

**Trust pass-through securities, subordinated borrowings and other borrowings**

Trust pass-through securities, subordinated borrowings and other borrowings are either carried at fair value (if they are designated as financial liabilities at fair value through profit or loss) or amortized cost (with fair value being disclosed in the notes to the consolidated financial statements). For the determination of the fair value of these instruments, the level hierarchy as described by IFRS is used. The preferred method of obtaining the fair value of the fair value option bonds is the quoted price (Level I). In case markets are less liquid or the quoted prices are not available, an internal model is used, using parameters which are market observable (Level II). Aegon uses a discounted cash flow method including yield curves such as deposit rates, floating rate and 3-month swap rates. In addition, Aegon includes own credit spread based on Aegon's credit default swap curve.

**Fair value hierarchy**

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

	Level I	Level II	Level III	Total 2013
<b>Assets carried at fair value</b>				
<b>Available-for-sale investments</b>				
Shares	202	262	322	787
Debt securities	20,815	64,184	3,162	88,162
Money market and other short-term instruments	-	5,524	-	5,524
Other investments at fair value	25	312	826	1,163
	<b>21,043</b>	<b>70,282</b>	<b>4,310</b>	<b>95,635</b>
<b>Fair value through profit or loss</b>				
Shares	1,120	130	-	1,250
Debt securities	64	1,268	17	1,350
Money market and other short-term instruments	95	354	-	449
Other investments at fair value	-	567	1,217	1,784
Investments for account of policyholders <sup>1)</sup>	99,040	63,008	1,989	164,037
Derivatives	69	13,134	328	13,531
Investments in real estate	-	-	1,532	1,532
Investments in real estate for policyholders	-	-	996	996
	<b>100,388</b>	<b>78,461</b>	<b>6,079</b>	<b>184,929</b>
<b>Revalued amounts</b>				
Real estate held for own use	-	-	288	288
	<b>-</b>	<b>-</b>	<b>288</b>	<b>288</b>
<b>Total assets at fair value</b>	<b>121,431</b>	<b>148,744</b>	<b>10,677</b>	<b>280,852</b>
<b>Liabilities carried at fair value</b>				
Investment contracts for account of policyholders	12,872	19,641	114	32,628
Borrowings <sup>2)</sup>	517	500	-	1,017
Derivatives	24	10,383	1,431	11,838
<b>Total liabilities at fair value</b>	<b>13,413</b>	<b>30,524</b>	<b>1,545</b>	<b>45,482</b>

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

<sup>2)</sup> 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 2013, the amount of assets transferred from Level I to Level II classification was EUR 2 million. During 2013, the amount of assets and liabilities transferred from Level II to Level I classification was EUR 473 million. Transfers are identified based on transaction volume and frequency which are indicative of an active market.