

7 May 2008

AEGON UK reports solid first quarter 2008 business performance

- **Value of new business increases 3% to £39.8m**
- **Operating earnings fall 23% to £34.3m driven by lower stockmarket levels**
- **Life and pensions new business matches strong first quarter 2007 at £288m API**
- **Product diversification provides resilient new business flows**

AEGON UK today announces a solid first quarter performance with life and pensions new business levels matching the same level as the first quarter of 2007, despite more challenging market conditions. Over the quarter, AEGON continued to benefit from its product diversification strategy with growth in individual protection, its annuities business, and in corporate pensions activity.

Profits

AEGON UK's value of new business figure, which reflects the value attributed to new business volumes and is a key measure of profitability, rose by 3% on the same period in 2007, due to a slightly more profitable mix of new business. Earnings fell by 23% compared with the same period, reflecting that stockmarket levels, a key driver of earnings, were lower over the period than in 2007.

New life and pensions business

Based on the standard industry measure of new annual premiums plus one-tenth of new single premiums (API), AEGON's new life and pensions business was £288m, matching the level achieved in the first quarter 2007.

AEGON's corporate pension business had a strong first quarter, with new business increasing by 22% compared with the first quarter 2007, as a result of an increase in the number of new group personal pensions, and higher increments within existing schemes.

Within the individual business, AEGON's key development areas saw continued momentum. Individual annuities new business rose by 13% to £342m single premium, and two years after entering this market, AEGON is now established as a key player. Individual protection increased strongly, with new business up 17% to 12.7m API compared with 2007. This is due to better market penetration, and successful distribution partnerships with banks such as Barclays and HSBC.

Investor sentiment to market volatility brought more challenging market conditions over the quarter and meant that demand for some investment products fell compared with 2007. New business levels for individual pensions were £60.8m API, down 5%. New business volumes in offshore bonds fell by 13% to £198m single premium and retirement drawdown products fell by 39% to £259m single premium.

AEGON's guaranteed income retirement solution, 5 for Life has continued to build momentum. AEGON's product development strategy is focused on solutions offering customers greater certainty and guarantees against market volatility. Over the last quarter AEGON has built on the success of 5 for Life by launching Investment Control, an onshore bond offering capital guarantees. The launch of Income for Life, a guaranteed product for the pensions market, is planned for late May.

Asset Management

AEGON Asset Management's retail and institutional businesses have both experienced a slower start to the year than 2007, caused by market sentiment, with new business volumes in both areas lower than the same period last year. However, the business continues to build its credentials in equity fund performance and maintain a strong position in fixed income. In March 2008, the group won the Lipper Award for best group in equity management.

AEGON UK chief executive Otto Thoresen says,

"In a challenging first quarter, our new business results are good. We have matched last year's strong first quarter and improved the value of new business at the same time.

"We are now seeing the benefits of our product diversification strategy, with excellent growth in annuities and protection, establishing a prominent position in markets which have been important development areas for us. The breadth of our proposition means our business is more resilient when volatile stock markets bring nervousness to the retail investment market. I am pleased to see our 5 for Life innovation establishing its place in the market and we are developing further new initiatives in line with this.

"Our group has diverse skills and within the life insurance part of our business our role is to apply those skills to provide certainty for our customers. Our product development strategy is focused on bringing a range of solutions offering guarantees to the market. At the same time, we are building on our distribution partnership with Barclays and looking to develop more partnerships like this for the future.

"This will be a more challenging year but I am confident that AEGON has the right proposition to build on the significant achievements of recent years."

- ENDS -

Quarter 1 2008 results

1 January – 31 March 2008 v 1 January – 31 March 2007

AEGON UK Financial Performance

	2008 £m	2007 £m	% +
Operating earnings	34.3	44	(23%)
Value of new business	39.8	38.9	3

Note: VNB post tax and cost of solvency

AEGON UK new Life and Pensions premium production (API)

	2008 £m	2007 £m	% +
Annual premiums	141	114	24
Single premiums	1469	1742	(16%)
API	288	288	(0%)

AEGON Asset Management

	2008 £m	2007 £m	
Retail	105.9	175.5	(40%)
Institutional	35.3	95.6	(63%)
Total	141.2	271.1	(48%)

Notes to editors

- AEGON's distribution partnership with Barclays was announced in May 2007 bringing its 5 for Life retirement solution and its market leading business protection proposition to Barclays customers. The partnership developed further in 2008 with AEGON's individual protection added to Barclays panel and further developments are underway.
- AEGON entered the bulk annuity market in November 2006 targeting the SME market and in May 2007 announced a partnership with UBS, targeting schemes upwards of £300m.
- AEGON has distribution agreements for life and pensions products with Barclays, UBS, Intrinsic, Openwork, St James's Place, Thinc Destini, Lighthouse Group, Principality Building Society, Burns Anderson, Clarkson Hill, Tenet, Park Row and Dunfermline Building Society.
- AEGON UK has assets under administration of £52.3 billion and employs around 4,500 staff. AEGON UK is part of the AEGON group, which is one of the world's largest listed insurers and has assets under management of 245 billion.

For further information

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