
| Total liabilities | 319,642 | (1,193) | 679 | 319,128 | 336,418 | (901) | 848 | 336,365 |
| Total equity and liabilities | 345,376 | (1,315) | (285) | 343,776 | 366,118 | (1,055) | (179) | 364,884 |

Impact of changes in accounting policies on condensed consolidated statement of changes in equity

| | March 31, 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | March 31, 2012 (restated) | December 31, 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | December 31, 2012 (restated) |
|--|---|--|--|---------------------------------|--|--|--|------------------------------------|
| <i>EUR millions</i> | | | | | | | | |
| Share capital | 9,097 | - | - | 9,097 | 9,099 | - | - | 9,099 |
| Retained earnings | 9,853 | (128) | 25 | 9,750 | 10,543 | (155) | 58 | 10,446 |
| Revaluation reserves | 3,566 | 3 | - | 3,569 | 6,082 | (9) | - | 6,073 |
| Remeasurement of defined benefit plans | - | - | (1,013) | (1,013) | - | - | (1,085) | (1,085) |
| Other reserves | (1,233) | (3) | - | (1,236) | (1,055) | 10 | - | (1,045) |
| Shareholders' equity | 21,283 | (128) | (988) | 20,167 | 24,669 | (154) | (1,027) | 23,488 |

Impact of changes in accounting policies on condensed consolidated cash flow statement

| | Q1 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | Q1 2012 (restated) |
|---|--|--|--|--------------------------------|
| <i>EUR millions</i> | | | | |
| Cash flow from operating activities | (732) | 39 | - | (693) |
| Cash flow from investing activities | (31) | 4 | - | (27) |
| Cash flow from financing activities | 1,523 | (16) | - | 1,507 |
| Net increase / (decrease) in cash and cash equivalents | 760 | 27 | - | 787 |
| Net cash and cash equivalents at January 1 | 7,826 | (109) | - | 7,717 |
| Effects of changes in foreign exchange rates | (17) | 2 | - | (15) |
| Net cash and cash equivalents at end of period | 8,569 | (80) | - | 8,489 |
| | Mar. 31, 2012 (previously reported) | Change in accounting policy IFRS 10/11 | Change in accounting policy IAS 19 | Mar. 31, 2012 (restated) |
| Cash and cash equivalents | 8,671 | (80) | - | 8,591 |
| Bank overdrafts | (102) | - | - | (102) |
| Net cash and cash equivalents | 8,569 | (80) | - | 8,489 |

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Table of Contents**3. Segment information****3.1 Income statement**

| <i>EUR millions</i> | Americas | The Netherlands | United Kingdom | New Markets | Holding and other activities | Eliminations | Segment Total | Joint ventures and associates eliminations | Consolidated |
|--|--------------|-----------------|----------------|-------------|------------------------------|--------------|---------------|--|--------------|
| <i>Three months ended March 31, 2013</i> | | | | | | | | | |
| Underlying earnings before tax geographically | 312 | 85 | 24 | 62 | (38) | - | 445 | (19) | 426 |
| Fair value items | (232) | (73) | (3) | (3) | 25 | - | (286) | 16 | (270) |
| Realized gains / (losses) on investments | 47 | 63 | 1 | 2 | - | - | 113 | - | 113 |
| Impairment charges | (15) | (8) | - | (10) | - | - | (33) | - | (33) |
| Impairment reversals | 16 | - | - | - | - | - | 16 | - | 16 |
| Other income / (charges) | (5) | - | 5 | (4) | - | - | (4) | - | (4) |
| Run-off businesses | (14) | - | - | - | - | - | (14) | - | (14) |
| Income before tax | 109 | 67 | 27 | 47 | (13) | - | 237 | (3) | 234 |
| Income tax (expense) / benefit | - | (8) | (9) | (17) | 1 | - | (33) | 3 | (30) |
| Net income | 109 | 59 | 18 | 30 | (12) | - | 204 | - | 204 |
| <i>Inter-segment underlying earnings</i> | <i>(46)</i> | <i>(14)</i> | <i>(14)</i> | <i>67</i> | <i>7</i> | | | | |
| Revenues | | | | | | | | | |
| Life insurance gross premiums | 1,545 | 2,015 | 1,732 | 350 | - | (19) | 5,623 | (142) | 5,481 |
| Accident and health insurance | 444 | 123 | - | 58 | 2 | (2) | 625 | (7) | 618 |
| General insurance | - | 128 | - | 40 | - | - | 168 | - | 168 |
| Total gross premiums | 1,989 | 2,266 | 1,732 | 448 | 2 | (21) | 6,416 | (149) | 6,267 |
| Investment income | 841 | 548 | 580 | 65 | 84 | (83) | 2,035 | (22) | 2,013 |
| Fee and commission income | 297 | 82 | 26 | 134 | - | (59) | 480 | (14) | 466 |
| Other revenues | 1 | - | - | 1 | 1 | - | 3 | (1) | 2 |
| Total revenues | 3,128 | 2,896 | 2,338 | 648 | 87 | (163) | 8,934 | (186) | 8,748 |
| <i>Inter-segment revenues</i> | <i>5</i> | <i>-</i> | <i>-</i> | <i>73</i> | <i>85</i> | | | | |

| <i>EUR millions</i> | Americas | The Netherlands | United Kingdom | New Markets | Holding and other activities | Eliminations | Segment Total | Joint ventures and associates eliminations | Consolidated |
|--|------------|-----------------|----------------|-------------|------------------------------|--------------|---------------|--|--------------|
| <i>Three months ended March 31, 2012</i> | | | | | | | | | |
| Underlying earnings before tax geographically | 303 | 81 | 30 | 88 | (61) | (2) | 439 | (15) | 424 |
| Fair value items | 64 | 34 | (2) | 7 | 45 | - | 148 | 11 | 159 |
| Realized gains / (losses) on investments | 9 | 34 | - | 2 | - | - | 45 | - | 45 |
| Impairment charges | (36) | (3) | - | (4) | (4) | - | (47) | - | (47) |
| Impairment reversals | 6 | - | - | - | - | - | 6 | - | 6 |
| Other income / (charges) | (1) | (3) | 6 | (18) | (1) | - | (17) | - | (17) |
| Run-off businesses | (2) | - | - | - | - | - | (2) | - | (2) |
| Income before tax | 343 | 143 | 34 | 75 | (21) | (2) | 572 | (4) | 568 |
| Income tax (expense) / benefit | (57) | (6) | 13 | (27) | 30 | - | (47) | 4 | (43) |
| Net income | 286 | 137 | 47 | 48 | 9 | (2) | 525 | - | 525 |

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| | | | | | | | | | |
|--|--------------|--------------|--------------|------------|-----------|--------------|--------------|--------------|--------------|
| <i>Inter-segment underlying earnings</i> | (46) | (12) | (16) | 71 | 3 | | | | |
| Revenues | | | | | | | | | |
| Life insurance gross premiums | 1,581 | 1,772 | 1,415 | 408 | - | (18) | 5,158 | (247) | 4,911 |
| Accident and health insurance | 444 | 109 | - | 62 | 1 | (1) | 615 | (7) | 608 |
| General insurance | - | 134 | - | 37 | - | - | 171 | - | 171 |
| Total gross premiums | 2,025 | 2,015 | 1,415 | 507 | 1 | (19) | 5,944 | (254) | 5,690 |
| Investment income | 890 | 569 | 562 | 86 | 89 | (87) | 2,109 | (49) | 2,060 |
| Fee and commission income | 285 | 86 | 31 | 128 | - | (65) | 465 | (10) | 455 |
| Other revenues | - | - | - | 1 | 1 | - | 2 | - | 2 |
| Total revenues | 3,200 | 2,670 | 2,008 | 722 | 91 | (171) | 8,520 | (313) | 8,207 |
| <i>Inter-segment revenues</i> | 7 | - | 1 | 76 | 87 | | | | |
| Non-IFRS measures | | | | | | | | | |

For segment reporting purposes the following non-IFRS financial measures are included: underlying earnings before tax, income tax and income before tax. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. Aegon believes that its non-IFRS measures provide meaningful information about the underlying results of Aegon's business, including insight into the financial measures that Aegon's senior management uses in managing the business.

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Among other things, Aegon's senior management is compensated based in part on Aegon's results against targets using the non-IFRS measures presented here. While many other insurers in Aegon's peer group present substantially similar non-IFRS measures, the non-IFRS measures presented in this document may nevertheless differ from the non-IFRS measures presented by other insurers. There is no standardized meaning to these measures under IFRS or any other recognized set of accounting standards. Readers are cautioned to consider carefully the different ways in which Aegon and its peers present similar information before comparing them.

Aegon believes the non-IFRS measures shown herein, when read together with Aegon's reported IFRS financial statements, provide meaningful supplemental information for the investing public to evaluate Aegon's business after eliminating the impact of current IFRS accounting policies for financial instruments and insurance contracts, which embed a number of accounting policies alternatives that companies may select in presenting their results (i.e. companies can use different local GAAPs to measure the insurance contract liability) and that can make the comparability from period to period difficult.

The reconciliation from underlying earnings before tax to income before tax, being the most comparable IFRS measure, is presented in the tables in this note.

Underlying earnings

Certain assets held by Aegon Americas, Aegon the Netherlands and Aegon United Kingdom are carried at fair value and managed on a total return basis, with no offsetting changes in the valuation of related liabilities. These include assets such as investments in hedge funds, private equities, real estate (limited partnerships), convertible bonds and structured products. Underlying earnings exclude any over- or underperformance compared to management's long-term expected return on assets.

Based on current holdings and asset returns, the long-term expected return on an annual basis is 8-10%, depending on asset class, including cash income and market value changes. The expected earnings from these asset classes are net of deferred policy acquisition costs (DPAC) where applicable.

In addition, certain products offered by Aegon Americas contain guarantees and are reported on a fair value basis, including the segregated funds offered by Aegon Canada and the total return annuities and guarantees on variable annuities of Aegon USA. The earnings on these products are impacted by movements in equity markets and risk-free interest rates. Short-term developments in the financial markets may therefore cause volatility in earnings. Included in underlying earnings is a long-term expected return on these products and excluded is any over- or underperformance compared to management's expected return. The fair value movements of certain guarantees and the fair value change of derivatives that hedge certain risks on these guarantees of Aegon the Netherlands and Variable Annuities Europe (included in New Markets) are excluded from underlying earnings, and the long-term expected return for these guarantees is set at zero.

Holding and other activities include certain issued bonds that are held at fair value through profit or loss (FVTPL). The interest rate risk on these bonds is hedged using swaps. The fair value movement resulting from changes in Aegon's credit spread used in the valuation of these bonds are excluded from underlying earnings and reported under fair value items.

Fair value items

Fair value items include the over- or underperformance of investments and guarantees held at fair value for which the expected long-term return is included in underlying earnings. Changes to these long-term return assumptions are also included in the fair value items.

In addition, hedge ineffectiveness on hedge transactions, fair value changes on economic hedges without natural offset in earnings and for which no hedge accounting is applied and fair value movements on real estate are included under fair value items.

Table of Contents*Realized gains or losses on investments*

Includes realized gains and losses on available-for-sale investments, mortgage loans and other loan portfolios.

Impairment charges / reversals

Includes impairments and reversals on available-for-sale debt securities and impairments on shares including the effect of deferred policyholder acquisition costs, mortgage loans and loan portfolios on amortized cost and associates respectively.

Other income or charges

Other income or charges is used to report any items which cannot be directly allocated to a specific line of business. Also items that are outside the normal course of business are reported under this heading.

Other charges include restructuring charges that are considered other charges for segment reporting purposes because they are outside the normal course of business. In the condensed consolidated income statement, these charges are included in operating expenses.

Run-off businesses

Includes underlying results of business units where management has decided to exit the market and to run-off the existing block of business. Currently, this line includes the run-off of the institutional spread-based business, structured settlements blocks of business, Bank-Owned and Corporate-Owned Life Insurance (BOLI/COLI) business and life reinsurance business in the United States. Aegon has other blocks of business for which sales have been discontinued and of which the earnings are included in underlying earnings.

Share in earnings of joint ventures and associates

Earnings from Aegon's joint ventures in Spain, China and Japan and Aegon's associates in Spain, India, Brazil and Mexico are reported on an underlying earnings basis.

3.2 Investments geographically

| | | amounts in million EUR (unless otherwise stated) | | | | | | | |
|----------------|----------------|--|----------------|-----------------|----------------|---------------|----------------------------|--------------|----------------|
| Americas | United Kingdom | | | The Netherlands | United Kingdom | New Markets | Holding & other activities | Eliminations | Total EUR |
| USD | GBP | March 31, 2013 | Americas | | | | | | |
| | | Investments | | | | | | | |
| 1,923 | 46 | Shares | 1,497 | 492 | 55 | 20 | - | (2) | 2,062 |
| 83,940 | 9,099 | Debt securities | 65,369 | 19,505 | 10,760 | 2,726 | - | - | 98,360 |
| 11,534 | 3 | Loans | 8,982 | 22,705 | 4 | 538 | - | - | 32,229 |
| 13,045 | 155 | Other financial assets | 10,159 | 295 | 183 | 23 | 757 | - | 11,417 |
| 1,036 | - | Investments in real estate | 807 | 842 | - | 1 | - | - | 1,650 |
| 111,478 | 9,303 | Investments general account | 86,814 | 43,839 | 11,002 | 3,308 | 757 | (2) | 145,718 |
| 1,898 | 13,315 | Shares | 1,478 | 8,730 | 15,746 | 65 | - | (6) | 26,013 |
| 6,842 | 10,313 | Debt securities | 5,328 | 15,950 | 12,195 | 152 | - | - | 33,625 |
| 82,801 | 21,078 | Unconsolidated investment funds | 64,482 | - | 24,927 | 5,702 | - | - | 95,111 |
| 345 | 2,636 | Other financial assets | 269 | 412 | 3,118 | 17 | - | - | 3,816 |
| - | 844 | Investments in real estate | - | - | 998 | - | - | - | 998 |
| 91,886 | 48,186 | Investments for account of policyholders | 71,557 | 25,092 | 56,984 | 5,936 | - | (6) | 159,563 |
| 203,364 | 57,489 | Investments on balance sheet | 158,371 | 68,931 | 67,986 | 9,244 | 757 | (8) | 305,281 |
| 139,658 | 54 | Off balance sheet investments third parties | 108,759 | 1,031 | 64 | 61,101 | - | - | 170,955 |

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| | | | | | | | | | |
|----------------|---------------|---|----------------|---------------|---------------|---------------|---------------|-----------------|----------------|
| 343,022 | 57,543 | Total revenue generating investments | 267,130 | 69,962 | 68,050 | 70,345 | 757 | (8) | 476,236 |
| | | Investments | | | | | | | |
| 92,910 | 9,258 | Available-for-sale | 72,354 | 20,020 | 10,949 | 2,735 | 17 | - | 106,075 |
| 11,534 | 3 | Loans | 8,982 | 22,705 | 4 | 538 | - | - | 32,229 |
| 97,884 | 47,384 | Financial assets at fair value through profit or loss | 76,228 | 25,364 | 56,035 | 5,970 | 740 | (8) | 164,329 |
| 1,036 | 844 | Investments in real estate | 807 | 842 | 998 | 1 | - | - | 2,648 |
| 203,364 | 57,489 | Total investments on balance sheet | 158,371 | 68,931 | 67,986 | 9,244 | 757 | (8) | 305,281 |
| - | - | Investments in joint ventures | - | 842 | - | 727 | - | - | 1,569 |
| 123 | 6 | Investments in associates | 96 | 21 | 8 | 662 | 4 | - | 791 |
| 33,231 | 5,261 | Other assets | 25,817 | 25,045 | 6,214 | 3,332 | 37,537 | (35,907) | 62,038 |
| 236,718 | 62,756 | Consolidated total assets | 184,284 | 94,839 | 74,208 | 13,965 | 38,298 | (35,915) | 369,679 |

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| Americas | | amounts in million EUR (unless otherwise stated) | | | | | | | |
|--------------------|--------------------|---|----------------|-----------------|----------------|---------------|----------------------------|-----------------|----------------|
| USD | United Kingdom GBP | December 31, 2012 | Americas | The Netherlands | United Kingdom | New Markets | Holding & other activities | Eliminations | Total EUR |
| Investments | | | | | | | | | |
| 1,833 | 42 | Shares | 1,390 | 412 | 51 | 16 | - | (2) | 1,867 |
| 83,964 | 8,975 | Debt securities | 63,686 | 19,256 | 11,066 | 2,817 | - | - | 96,825 |
| 11,748 | 4 | Loans | 8,910 | 22,245 | 5 | 552 | - | - | 31,712 |
| 15,434 | 175 | Other financial assets | 11,707 | 286 | 216 | 22 | 759 | - | 12,990 |
| 1,009 | - | Investments in real estate | 766 | 860 | - | 1 | - | - | 1,627 |
| 113,988 | 9,196 | Investments general account | 86,459 | 43,059 | 11,338 | 3,408 | 759 | (2) | 145,021 |
| 1,956 | 12,107 | Shares | 1,484 | 8,406 | 14,927 | 63 | - | (6) | 24,874 |
| 6,988 | 10,508 | Debt securities | 5,300 | 16,266 | 12,954 | 162 | - | - | 34,682 |
| 77,824 | 19,136 | Unconsolidated investment funds | 59,029 | - | 23,593 | 5,778 | - | - | 88,400 |
| 207 | 2,761 | Other financial assets | 157 | 422 | 3,404 | 21 | - | - | 4,004 |
| - | 817 | Investments in real estate | - | - | 1,008 | - | - | - | 1,008 |
| 86,975 | 45,329 | Investments for account of policyholders | 65,970 | 25,094 | 55,886 | 6,024 | - | (6) | 152,968 |
| 200,963 | 54,525 | Investments on balance sheet | 152,429 | 68,153 | 67,224 | 9,432 | 759 | (8) | 297,989 |
| 132,796 | 8 | Off balance sheet investments third parties | 100,725 | 1,052 | 10 | 59,301 | - | - | 161,088 |
| 333,759 | 54,533 | Total revenue generating investments | 253,154 | 69,205 | 67,234 | 68,733 | 759 | (8) | 459,077 |
| Investments | | | | | | | | | |
| 95,282 | 9,155 | Available-for-sale | 72,271 | 19,717 | 11,286 | 2,826 | 19 | - | 106,119 |
| 11,748 | 4 | Loans | 8,910 | 22,245 | 5 | 552 | - | - | 31,712 |
| 92,924 | 44,549 | Financial assets at fair value through profit or loss | 70,482 | 25,331 | 54,925 | 6,053 | 740 | (8) | 157,523 |
| 1,009 | 817 | Investments in real estate | 766 | 860 | 1,008 | 1 | - | - | 2,635 |
| 200,963 | 54,525 | Total investments on balance sheet | 152,429 | 68,153 | 67,224 | 9,432 | 759 | (8) | 297,989 |
| - | - | Investments in joint ventures | - | 854 | - | 714 | - | - | 1,568 |
| 119 | 6 | Investments in associates | 90 | 21 | 8 | 648 | 4 | - | 771 |
| 33,852 | 5,104 | Other assets | 25,586 | 27,508 | 6,284 | 3,318 | 37,926 | (36,066) | 64,556 |
| 234,934 | 59,635 | Consolidated total assets | 178,105 | 96,536 | 73,516 | 14,112 | 38,689 | (36,074) | 364,884 |

Amounts included in the tables on investments geographically are presented on an IFRS-basis and include the reclassifications following the change in accounting policies as included in notes 2.1 to 2.4.

4. Premium income and premium to reinsurers

| EUR millions | Q1 2013 | Q1 2012 |
|--------------------|--------------|--------------|
| Gross | | |
| Life | 5,481 | 4,911 |
| Non-Life | 786 | 779 |
| Total | 6,267 | 5,690 |
| Reinsurance | | |
| Life | 671 | 820 |
| Non-Life | 90 | 96 |
| Total | 761 | 916 |

5. Investment income

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| <i>EUR millions</i> | Q1 2013 | Q1 2012 |
|--|--------------|--------------|
| Interest income | 1,691 | 1,805 |
| Dividend income | 292 | 225 |
| Rental income | 30 | 30 |
| Total investment income | 2,013 | 2,060 |
| Investment income related to general account | 1,384 | 1,447 |
| Investment income for account of policyholders | 629 | 613 |
| Total | 2,013 | 2,060 |
| Unaudited | | 17 |

Table of Contents**6. Results from financial transactions**

| <i>EUR millions</i> | Q1 2013 | Q1 2012 |
|--|--------------|--------------|
| Net fair value change of general account financial investments at FVTPL other than derivatives | 144 | 265 |
| Realized gains and (losses) on financial investments | 113 | 55 |
| Gains and (losses) on investments in real estate | (15) | (14) |
| Net fair value change of derivatives | (265) | 120 |
| Net fair value change on for account of policyholder financial assets at FVTPL | 7,743 | 7,152 |
| Net fair value change on investments in real estate for account of policyholders | (10) | (8) |
| Net foreign currency gains and (losses) | 2 | 10 |
| Net fair value change on borrowings and other financial liabilities | 19 | (24) |
| Total | 7,731 | 7,556 |

Net fair value changes on for account of policyholder financial assets at fair value through profit or loss are offset by amounts in Claims and benefits reported in the Benefits and expenses line (note 8).

7. Other income

Other income in 2013 reflects the recapture of certain reinsurance contracts.

8. Benefits and expenses

| <i>EUR millions</i> | Q1 2013 | Q1 2012 |
|-------------------------|---------------|---------------|
| Claims and benefits | 16,213 | 15,306 |
| Employee expenses | 512 | 483 |
| Administration expenses | 263 | 252 |
| Deferred expenses | (365) | (361) |
| Amortization charges | 286 | 264 |
| Total | 16,909 | 15,944 |

Claims and benefits reflects the claims and benefits paid to policyholders, including claims and benefits in excess of account value for products for which deposit accounting is applied and the change in valuation of liabilities for insurance and investment contracts. In addition, Claims and benefits includes commissions and expenses, as well as premium paid to reinsurers. Claims and benefits fluctuates mainly as a result of changes in technical provisions resulting from fair value changes on for account of policyholder financial assets included in Results from financial transactions (note 6).

Table of Contents**9. Impairment charges / (reversals)**

| <i>EUR millions</i> | Q1 2013 | Q1 2012 |
|---|-------------|------------|
| Impairment charges / (reversals) comprise: | | |
| Impairment charges on financial assets, excluding receivables ¹ | 40 | 50 |
| Impairment reversals on financial assets, excluding receivables ¹ | (16) | (6) |
| Impairment charges / (reversals) on non-financial assets and receivables | 1 | 2 |
| Total | 25 | 46 |
| Impairment charges on financial assets, excluding receivables, from: | | |
| Shares | - | 4 |
| Debt securities and money market instruments | 13 | 31 |
| Loans | 27 | 14 |
| Other | - | 1 |
| Total | 40 | 50 |
| Impairment reversals on financial assets, excluding receivables, from: | | |
| Debt securities and money market instruments | (14) | (1) |
| Loans | (2) | (5) |
| Total | (16) | (6) |

¹ Impairment charges / (reversals) on financial assets, excluding receivables, are excluded from underlying earnings before tax for segment reporting (refer to note 3).

10. Other charges

Other charges in 2013 mainly includes EUR 81 million related to a further increase in reserves in connection with the company's use of the Social Security Administration's death master-file in the United States.

Other charges in 2012 mainly includes EUR 16 million related to the Hungarian bank tax. Due to regulation changes in Hungary, the bank tax has been replaced by a recurring insurance tax for which charges are recognized in operating expenses effective January 1, 2013.

11. Intangible assets

| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 |
|--------------------------------|---------------|---------------|
| Goodwill | 277 | 266 |
| VOBA | 1,789 | 1,777 |
| Future servicing rights | 384 | 383 |
| Software | 48 | 50 |
| Other | 8 | 9 |
| Total intangible assets | 2,506 | 2,485 |

The increase in goodwill mainly reflects the acquisition of 100% of Fidem Life, a life insurance company in Ukraine. The increase in value of business acquired (VOBA) is mainly attributable to currency translation adjustments partly offset by the net impact of regular amortization and shadow accounting.

Table of Contents**12. Investments**

| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 | | |
|---|----------------|----------------|---------------|----------------|
| Available-for-sale (AFS) | 106,075 | 106,119 | | |
| Loans | 32,229 | 31,712 | | |
| Financial assets at fair value through profit or loss (FVTPL) | 5,764 | 5,563 | | |
| Financial assets, excluding derivatives | 144,068 | 143,394 | | |
| Investments in real estate | 1,650 | 1,627 | | |
| Total investments for general account | 145,718 | 145,021 | | |
| Total financial assets, excluding derivatives | | | | |
| | AFS | FVTPL | Loans | Total |
| Shares | 874 | 1,188 | - | 2,062 |
| Debt securities | 96,927 | 1,433 | - | 98,360 |
| Money market and other short-term investments | 7,065 | 1,107 | - | 8,172 |
| Mortgages | - | - | 28,851 | 28,851 |
| Private loans | - | - | 1,005 | 1,005 |
| Deposits with financial institutions | - | - | 84 | 84 |
| Policy loans | - | - | 2,143 | 2,143 |
| Other | 1,209 | 2,036 | 146 | 3,391 |
| March 31, 2013 | 106,075 | 5,764 | 32,229 | 144,068 |
| | AFS | FVTPL | Loans | Total |
| Shares | 824 | 1,043 | - | 1,867 |
| Debt securities | 95,394 | 1,431 | - | 96,825 |
| Money market and other short-term investments | 8,687 | 1,084 | - | 9,771 |
| Mortgages | - | - | 28,350 | 28,350 |
| Private loans | - | - | 1,012 | 1,012 |
| Deposits with financial institutions | - | - | 96 | 96 |
| Policy loans | - | - | 2,103 | 2,103 |
| Other | 1,214 | 2,005 | 151 | 3,370 |
| December 31, 2012 | 106,119 | 5,563 | 31,712 | 143,394 |

European peripheral countries exposure

Aegon's exposure to central governments of European peripheral countries Portugal, Italy, Ireland, Greece and Spain amounts to EUR 1,054 million (December 31, 2012: EUR 964 million), which includes investments held by joint ventures and associates, additional to Aegon's direct exposure. EUR 337 million (December 31, 2012: EUR 269 million) relates to Aegon's proportionate share in the investments of its associate CAM Aegon Holding Financiero (Spain).

The following table provides the amortized cost and fair value of Aegon's exposure to European peripheral countries.

| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 |
|-----------------------------------|---------------|---------------|
| <i>Debt security exposure to:</i> | | |
| Central Government | | |
| Banks | | |
| RMBS | | |
| Corporates and other | | |
| Total | | Total |

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| | Amortized cost | Amortized Fair value | Amortized cost | Amortized Fair value | Amortized cost | Amortized Fair value | Amortized cost | Amortized Fair value | Amortized cost | Amortized Fair value | Amortized cost | Amortized Fair value |
|--------------|-------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|
| Portugal | 2 | 2 | 13 | 9 | 33 | 30 | 54 | 53 | 102 | 94 | 107 | 97 |
| Italy | 46 | 45 | 89 | 88 | 34 | 36 | 596 | 591 | 765 | 760 | 753 | 753 |
| Ireland | 20 | 20 | - | - | 84 | 72 | 326 | 354 | 430 | 446 | 475 | 484 |
| Greece | - | - | - | - | 3 | 3 | 24 | 25 | 27 | 28 | 27 | 27 |
| Spain | 986 | 986 | 165 | 154 | 653 | 634 | 691 | 717 | 2,495 | 2,491 | 2,488 | 2,426 |
| Total | 1,054 | 1,053 | 267 | 251 | 807 | 775 | 1,691 | 1,740 | 3,819 | 3,819 | 3,850 | 3,787 |

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Table of Contents**13. Investments for account of policyholders**

| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 |
|---|----------------|----------------|
| Shares | 26,013 | 24,874 |
| Debt securities | 33,625 | 34,682 |
| Money market and short-term investments | 1,144 | 1,480 |
| Deposits with financial institutions | 2,250 | 2,087 |
| Unconsolidated investment funds | 95,111 | 88,400 |
| Other | 422 | 437 |
| Total investments for account of policyholders at fair value through profit or loss, excluding derivatives | 158,565 | 151,960 |
| Investment in real estate | 998 | 1,008 |
| Total investments for account of policyholders | 159,563 | 152,968 |

14. Derivatives

There have been no material changes in the composition of the derivative portfolio. The movements in derivative balances mainly result from changes in market conditions.

15. Fair value

The table below provides an analysis of financial instruments recorded at fair value on a recurring basis by level of the fair value hierarchy:

Fair value hierarchy

| <i>EUR millions</i> | Level I | Level II | Level III | Total |
|--|----------------|----------------|--------------|----------------|
| Financial assets carried at fair value available-for-sale investments | | | | |
| Shares | 244 | 273 | 357 | 874 |
| Debt securities | 22,813 | 71,302 | 2,812 | 96,927 |
| Money markets and other short-term instruments | - | 7,065 | - | 7,065 |
| Other investments at fair value | 22 | 318 | 869 | 1,209 |
| March 31, 2013 | 23,079 | 78,958 | 4,038 | 106,075 |
| Fair value through profit or loss | | | | |
| Shares | 1,081 | 107 | - | 1,188 |
| Debt securities | 54 | 1,366 | 13 | 1,433 |
| Money markets and other short-term instruments | 740 | 367 | - | 1,107 |
| Other investments at fair value | - | 591 | 1,445 | 2,036 |
| Investments for account of policyholders ¹ | 95,101 | 61,695 | 1,769 | 158,565 |
| Derivatives | 35 | 18,681 | 290 | 19,006 |
| March 31, 2013 | 97,011 | 82,807 | 3,517 | 183,335 |
| Total financial assets at fair value | 120,090 | 161,765 | 7,555 | 289,410 |
| Financial liabilities carried at fair value | | | | |
| Investment contracts for account of policyholders | 10,865 | 19,944 | 113 | 30,922 |
| Borrowings ² | 525 | 518 | - | 1,043 |
| Derivatives | 33 | 14,287 | 2,010 | 16,330 |
| Total financial liabilities at fair value | 11,423 | 34,749 | 2,123 | 48,295 |

¹ The investments for account of policyholders included in the table above represents those investments carried at fair value through profit or loss.

² Total borrowings on the statement of financial position contain borrowings carried at amortized cost that are not included in the above schedule.

Significant transfers between Level I and II

Aegon's policy is to record transfers of assets and liabilities between Level I and Level II at their fair values as of the beginning of each reporting period. During the first quarter of 2013, the amount of assets and liabilities transferred from Level II to Level I was EUR 493 million. Transfers are identified based on transaction volume and frequency which are indicative of an active market.

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The table below shows transfers between Level I and Level II for financial assets and financial liabilities recorded at fair value on a recurring basis during the three-month period ended March 31, 2013:

Fair value transfers

| | Transfers Level I to Level II | Transfers Level II to Level I |
|--|--|-------------------------------------|
| <i>EUR millions</i> | | |
| Financial assets carried at fair value available-for-sale investments | | |
| Debt securities | - | 236 |
| March 31, 2013 | - | 236 |
| Fair value through profit or loss | | |
| Investments for account of policyholders | - | 257 |
| March 31, 2013 | - | 257 |
| Total financial assets at fair value | - | 493 |

Movements in Level III financial instruments measured at fair value

The following table summarizes the change of all assets and liabilities measured at estimated fair value on a recurring basis using significant unobservable inputs (Level III), including realized and unrealized gains (losses) of all assets and liabilities and unrealized gains (losses) of all assets and liabilities still held at the end of the respective period.

Roll forward of Level III financial instruments

| | Total gains / losses in income | | | | | | | Transfers from Level I and Level II to Level I and Level II | | Total gains or losses for the period included in the profit and loss for instruments held at March 31, 2013 ³ | |
|--|--------------------------------|-------------------------|-----------|------------|--------------|-------------|--------------|---|----------------------|--|-----------------------------|
| | January 1, 2013 | Statement losses in OCI | Purchases | Sales | Settlements | Differences | Net exchange | Level I and Level II | Level I and Level II | March 31, 2013 | March 31, 2013 ³ |
| Financial assets carried at fair value available-for-sale investments | | | | | | | | | | | |
| Shares | 376 | 1 | 1 | 6 | (25) | (4) | 3 | - | (1) | 357 | - |
| Debt securities | 2,643 | 14 | 43 | 238 | (67) | (61) | 47 | 148 | (193) | 2,812 | - |
| Other investments at fair value | 883 | (27) | 33 | 46 | (86) | (3) | 23 | - | - | 869 | - |
| | 3,902 | (12) | 77 | 290 | (178) | (68) | 73 | 148 | (194) | 4,038 | - |
| Fair value through profit or loss | | | | | | | | | | | |
| Debt securities | 14 | (1) | - | - | - | - | - | - | - | 13 | (1) |
| Other investments at fair value | 1,416 | 44 | - | 9 | (58) | - | 38 | 12 | (16) | 1,445 | 46 |
| Investments for account of policyholders | 1,715 | 67 | 9 | 174 | (200) | - | (6) | 26 | (16) | 1,769 | 55 |
| Derivatives | 301 | (10) | - | 1 | - | 3 | (5) | - | - | 290 | (5) |
| | 3,446 | 100 | 9 | 184 | (258) | 3 | 27 | 38 | (32) | 3,517 | 95 |
| Financial liabilities carried at fair value | | | | | | | | | | | |
| Investment contracts for account of policyholders | (109) | (1) | - | - | - | - | (3) | - | - | (113) | (1) |
| Derivatives | (2,318) | 324 | - | (1) | - | - | (17) | - | 2 | (2,010) | 324 |
| | (2,427) | 323 | - | (1) | - | - | (20) | - | 2 | (2,123) | 323 |

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¹ Includes impairments and movements related to fair value hedges. Gains and losses are recorded in the line item "results from financial transactions" of the income statement.

² Total gains and losses are recorded in line items "Gains/ (losses) on revaluation of available-for-sale investments" and "(Gains)/ losses transferred to the income statement on disposal and impairment of available-for-sale investment" of the statement of other comprehensive income.

³ Total gains / (losses) for the period during which the financial instrument was in Level III.

Aegon's policy is to record transfers of assets and liabilities between Level I, Level II and Level III at their fair values as of the beginning of each reporting period. During the first quarter of 2013, Aegon transferred certain financial instruments from Levels I and Level II to Level III of the fair value hierarchy. The reason for the change in level was that the market liquidity for these securities decreased, which led to a change in market observability of prices. Prior to transfer, the fair value for the Level I and Level II securities was determined using observable market transactions or corroborated broker quotes respectively for the same or similar instruments. Since the transfer, all such assets have been valued using valuation models incorporating significant non market-observable inputs or uncorroborated broker quotes.

Similarly, during the first quarter in 2013, Aegon transferred certain financial instruments from Level III to other levels of the fair value hierarchy. The change in level was mainly the result of a return of activity in the market for these securities and that for these securities the fair value could be determined using observable market transactions or corroborated broker quotes for the same or similar instruments.

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The table below presents information about the significant unobservable inputs used for recurring and non-recurring fair value measurements for certain Level III financial instruments.

Overview of significant unobservable inputs

| <i>EUR millions</i> | Carrying amount March 31, 2013 | Valuation technique ¹ | Significant unobservable input ² | Range (weighted average) |
|--|--------------------------------------|----------------------------------|--|------------------------------------|
| Financial assets carried at fair value available-for-sale investments | | | | |
| Shares | 202 | Broker quote | n.a. | n.a. |
| | 155 | Other | n.a. | n.a. |
| | 357 | | | |
| Debt securities | | | | |
| RMBS | 250 | Broker quote | n.a. | n.a. |
| | 70 | Other | n.a. | n.a. |
| CMBS | 51 | Broker quote | n.a. | n.a. |
| | 56 | Other | n.a. | n.a. |
| ABS | 200 | Discounted cash flow | Discount rate | 3% - 8% (6.72%) |
| | 1,424 | Broker quote | n.a. | n.a. |
| | 132 | Other | n.a. | n.a. |
| Corporate bonds | 251 | Discounted cash flow | Credit spread | 0.4% - 4.4% (3.12%) |
| | 330 | Broker quote | n.a. | n.a. |
| | 23 | Other | n.a. | n.a. |
| Sovereign debt | 25 | Broker quote | n.a. | n.a. |
| | 2,812 | | | |
| Other investments at fair value | | | | |
| Tax credit investments | 714 | Discounted cash flow | Discount rate | 9.91% |
| Other | 130 | Net asset value | n.a. | n.a. |
| | 25 | Other | n.a. | n.a. |
| | 869 | | | |
| March 31, 2013 | 4,038 | | | |
| Fair value through profit or loss | | | | |
| Debt securities | 13 | Other | n.a. | n.a. |
| Other investments at fair value | | | | |
| Real estate investments | 758 | Net asset value | n.a. | n.a. |
| Private equity investments | 657 | Net asset value | n.a. | n.a. |
| Hedge funds | 30 | Net asset value | n.a. | n.a. |
| | 1,445 | | | |
| Derivatives | 157 | Discounted cash flow | Mortality | Aegon 2012-2062 mortality table |
| | 13 | Other | n.a. | n.a. |
| | 170 | | | |
| March 31, 2013 | 1,628 | | | |
| Total financial assets at fair value | 5,666 | | | |
| Financial liabilities carried at fair value | | | | |
| Derivatives | | | | |
| Embedded derivatives in insurance contracts | 1,840 | Discounted cash flow | Credit spread | 0.65% |
| Other | 170 | Other | n.a. | n.a. |
| Total financial liabilities at fair value | 2,010 | | | |

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¹ Other in the table above (column Valuation technique) includes investments for which the fair value is uncorroborated and no broker quote is received.

² Not applicable (n.a.) has been included when no significant unobservable assumption has been identified and used.

Investments for account of policyholders are excluded from the table above and from the disclosure regarding reasonably possible alternative assumptions. Policyholder assets, and their returns, belong to policyholders and do not impact Aegon's net income or equity. The effect on total assets is offset by the effect on total liabilities. Derivatives exclude derivatives for account of policyholders amounting to EUR 120 million.

The valuation techniques included in the table above are described in more detail below:

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Shares

When available, Aegon uses quoted market prices in active markets to determine the fair value of its shares. When Aegon cannot make use of quoted market prices, market prices from indices or quotes from third-party pricing services or brokers are used.

Available-for-sale shares include shares in the Federal Home Loan Bank for an amount of EUR 111 million that are measured at par, which are reported as part of Other. The bank has implicit financial support from the United States government. The redemption value of the shares is fixed at par and can only be redeemed by the bank.

Residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and asset backed securities (ABS)

Valuations of RMBS, CMBS and ABS are monitored and reviewed on a monthly basis. Valuations are based on a pricing hierarchy and depending on the asset type the pricing hierarchy consists of a waterfall that starts with making use of market prices from indices and follows with making use of third-party pricing services or brokers. The pricing hierarchy is dependent on the possibilities of corroboration of the market prices. If no market prices are available Aegon uses internal models to determine fair value. Significant inputs included in the internal models are generally determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles. Market standard models may be used to model the specific collateral composition and cash flow structure of each transaction. The most significant unobservable input is illiquidity premium which is embedded in the discount rate.

Corporate bonds

Valuations of corporate bonds are monitored and reviewed on a monthly basis. The pricing hierarchy is dependent on the possibility of corroboration of market prices when available. If no market prices are available, valuations are determined by a discounted cash flow methodology using an internally calculated yield. The yield is comprised of a credit spread over a given benchmark. In all cases the benchmark is an observable input. The credit spread contains both observable and unobservable inputs. Aegon starts by taking an observable credit spread from a similar bond of the given issuer, and then adjust this spread based on unobservable inputs. These unobservable inputs may include subordination, liquidity and maturity differences.

Tax credit investments

The fair value of tax credit investments is determined by using a discounted cash flow valuation technique. This valuation technique takes into consideration projections of future capital contributions and distributions, as well as future tax credits and the tax benefits of future operating losses. The present value of these cash flows is calculated by applying a discount rate. In general, the discount rate is determined based on the cash outflows for the investments and the cash inflows from the tax credits / tax benefits (and the timing of those cash flows). These inputs are unobservable in the market place.

Real estate investments, private equity investments and hedge funds

The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. Aegon reviews the valuations each month and performs analytical procedures and trending analyses to ensure the fair values are appropriate.

Sovereign debt

When available, Aegon uses quoted market prices in active markets to determine the fair value of its sovereign debt investments. When Aegon cannot make use of quoted market prices, market prices from indices or quotes from third-party pricing services or brokers are used.

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Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modeling, are applied. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available. Models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices.

Fair values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices in active markets. Fair values for over-the-counter (OTC) derivative financial instruments represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using pricing models based on the net present value of estimated future cash flows, directly observed prices from exchange-traded derivatives, other OTC trades, or external pricing services. Most valuations are derived from swap and volatility matrices, which are constructed for applicable indices and currencies using current market data from many industry standard sources. Option pricing is based on industry standard valuation models and current market levels, where applicable. The pricing of complex or illiquid instruments is based on internal models or an independent third party. For long-dated illiquid contracts, extrapolation methods are applied to observed market data in order to estimate inputs and assumptions that are not directly observable. To value OTC derivatives, management uses observed market information, other trades in the market and dealer prices.

Aegon normally mitigates counterparty credit risk in derivative contracts by entering into collateral agreements where practical and in ISDA master netting agreements for each of the Group's legal entities to facilitate Aegon's right to offset credit risk exposure. Changes in the fair value of derivatives attributable to changes in counterparty credit risk were not significant.

Embedded derivatives in insurance contracts including guarantees

Certain bifurcated guarantees for minimum benefits in insurance and investment contracts are carried at fair value. These guarantees include guaranteed minimum withdrawal benefits (GMWB) in the United States, United Kingdom and Japan which are offered on some variable annuity products and are also assumed from a ceding company; minimum interest rate guarantees on insurance products offered in the Netherlands, including group pension and traditional products; variable annuities sold in Europe and Japan, and guaranteed minimum accumulation benefits on segregated funds sold in Canada.

Since the price of these guarantees is not quoted in any market, the fair values of these guarantees are calculated as the present value of future expected payments to policyholders less the present value of assessed rider fees attributable to the guarantees. Given the complexity and long-term nature of these guarantees which are unlike instruments available in financial markets, their fair values are determined by using stochastic techniques under a variety of market return scenarios. A variety of factors are considered including credit spread, expected market rates of return, equity and interest rate volatility, correlations of market returns, discount rates and actuarial assumptions. The most significant unobservable factor is credit spread.

The expected returns are based on risk-free rates. Aegon added a premium to reflect the credit spread as required. The credit spread is set by using the credit default swap (CDS) spreads of a reference portfolio of life insurance companies (including Aegon), adjusted to reflect the subordination of senior debt holders at the holding company level to the position of policyholders at the operating company level (who have priority in payments to other creditors). Aegon's assumptions are set by region to reflect differences in the valuation of the guarantee embedded in the insurance contracts.

Assumptions are reviewed at each valuation date, and updated based on historical experience and observable market data, including market transactions such as acquisitions and reinsurance transactions. Assumptions regarding policyholder behavior, such as lapses, included in the models are derived in the same way as the assumptions used to measure insurance liabilities.

Table of Contents**Effect of reasonably possible alternative assumptions**

| <i>EUR millions</i> | Carrying amount March 31, 2013 | Significant unobservable input | Note | Effect of reasonably possible alternative assumptions (+/-) increase decrease | |
|--|--------------------------------------|-----------------------------------|------|--|-------|
| Financial assets carried at fair value available-for-sale investments | | | | | |
| Debt securities | | | | | |
| ABS | 200 | Discount rate | a | 21 | (21) |
| Corporate bonds | 251 | Credit spread | b | 20 | (17) |
| Other investments at fair value | | | | | |
| Tax credit investments | 714 | Discount rate | c | 13 | (12) |
| Fair value through profit or loss | | | | | |
| Derivatives | 157 | Mortality | d | 15 | (12) |
| Financial liabilities carried at fair value | | | | | |
| Embedded derivatives in insurance contracts | 1,840 | Credit spread | e | 111 | (105) |

The table above presents the impact on a fair value measurement of a change in an unobservable input. The impact of changes in inputs may not be independent, therefore the descriptions provided below indicate the impact of a change in an input in isolation.

- a) The primary unobservable assumptions used in fair value measurement of asset backed securities is in general a liquidity premium in the discount rate. Changing the liquidity premium changes the discount rate when using the discounted cash flow model. Increasing or decreasing the liquidity premium respectively decreases or increases the value of the investment. Aegon adjusted the discount rate with 100 basis points up or down for this input.
- b) For corporate bonds the most significant unobservable input for the valuation of these securities is the credit spread. An increase in credit spread results in a lower valuation, while a decrease in credit spread results in a higher valuation. Aegon adjusted the discount rate by 50 basis points up or down for this input.
- c) Tax credit investments are measured at fair value using an internal model. The most significant unobservable input for valuation of these tax credits is the discount rate. Increasing or decreasing the discount rate would result in respectively a lower or higher valuation. Aegon adjusted the discount rate by 50 basis points up or down for this input.
- d) The derivative included is a longevity index derivative of Aegon the Netherlands. Most significant unobservable inputs are mortality tables. The mortality table used to determine the fair value of this derivative is the projected Aegon 2012-2062 table. Changing the mortality rates changes the cash flow expectations from this derivative. Increasing (decreasing) the mortality rates decreases (increases) the value of the investment. Aegon adjusted longevity with 2% up or down for this input, compared to the prospective mortality table in determining the value of this derivative.
- e) To determine the fair value of the bifurcated embedded derivatives related to guarantees, a discount rate is used including credit spread. An increase in the credit spread results in lower valuation, while a decrease results in a higher valuation of the embedded derivatives. Aegon increased or decreased the credit spread by 20 basis points.

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The following table presents the carrying values and estimated fair values of financial assets and liabilities, excluding financial instruments which are carried at fair value on a recurring basis.

Fair value information about financial instruments not measured at fair value

| <i>EUR millions</i> | Carrying amount March 31, 2013 | Total estimated fair value March 31, 2013 |
|--|--------------------------------------|--|
| Assets | | |
| Mortgage loans - held at amortized cost | 28,851 | 33,704 |
| Private loans - held at amortized cost | 1,005 | 1,096 |
| Other loans - held at amortized cost | 2,373 | 2,374 |
| Liabilities | | |
| Trust pass-through securities - held at amortized cost | 156 | 132 |
| Subordinated borrowings - held at amortized cost | 44 | 64 |
| Borrowings held at amortized cost | 12,898 | 13,265 |

Financial instruments for which carrying value approximates fair value

Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, short-term receivables and accrued interest receivable, short-term liabilities, and accrued liabilities. These instruments are not included in the table above.

16. Deferred expenses and rebates

| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 |
|---|---------------|---------------|
| DPAC for insurance contracts and investment contracts with discretionary participation features | 10,909 | 10,681 |
| Deferred cost of reinsurance | 551 | 558 |
| Deferred transaction costs for investment management services | 408 | 405 |
| Total deferred expenses and rebates | 11,868 | 11,644 |

17. Share capital

| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 |
|----------------------------|---------------|---------------|
| Share capital - par value | 319 | 319 |
| Share premium | 8,780 | 8,780 |
| Total share capital | 9,099 | 9,099 |

Share capital - par value

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| | | |
|-----------------------------------|--------------|--------------|
| Balance at January 1 | 319 | 310 |
| Issuance | - | 2 |
| Share dividend | - | 7 |
| Balance | 319 | 319 |
| Share premium | | |
| Balance at January 1 | 8,780 | 8,787 |
| Share dividend | - | (7) |
| Balance | 8,780 | 8,780 |
| <i>Diluted earnings per share</i> | | |

Diluted earnings per share is calculated by adjusting the average number of shares outstanding for share options. In Q1 2013 and 2012, the average share price did not exceed the exercise price of these options. As a result diluted earnings per share does not differ from basic earnings per share.

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| <i>EUR millions</i> | Mar. 31, 2013 | Dec. 31, 2012 |
|-----------------------------------|---------------|---------------|
| Debentures and other loans | 13,367 | 13,219 |
| Commercial paper | 364 | 413 |
| Short-term deposits | 17 | 17 |
| Bank overdrafts | 193 | 93 |
| Total borrowings | 13,941 | 13,742 |
| <i>Debentures and other loans</i> | | |

Included in Debentures and other loans is EUR 1,043 relating to borrowings measured at fair value (2012: EUR 1,050).

Commercial paper, Short term deposits and Bank overdrafts vary with the normal course of business.

19. Offsetting, enforceable master netting arrangements and similar agreements

The following table provides details relating to the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

| <i>EUR millions</i> | Gross amounts of recognized financial assets | Gross amounts of liabilities set off in the statement of financial position | Net amounts of financial assets presented in the statement of financial position | Related amounts not set off in the statements of financial position | | Net amount |
|-----------------------|--|---|--|---|--|------------|
| | | | | Financial instruments | Cash collateral received (excluding surplus) | |
| Derivatives | 18,882 | 39 | 18,842 | 14,077 | 4,222 | 543 |
| March 31, 2013 | 18,882 | 39 | 18,842 | 14,077 | 4,222 | 543 |

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

| <i>EUR millions</i> | Gross amounts of recognized financial liabilities | Gross amounts of assets set off in the statement of financial position | Net amounts of financial liabilities presented in the statement of financial position | Related amounts not set off in the statements of financial position | | Net amount |
|-----------------------|---|--|---|---|---|------------|
| | | | | Financial instruments | Cash collateral pledged (excluding surplus) | |
| Derivatives | 14,289 | 39 | 14,250 | 13,969 | 2 | 279 |
| March 31, 2013 | 14,289 | 39 | 14,250 | 13,969 | 2 | 279 |

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

| <i>EUR millions</i> | Gross amounts of recognized financial assets | | Net amounts of financial assets | | Related amounts not set off in the statements of financial position | | Net amount |
|--------------------------|--|--|---------------------------------|--|---|---|------------|
| | assets | liabilities set off in the statement of financial position | assets | liabilities set off in the statement of financial position | Financial instruments | Cash collateral received (excluding surplus collateral) | |
| Derivatives | 20,776 | 40 | 20,736 | | 15,584 | 4,686 | 466 |
| December 31, 2012 | 20,776 | 40 | 20,736 | | 15,584 | 4,686 | 466 |

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

| <i>EUR millions</i> | Gross amounts of recognized financial liabilities | | Net amounts of financial liabilities | | Related amounts not set off in the statements of financial position | | Net amount |
|--------------------------|---|---|--------------------------------------|---|---|--|------------|
| | liabilities | assets set off in the statement of financial position | liabilities | assets set off in the statement of financial position | Financial instruments | Cash collateral pledged (excluding surplus collateral) | |
| Derivatives | 15,471 | 40 | 15,431 | | 15,099 | 2 | 329 |
| December 31, 2012 | 15,471 | 40 | 15,431 | | 15,099 | 2 | 329 |

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Financial assets and liabilities are offset in the statement of financial position when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously.

Aegon mitigates credit risk in derivative contracts by entering into collateral agreements, where practical, and in ISDA master netting agreements for each of the Aegon's legal entities to facilitate Aegon's right to offset credit risk exposure. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by Aegon or its counterparty. Transactions requiring Aegon or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. These transactions are conducted under terms that are usual and customary to standard long-term borrowing, derivative, securities lending and securities borrowing activities, as well as requirements determined by exchanges where the bank acts as intermediary.

20. Commitments and contingencies

On March 26, 2013, Aegon signed an agreement with a third party to sell class A mortgage backed securities (RMBS) amounting to EUR 750 million. These securities consist of two tranches:

- t EUR 100 million of class A1 notes with an expected weighted average life of two years and priced with a coupon of three month Euribor plus 0.40%; and
- t EUR 650 million of class A2 notes with an expected weighted average life of five years and priced with a coupon of three month Euribor plus 0.82%.

The transaction was settled on May 3, 2013.

There have been no other material changes in contingent assets and liabilities as reported in the 2012 consolidated financial statements of Aegon.

21. Acquisitions / Divestments

On December 5, 2012, Aegon announced the acquisition of 100% of Fidem Life, a life insurance company in Ukraine. The transaction was closed on February 8, 2013. Fidem Life is rebranded "Aegon Ukraine" and is integrated into the governance and management structure of Aegon CEE.

22. Events after the balance sheet date

On May 3, 2013, Aegon announced that it has reached an agreement with Banco Sabadell to sell its 50% stake in its life insurance partnership originally established with Caja de Ahorros del Mediterráneo (CAM) for a consideration of EUR 449.5 million. The transaction with Banco Sabadell is expected to close in the third quarter of 2013, subject to regulatory approval. The sale is expected to result in a book gain of approximately EUR 75 million.

There were no events after the balance sheet date with a significant impact on the financial position of the Company per March 31, 2013.

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Table of Contents**Disclaimers****Cautionary note regarding non-IFRS measures**

This document includes the non-IFRS financial measures: underlying earnings before tax, income tax and income before tax. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. The reconciliation of these measures to the most comparable IFRS measures is provided in note 3 Segment information of Aegon's condensed consolidated interim financial statements. Aegon believes that its non-IFRS measures, together with the IFRS information, provide meaningful information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business.

Local currencies and constant currency exchange rates

This document contains certain information about Aegon presented in USD for the Americas and GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. None of this information is a substitute for or superior to financial information about Aegon presented in EUR, which is the currency of Aegon's primary financial statements.

Forward-looking statements

The statements contained in this document that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, 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:

- t Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom.
- t 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.
- t Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties.
- t Consequences of a potential (partial) break-up of the euro.
- t The frequency and severity of insured loss events.
- t Changes affecting mortality, morbidity, persistence and other factors that may impact the profitability of Aegon's insurance products.
- t Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations.
- t Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels.
- t Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates.
- t 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.
- t Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets.
- t 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.
- t Regulatory changes relating to the insurance industry in the jurisdictions in which Aegon operates.
- t 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.

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- t Acts of God, acts of terrorism, acts of war and pandemics.
 - t Changes in the policies of central banks and/or governments.
 - t 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.
 - t 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.
 - t The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain.
 - t Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business.
 - t 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.
 - t Customer responsiveness to both new products and distribution channels.
 - t Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products.
 - t Changes in accounting regulations and policies may affect Aegon's reported results and shareholder's equity.
 - t 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.
 - t Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon's business.
 - t 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 the company are described in the company's 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, the company 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 the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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Corporate and shareholder information

Headquarters

Aegon N.V.

P.O. Box 85

2501 CB The Hague

The Netherlands

Telephone + 31 (0) 70 344 32 10

aegon.com

Group Corporate Communications & Investor Relations

Media relations

Telephone + 31 (0) 70 344 89 56

E-mail gcc@aegon.com

Investor relations

Telephone + 31 (0) 70 344 83 05

or 877 548 96 68 - toll free, USA only

E-mail ir@aegon.com

[Publication dates quarterly results](#)

Thursday, August 8, 2013 Results second quarter 2013

Thursday, November 7, 2013 Results third quarter 2013

Aegon's Q1 2013 press release and Financial supplement are available on aegon.com.

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About Aegon

As an international life insurance, pensions and asset management company based in The Hague, Aegon has businesses in over 20 markets in the Americas, Europe and Asia. Aegon companies employ approximately 24,000 people and have millions of customers across the globe. Further information: aegon.com.