

## Results 2013 the Netherlands<sup>1</sup>

2013 net income increased to EUR 292 million compared to 2012 due to higher realized gains on investments and higher underlying earnings before tax, which is partly offset by a loss on fair value items (compared to a gain in 2012). The increase in underlying earnings before tax was mostly driven by improved Pensions earnings and lower operating expenses following implemented cost reduction initiatives.

### Net income

Net income from Aegon's businesses in the Netherlands amounted to EUR 292 million. Realized gains on investments totaled EUR 342 million and were primarily the result of adjustments to the asset mix to bring it in line with the new regulatory yield curve and selective de-risking activities. Results on fair value items amounted to a loss of EUR 240 million, which was primarily driven by adverse real estate revaluations of EUR 74 million and a loss in the guarantee portfolio of EUR 118 million. This loss in the guarantee portfolio was mainly the result of the tightening of Aegon's credit spread and model refinements. 2013 impairment charges amounted to EUR 32 million and other charges were EUR 36 million, which mainly included charges of EUR 25 million related to Koersplan (compared to a charge of EUR 265 million related to the acceleration of product improvements for unit-linked insurance products in 2012).

### Underlying earnings before tax

Underlying earnings before tax from Aegon's operations in the Netherlands increased 9% to EUR 355 million compared to 2012 as higher earnings in Pensions more than offset lower earnings in Life & Savings.

- Earnings from Life & Savings declined 9% to EUR 243 million compared to 2012 and was impacted by EUR 28 million from reduced policy charges on unit-linked products, as part of the acceleration of product improvements for unit-linked insurance policies.
- Earnings from Pensions increased 66% to EUR 111 million compared to 2012, mainly driven by a benefit resulting from observed mortality of EUR 25 million and higher income on mortgage loan investments allocated to the investment portfolio of the Pension business.
- Non-life earnings improved to a loss of EUR 20 million in 2013. Higher investment income and lower claims on disability products more than compensated for lower profitability of the general insurance business. Distribution recorded a profit of EUR 18 million, up 13% from 2012. This was primarily driven by a continued focus on cost control.

### Commissions and expenses

Commissions and expenses decreased by 4% in 2013 compared to 2012. Operating expenses decreased by 2% compared to 2012, to EUR 732 million, as realized cost savings and lower employee benefit expenses offset investments in the business.

### Production

Total new life sales decreased 16% in 2013 to EUR 206 million. Individual life sales declined 13% to EUR 40 million in 2013, as the ongoing shift to banksparen products more than offset higher term life sales related to new mortgage production. Pensions sales declined 17% compared to 2012 as signing multiple new contracts was more than offset by the non-recurrence of a very large transaction in 2012. Production of mortgage loans in 2013 amounted to EUR 3.2 billion, up EUR 2.7 billion from 2012.

Premium production for accident & health amounted to EUR 24 million up from EUR 21 million in 2012. General insurance production declined 13% to EUR 26 million. Production was negatively impacted by the focus on profitable business.

Gross deposits decreased to EUR 1.3 billion, as a higher production of *banksparen* products was more than offset by a decline in traditional savings deposits.

<sup>1</sup> Throughout this report, Aegon the Netherlands refers to all Aegon companies operating in the Netherlands.