

AEGON NV  
Form 20-F  
March 25, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR(g) OF THE  
SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10882

**Aegon N.V.**

(Exact name of Registrant as specified in its charter)

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Not Applicable

(Translation of Registrant's name into English)

The Netherlands

(Jurisdiction of incorporation or organization)

Aegonplein 50, PO Box 85, 2501 CB The Hague, The Netherlands

(Address of principal executive offices)

J.H.P.M. van Rossum

Executive Vice President and Corporate Controller

Aegon N.V.

Aegonplein 50, 2501 CB The Hague, The Netherlands

+31-70-3445458

[Jurgen.vanRossum@aegon.com](mailto:Jurgen.vanRossum@aegon.com)

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common shares, par value EUR 0.12 per share	New York Stock Exchange
Securities registered or to be registered pursuant to Section 12(g) of the Act.	

Not applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not applicable

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:  
2,094,630,321 common shares and 581,325,720 common shares B

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.  Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act

Large accelerated filer    Accelerated filer    Non-accelerated filer

Indicate by checkmark which basis of accounting the registrant has used to prepare the financial statements included in this filing

U.S. GAAP    International Financial Reporting Standards as issued by the International Accounting Standards Board    Other

If other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17    Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).    Yes    No

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**Introduction****Filing**

This document contains Aegon's Annual Report as filed on Form 20-F (also referred to in this document as Annual Report ) with the United States Securities and Exchange Commission (SEC).

**About this report**

This report serves as Aegon's Annual Report for the year ended December 31, 2015. It presents the consolidated financial statements of Aegon (pages 126-288) and the stand-alone financial statements of Aegon N.V. (pages 290-304), both prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and Part 9 of Book 2 of the Dutch Civil Code.

Aegon N.V. is referred to in this document as Aegon , or the Company , and is together with its member companies referred to as Aegon Group or the Group . For such purposes, member companies means, in relation to Aegon N.V., those companies required to be consolidated in accordance with the Netherlands legislative requirements concerning relating to consolidated accounts.

**Presentation of certain information**

References to the NYSE are to the New York Stock Exchange and references to the SEC are to the US Securities and Exchange Commission. Aegon uses EUR and euro when referring to the lawful currency of the member states of the European Monetary Union; USD , and US dollar when referring to the lawful currency of the United States of America; GBP , UK pound and pound sterling when referring to the lawful currency of the United Kingdom; CAD Canadian dollar when referring to the lawful currency of Canada; CNY when referring to the lawful currency of the People's Republic of China; CZK when referring to the lawful currency of the Czech Republic, HUF when referring to the lawful currency of Hungary; PLN when referring to the lawful currency of Poland; RON when referring to the lawful currency of Romania; TRY when referring to the lawful currency of Turkey, and UAH when referring to the lawful currency of Ukraine.

Aegon prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code for purposes of reporting with the U.S. SEC, including financial information contained in this Annual Report on Form 20-F. Aegon's accounting policies and its use of various options under IFRS are described in note 2 to the consolidated financial statements.

Other than for SEC reporting, Aegon prepares its Annual Accounts under International Financial Reporting Standards as adopted by the European Union, including the decisions Aegon made with regard to the options available under International Financial Reporting Standards as adopted by the EU (IFRS-EU). IFRS-EU differs from IFRS in respect of certain paragraphs in IAS 39 Financial Instruments: Recognition and Measurement regarding hedge accounting for portfolio hedges of interest rate risk. Under IFRS-EU, Aegon applies fair value hedge accounting for portfolio hedges

of interest rate risk (fair value macro hedges) in accordance with the EU carve out version of IAS 39. Under IFRS, hedge accounting for fair value macro hedges cannot be applied to mortgage loans and ineffectiveness arises whenever the revised estimate of the amount of cash flows in scheduled time buckets is either more or less than the original designated amount of that bucket.

This information is prepared by reversing the hedge accounting impacts that are applied under the EU carve out version of IAS 39. Financial information under IFRS accordingly does not take account of the possibility that had Aegon applied IFRS as its primary accounting framework it might have applied alternative hedge strategies where those alternative hedge strategies could have qualified for IFRS compliant hedge accounting. These decisions could have resulted in different shareholders' equity and net income amounts compared to those indicated in this Annual Report on Form 20-F.

A reconciliation between IFRS-EU and IFRS is included in note 2.1 to the consolidated financial statements.

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### **4 Strategic information [CEO letter](#)**

#### **[CEO letter](#)**

2015 was a year in which we made significant progress in the execution of our strategy. Our operational and financial successes are ultimately the result of customers placing their trust in Aegon, and I am proud that we are helping millions of people achieve a lifetime of financial security.

Once again, one of the key highlights of the year was the very strong and profitable sales we generated across the Company, which are up by 24% on 2014. Moreover, I am pleased that we have seen a 12% year-on-year increase in sales over the last five years, and this success underlines the continued progress Aegon has made to connect with customers in new ways – including through our new and innovative digital propositions.

While we had strong results in terms of sales, it was a challenging year from an earnings perspective and I am disappointed that our results – in particular those in the US – did not meet our expectations. The main cause of this decline in earnings was the adverse effect from model updates and assumption changes. These included the impact of changes in customer behavior, the effect of which was exacerbated by the low interest rate environment. We have taken actions to mitigate this adverse effect and remain committed to generating attractive returns.

#### **[Adapting to change](#)**

The global economic climate continues to present challenges for the insurance sector. Credit conditions worsened in 2015 as world oil prices reached their lowest point in over a decade. While the gradual upturn in the US economy was a positive sign, the economic growth outlook in the US remains mixed and below that of the pre-crisis level. Similarly, although measures to stimulate the eurozone economy had a positive effect on the outlook for the region, conditions for insurers became more challenging as interest rates dropped to historic lows. In this challenging environment Aegon remains well positioned for the future. The transformation in our business over the last five years, from one reliant largely on spread businesses to one focused on fee and technical income, makes us a stronger and more resilient franchise going forward.

#### **[Transforming our business](#)**

2015 was the final year of a five-year strategy cycle at the Company. As pleasing as it was to not only meet, but exceed, our targets for operational free cash flows and fee-based earnings, I am disappointed that we did not achieve our targets for return on equity and earnings growth. In January 2016, we updated the market on our strategy and the steps we are taking to continue to improve our operational performance. Central to this is the announcement that we will further reduce our expenses by EUR 200 million over the next three years. In parallel, we will focus on developing a life-long relationship with our customers so that we can serve their financial needs at all the major financial junctures in their lives; rather than on a one-off basis. In order to accomplish this, we need to get much closer to our customers and connect with them how and when they wish. To this end, we will step up our work to provide guidance and advice to customers and accelerate our investments in digital solutions.

#### **[Focusing on value creation](#)**



We continued to make progress in the optimization of our portfolio, allocating capital to those businesses that create value and growth in order to deliver on our financial targets and strategy. 2015 saw the divestment of a number of non-core activities, including our life insurance business in Canada, Clark Consulting and our joint venture with La Mondiale in France, freeing up close to a billion euros of capital. In terms of reinvesting our capital, two transactions that we secured are particularly exciting: first, the creation of a strategic partnership with La Banque Postale Asset Management, the fifth largest asset manager in France with over 10 million customers; and second, the acquisition of Mercer's record keeping business, which makes Aegon one of the top five in the US pension administration market, with approximately 5 million plan participants. Both of these deals illustrate how we are reaching new customers by enhancing our distribution networks and teaming up with market leaders.

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**Navigating a complex regulatory landscape**

While regulation of our industry is changing rapidly and compliance costs are rising, with the right business model these changes represent a clear opportunity. Indeed, Aegon has the added competitive advantage of knowing how to operate in rapidly changing markets due to its global presence.

Preparations for the European Union Solvency II Directive were a considerable undertaking throughout the year. Gaining approval for Aegon's internal model in the Netherlands and the United Kingdom in December was a significant achievement, and our strong capital position was reflected in the fact that all our major business units are above their respective target levels. I am pleased that our estimated group Solvency II ratio of 160% is in the upper end of our target range, meaning we are in a strong position to return capital to our shareholders. Our strong capital position enabled us to announce a share buyback of EUR 400 million, and to increase the dividend yet again this year by 9% in line with our dividend policy of having a sustainable and growing dividend.

In November, Aegon was designated as one of a group of nine Global Systemically Important Insurers (G-SII) by the Financial Stability Board (FSB). We are engaging with supervisors with regard to the G-SII Framework, and while some implications of G-SII designation are not clear, we are making progress on the plans we need to develop.

**Our communities and our employees**

Although this report provides a comprehensive overview of Aegon's financial activities, we take the impact we have on the communities in which we operate, wider society and the environment very seriously. For this reason, we are pleased to also publish an annual review, which is available on [aegon.com](http://aegon.com). This explains our social, economic and environmental performance and impacts, together with outlining how we create value for our stakeholders.

I am proud to work alongside over 31,500 talented colleagues who are dedicated to making a difference and who share my passion for our purpose *to help people achieve a lifetime of financial security*. On behalf of the Management Board I would like to express my sincere thanks for all their hard work and commitment. Furthermore, I would like to thank Aegon's many shareholders for placing their trust in the company. Without their support and investment, we would not be able to deliver on the promises we make to our 30 million customers around the world.

**Looking to the future**

Aegon is, I believe, well positioned to take advantage of the many opportunities in our markets by connecting with ever more customers and meeting their needs in a smooth and seamless way across their lifetimes. This gives me confidence that Aegon will achieve its strategic and financial objectives, and also create long-term value for customers and therefore shareholders alike.

Thank you for your support and interest in our company.

**Alex Wynaendts**

Chief Executive Officer and Chairman of the Executive Board of Aegon N.V.

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**6 Strategic information [Composition of the Executive Board and the Management Board](#)**

**[Composition of the Executive Board and the Management Board](#)**

**[Alex Wynaendts \(1960, Dutch\)](#)**

[Chief Executive Officer](#)

[Chairman of the Executive Board](#)

[Chairman of the Management Board](#)

Alex Wynaendts began his career in 1984 with ABN AMRO Bank, working in Amsterdam and London in the Dutch bank's capital markets, asset management, corporate finance and private banking operations. In 1997, Mr. Wynaendts joined Aegon as Senior Vice President for Group Business Development. He was appointed as a member of the Executive Board in 2003, overseeing the Company's international growth strategy. In April 2007, Mr. Wynaendts was named Aegon's Chief Operating Officer, and has been CEO and Chairman of the Executive Board and Management Board since April 2008. Mr. Wynaendts was reappointed as member of the Executive Board at the Annual General Meeting of Shareholders of Aegon N.V. on May 20, 2015. His third and final term of office will end in 2019.

**[Darryl Button \(1969, Canadian\)](#)**

[Chief Financial Officer](#)

[Member of the Executive Board](#)

[Member of the Management Board](#)

Darryl Button began his career at Mutual Life Insurance Co. of Canada, joining Aegon in 1999 as Director of Product Development and Risk Management at Aegon USA's Institutional Markets business unit. He was appointed Corporate Actuary of Aegon USA in 2002 and became CFO of Aegon Americas in 2005. From 2008 to 2011, Mr. Button also took on the responsibilities of Chairman and executive management of Aegon's Canadian operations, before joining Aegon's Corporate Center in 2012 as Executive Vice President and Head of the Corporate Financial Center. In 2013, Mr. Button was appointed as CFO and as a member of the Executive Board of Aegon. He is also a member of the Management Board.

**Adrian Grace (1963, British)**

Chief Executive Officer of Aegon UK

Member of the Management Board

Adrian Grace began his career with Leeds Permanent Building Society in 1979, before joining Mercantile Credit in 1984. In 2001, Mr. Grace joined Sage Group PLC as Managing Director of the Small Business Division. In 2004, he moved to Barclays Insurance as Chief Executive, before joining HBOS in 2007 as Managing Director of Commercial Business within the Corporate Division. In 2009, he joined Aegon UK as Group Business Development Director and in April 2011 became the Chief Executive Officer. Mr. Grace has been a member of Aegon's Management Board since February 2012.

**Tom Grondin (1969, Canadian)<sup>1</sup>**

Chief Risk Officer of Aegon N.V.

Member of the Management Board

Tom Grondin was appointed Chief Risk Officer of Aegon N.V. in 2003 and as a member of Aegon's Management Board in January 2013. His current responsibilities include managing Aegon's Risk, Actuarial, Compliance and Risk Structuring and Transfer functions. He joined Aegon USA's Institutional Markets business unit in 2000, where he was Chief Actuary. Prior to joining Aegon, he was a consultant at Tillinghast-Towers Perrin, and an asset liability manager at Manulife Financial.

<sup>1</sup> Tom Grondin was appointed as Chief Financial Officer, Aegon Asia, effective January 1, 2016. Allegra van Hövell-Patrizi joined Aegon on January 1, 2016 as Group Chief Risk Officer, and member of the Management Board.

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**Marco Keim (1962, Dutch)**

Chief Executive Officer of Aegon the Netherlands

Member of the Management Board

Marco Keim began his career with accountants Coopers & Lybrand/Van Dien. He has also worked for aircraft manufacturer Fokker Aircraft and NS Reizigers, part of the Dutch railway company, NS Group. In 1999, he joined Swiss Life in the Netherlands as a board member. Three years later, Mr. Keim was appointed CEO. In June 2008, he became CEO of Aegon the Netherlands and a member of Aegon's Management Board.

**Gábor Kepecs (1954, Hungarian)**

Chief Executive Officer of Aegon Central & Eastern Europe

Member of the Management Board

Gábor Kepecs began his career with the Hungarian government before joining former state-owned insurance company Állami Biztosító. He was appointed CEO in 1990, two years before Állami Biztosító was privatized and acquired by Aegon. Mr. Kepecs was the CEO of Aegon Hungary from 1992 to 2009, during which time he headed the expansion of Aegon's businesses not only in Hungary, but also across the Central & Eastern European region. Mr. Kepecs has been a member of Aegon's Management Board since 2008.

**Mark Mullin (1963, American)**

Chief Executive Officer of Aegon Americas

Member of the Management Board

Mark Mullin has spent more than 20 years with Aegon in various investment and business management positions in both the United States and Europe. Mr. Mullin has served as President and CEO of one of Aegon's US subsidiaries, Diversified Investment Advisors, and as head of the Company's annuity and mutual fund businesses. He was named

President of Aegon Americas in 2009, and became President and CEO of Aegon Americas and a member of the Management Board in 2010.

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### 8 Strategic information **Aegon's strategy**

#### **Aegon's strategy**

##### **Achievements since 2011**

In 2011, Aegon embarked on a strategic direction based on the following objectives: to get closer to customers by addressing their financial needs across the various stages of their lives; to leverage technology to improve service and customer experience, while also reducing expenses in order to remain competitive; and to focus on protection and accumulation needs in emerging markets, and on accumulation and post-retirement needs in developed markets.

Since this time, the profile of the Company has been transformed by refocusing the Group on fee business. Key accomplishments include: divesting non-core businesses, such as Transamerica's Reinsurance business, a number of joint ventures in Spain, La Mondiale in France, and the Company's Canadian life insurance business; creating a successful asset management business; significantly reducing expenses, while investing in new digital business models, e.g. Knab in the Netherlands and Aegon's retirement platform in the UK; and increasing the number of customers that place their trust in Aegon to 30 million.

##### **Key drivers for change**

Going forward, it is necessary to constantly anticipate changes in Aegon's business environment. This environment is being shaped by a number of trends:

- ⌚ Low interest rates, which may persist for a longer period than anticipated;
- ⌚ The shift from state and corporate benefits to individuals taking responsibility for their own privately-funded plans;
- ⌚ Reduced accessibility to traditional financial advice for the middle market and mass-affluent customer segments;
- ⌚ Increased competition due to the blurring of boundaries between insurers, banks, asset managers, distributors, and other (new) non-traditional entrants into the financial services industry following regulatory and technology developments;
- ⌚ Shifting consumer demand towards digital first, multi-channel access, and personalized offerings;
- ⌚ Increasing customer expectations for greater transparency, simplicity, and superior service; and
- ⌚ A regulatory environment that increases complexity across all lines of business and puts pressure on returns.

##### **Aegon's ambition**

Aegon's purpose *to help people achieve a lifetime of financial security* forms the basis of the Company's strategy. The central focus of the strategy is to further change the Company by shifting from a product-based company to a customer need-driven one. This means serving diverse and evolving needs across the customer life cycle (right time, right solution); aligning Aegon's brand promise with being a trusted partner for financial solutions that are relevant, simple, rewarding, and convenient; and developing long-term customer relationships by providing guidance and advice, and identifying additional financial security needs at every stage of customers lives.



The aim of Aegon's strategy is that the Company be a truly international enterprise with a common culture across its businesses of working together; that Aegon's respective businesses learn from each other and replicate best practices to benefit customers; that it recognizes and addresses opportunities in rapidly changing markets in a timely and nimble way; and that it attracts, develops, and retains the best people who share its values and are committed to its purpose.

In order to do so, Aegon will focus on reducing complexity, eliminating duplication, improving accuracy, and increasing automation to realize cost efficiencies, allowing investments in its transformation to a digitally enabled, customer-centric company. Furthermore, the Company will focus on driving scale and establishing strong market positions in its current footprint, and strictly adhering to comprehensive standards that support the efficient use of capital by all businesses. The different market segments, the different geographies, and the different starting positions of Aegon's businesses nonetheless mean that they will experience different paths to meet the same goals. Expertise and knowledge available in Aegon's established markets will be utilized to position its businesses in emerging markets.

In summary, it is Aegon's ambition to be regarded as *a trusted partner for financial solutions at every stage of life* in all its markets. That means: being recognized by its customers, business partners, and society as a company that puts the interests of its customers first in all that it does; and being regarded as an employer of choice by employees, engaging and enabling them to succeed. In addition, the Company will strive to generate the returns, earnings, and dividends that fulfil shareholders' expectations.

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**Table of Contents****Aegon's strategic objectives**

Aegon believes that it will achieve its ambition of becoming a trusted partner for financial solutions at every stage of life if it realizes the following strategic objectives:

- ⚡ Serving customers' need for financial security throughout their lifetimes by providing digitally-enabled, omni-channel, accessible solutions and superior customer experience ( **Loyal Customers** );
- ⚡ Delivering excellent service to customers at competitive cost levels by increasing scale and improving quality, efficiency, and accuracy of processes with technology ( **Operational Excellence** );
- ⚡ Valuing and supporting Aegon employees as the Company's greatest asset by engaging and enabling them with the tools, training, and culture needed to exceed customers' expectations ( **Empowered Employees** ); and
- ⚡ Ensuring that the Company always meets its long-term commitments to stakeholders by delivering sustainable financial results and maintaining a strong and stable balance sheet ( **Optimized Portfolio** ).

To realize these objectives, Aegon needs to be more focused and more forward-looking, and it needs to accelerate and improve the quality of execution.

**Acquisitions & divestments**

Acquisitions can accelerate the implementation of Aegon's strategy, provide it with access to new technologies and provide the scale needed in markets in which it is already active. Aegon is selective when determining which businesses it would like to acquire, generally targeting acquisitions that fit the Company's mission of securing the financial future of its customers, and that are aligned with its four strategic objectives. The Company uses several financial criteria for determining the attractiveness of acquisitions including: return on capital, internal rate of return, capital generation, and capital fungibility. Similar strategic and financial criteria are applied when considering the potential divestment of existing activities.

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### **10 Business overview [History and development of Aegon](#)**

#### **[Business overview](#)**

#### **[History and development of Aegon](#)**

[Aegon is an international life insurance, pensions and asset management group. Its listed holding company, Aegon N.V., is a public limited liability company with its statutory seat and head office in the Netherlands.](#)

Aegon's history dates back over 170 years. Aegon N.V. was formed in 1983 through the merger of AGO and Ennia, both of which were successors to insurance companies founded in the 1800s.

Aegon is headquartered in the Netherlands and through its subsidiaries it employs over 31,500 people worldwide. Aegon's common shares are listed on stock exchanges in Amsterdam (Euronext) and New York (NYSE). Aegon's main operating units are separate legal entities and operate under the laws of their respective countries. The shares of these legal entities are directly or indirectly held by three intermediate holding companies incorporated under Dutch law: Aegon Europe Holding B.V., the holding company for all European activities; Aegon International B.V., which serves as a holding company for the Aegon Group companies of all non-European countries; and Aegon Asset Management Holding B.V., the holding company for some of its asset management entities.

The Company fosters an entrepreneurial spirit within its businesses and encourages the innovation of products and services, with the focus always on helping people achieve a lifetime of financial security. Aegon uses a multi-brand, multichannel distribution approach to meet its customers' needs.

Aegon has the following reportable operating segments: the Americas, which includes the United States, Mexico and Brazil; the Netherlands; the United Kingdom; and New Markets, which includes a number of countries in Central & Eastern Europe and Asia, as well as Spain, Portugal, and the reporting units Variable Annuities Europe and Aegon Asset Management.

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**Selected financial data**

The financial results in this Annual Report are based on Aegon's consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (IFRS).

Application of the accounting policies in the preparation of the financial statements requires management to apply judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the presentation of the financial statements and that require complex estimates

or significant judgment are described in the notes to the financial statements.

A summary of historical financial data is provided in the table below. It is important to read this summary in conjunction with the consolidated financial statements and related notes (see pages 126-288) of this Annual Report.

**Selected consolidated income statement information**

In EUR million (except per share amount)

	<b>2015</b>	2014	2013	2012	2011
<b>Amounts based upon IFRS</b>					
Premium income	20,311	19,864	19,939	19,049	19,521
Investment income	8,525	8,148	7,909	8,413	8,167
Total revenues <sup>1)</sup>	31,289	30,157	29,805	29,327	29,159
Income/ (loss) before tax	873	889	1,189	2,005	1,027
<b>Net income/ (loss)</b>	<b>712</b>	<b>757</b>	<b>989</b>	<b>1,633</b>	<b>936</b>
<b>Earnings per common share</b>					
Basic	0.27	0.29	0.36	0.72	(0.03)
Diluted	0.27	0.29	0.36	0.72	(0.03)
<b>Earnings per common share B</b>					
Basic	0.01	0.01	0.01	-	-
Diluted	0.01	0.01	0.01	-	-

<sup>1)</sup> Excluded from the income statements prepared in accordance with IFRS are receipts related to investment-type annuity products and investment contracts.

**Selected consolidated balance sheet information**

In million EUR (except per share amount)

	<b>2015</b>	2014	2013	2012	2011
<b>Amounts based upon IFRS</b>					
Total assets	417,175	424,467	351,860	363,063	343,155
Insurance and investment contracts	343,558	321,384	283,234	277,596	272,105
Borrowings including subordinated and trust pass-through securities	13,361	15,049	12,009	13,416	9,377
Shareholders' equity	23,688	23,957	17,694	21,037	17,545

**Table of Contents****12 Business overview Selected financial data****Number of common shares**

In thousands	2015	2014	2013	2012	2011
Balance at January 1	2,145,948	2,131,459	1,972,030	1,909,654	1,736,049
Share issuance	-	-	120,713	-	173,605
Stock dividends	1,089	14,489	38,716	62,376	-
<b>Balance at end of period</b>	<b>2,147,037</b>	<b>2,145,948</b>	<b>2,131,459</b>	<b>1,972,030</b>	<b>1,909,654</b>

**Number of common shares B**

In thousands	2015	2014	2013	2012	2011
Balance at January 1	581,326	579,005	-	-	-
Share issuance	3,696	2,320	579,005	-	-
<b>Balance at end of period</b>	<b>585,022</b>	<b>581,326</b>	<b>579,005</b>	<b>-</b>	<b>-</b>

**Dividends**

Aegon declared interim and final dividends on common shares for the years 2011 through 2015 in the amounts set forth in the following table. The 2015 interim dividend amounted to EUR 0.12 per common share. The interim dividend was paid in cash or stock at the election of the shareholder. The interim dividend was payable as of September 18, 2015. At the General Meeting of Shareholders on May 20, 2016, the Supervisory Board will, absent unforeseen circumstances, propose a final dividend of EUR 0.13 per common share (at each shareholders option in

cash or in stock), which will bring the total dividend for 2015 to EUR 0.25. Proposed final dividend for the year and proposed total dividend 2015 per common share B are EUR 0.00325 and EUR 0.00625 respectively. Dividends in US dollars are calculated based on the foreign exchange reference rate as published each working day at 14:15 hours by the European Central Bank on the business day following the announcement of the interim dividend or on the business day following the General Meeting of Shareholders approving the relevant final dividend.

Year	EUR per common share <sup>1)</sup>			USD per common share <sup>1)</sup>		
	Interim	Final	Total	Interim	Final	Total
2011	-	0.10	0.10	-	0.13	0.13
2012	0.10	0.11	0.21	0.12	0.14	0.26
2013	0.11	0.11	0.22	0.15	0.15	0.30
2014	0.11	0.12	0.23	0.15	0.13	0.28

2015	0.12	0.13 <sup>2)</sup>	0.25	0.13
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<sup>1</sup> Paid at each shareholder's option in cash or in stock.

<sup>2</sup> Proposed.

From May 2003 to May 2013, Aegon had common shares and class A and class B preferred shares. The annual dividend on Aegon's class A and class B preferred shares was calculated on the basis of the paid-in capital on the preferred shares using a rate equal to the European Central Bank's fixed interest percentage for basic refinancing transactions plus 1.75%, as determined on Euronext Amsterdam's first working day of the financial year to which the dividend relates. Apart from this,

no other dividend was paid on the preferred shares. This resulted in a rate of 2.75% for the year 2012. Applying this rate to the weighted average paid-in capital of its preferred shares during 2012, the total amount of annual dividends Aegon made in 2013 on its preferred shares for the year 2012 was EUR 59 million. In addition, Aegon paid a 2013 interim dividend on the preferred shares of EUR 24 million, covering the period from January 1, 2013 until the cancellation of all preferred shares in May 2013.

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**Exchange rates**

Fluctuations in the exchange rate between the euro and the US dollar will affect the dollar equivalent of the euro price of Aegon's common shares traded on Euronext Amsterdam and, as a result, are likely to impact the market price of Aegon's common shares in the United States. Such fluctuations will also affect any US dollar amounts received by holders of common shares upon conversion of any cash dividends paid in euros on Aegon's common shares.

As of March 9, 2016, the USD exchange rate was EUR 1 = USD 1.0997.

The high and low exchange rates for the US dollar per euro for each of the last six months through February 2016 are set forth below:

<b>Closing rates</b>	Sept. 2015	Oct. 2015	Nov. 2015	Dec. 2015	Jan. 2016	Feb. 2016
High (USD per EUR)	1.1358	1.1473	1.1026	1.1025	1.0964	1.1362
Low (USD per EUR)	1.1104	1.0963	1.0562	1.0573	1.0743	1.0868

The average exchange rates for the US dollar per euro for the five years ended December 31, 2015, calculated by using the average of the exchange rates on the last day of each month during the period, are set forth below:

<b>Year ended December 31,</b>	Average rate <sup>1)</sup>
2011	1.4002
2012	1.2909
2013	1.3303
2014	1.3210
2015	1.1032

<sup>1</sup> The US dollar exchange rates are the noon buying rates in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.



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### **14 Business overview [Business lines](#)**

#### **[Business lines](#)**

##### **[Americas](#)**

###### **[↳ United States - Life & Protection](#)**

###### **[↳ Life insurance](#)**

Products offering protection against mortality, morbidity and longevity risks, including traditional and universal life, in addition to endowment, term, and whole life insurance products.

###### **[↳ Accident and health insurance](#)**

Products offering supplemental health, accidental death and dismemberment insurance, critical illness, cancer treatment, credit/disability, income protection, travel and long-term care insurance.

###### **[↳ United States - Investments & Retirement](#)**

Products and services include variable and fixed annuities, retirement plans (including ancillary services), mutual funds and stable value solutions.

###### **[↳ Latin America](#)**

**Brazil:** Life and critical illness insurance; private and company pensions; pension scheme administration; and investment funds.

**Mexico:** Individual life, group life, and health insurance; and saving plans.

##### **[The Netherlands](#)**

###### **[↳ Life & Savings](#)**

Products with mortality, morbidity, and longevity risks, including traditional and universal life, in addition to employer, endowment, term, whole life insurance products; mortgages; annuity products; and banking products, including saving deposits.

###### **[↳ Pensions](#)**

Individual and group pensions usually sponsored by, or obtained via, an employer. Administration-only services are offered to company and industry pension funds.

#### ¿ **Non-life**

General insurance, consisting mainly of automotive, liability, disability, household insurance, and fire protection.

#### ¿ **Distribution**

Independent distribution channel, offering both life and non-life insurance solutions.

### **United Kingdom**

#### ¿ **Life**

Immediate annuities, individual protection products, such as term insurance, critical illness, and income protection.

#### ¿ **Pensions**

Individual pensions, including self-invested personal pensions and drawdown products, such as guaranteed income drawdown products; group pensions, sponsored by, or obtained via, an employer. Also includes the tied-agent distribution business.

### **New Markets**

Includes all businesses and operating units in Central & Eastern Europe, Asia, Spain and Portugal, in addition to Aegon's variable annuity activities in Europe and Aegon Asset Management.

#### ¿ **Central & Eastern Europe**

Active in the Czech Republic, Hungary, Poland, Romania, Slovakia, Turkey, and Ukraine. Includes life insurance, individual and group pension products, savings and investments, in addition to general insurance.

#### ¿ **Spain & Portugal**

Distribution partnerships with Santander in Spain & Portugal and with Liberbank in Spain. Includes life insurance, accident and health insurance, general insurance and investment products.

#### ¿ **Asia**

Joint ventures in China and India offering (term) life insurance and savings products, and in Japan offering variable annuities. Life insurance marketed to high-net-worth individuals via the Transamerica brand in Hong Kong and Singapore. Direct and affinity products marketed in Asia by Aegon Direct & Affinity Marketing Services.

#### ¿ **Variable Annuities Europe**

Variable annuities offered by Aegon companies operating in Europe, and international/offshore bonds for the UK market.

↳ **Aegon Asset Management**

Asset management products, including equity and fixed income, covering third-party clients, insurance-linked solutions, and Aegon's own insurance companies.

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In January 2016, Aegon announced that it had changed its reporting structure going forward. The new reporting structure will consist of four business lines: Americas, Europe (consisting of the Netherlands; United Kingdom, including Variable Annuities Europe; Central & Eastern Europe; and Spain & Portugal), Asia and Aegon Asset Management. Furthermore, rather than report its financial results by division, Aegon Americas will report by using the following product groups:

- ⌚ Life
- ⌚ Accident & Health
- ⌚ Retirement Plans
- ⌚ Mutual Funds
- ⌚ Variable Annuities
- ⌚ Fixed Annuities
- ⌚ Stable Value Solutions
- ⌚ Latin America

The new reporting structure is effective from January 1, 2016. For this reason, Aegon's 2015 Annual Report on Form 20-F reflects the former reporting structure.

**Table of Contents**16 Business overview **Results of operations** **Worldwide****Results of operations****Results 2015 worldwide****Underlying earnings geographically**

Amounts in EUR millions

**Net underlying earnings**

	<b>2015</b>	2014	%
<b>Net underlying earnings</b>	<b>1,552</b>	<b>1,416</b>	<b>10%</b>
Tax on underlying earnings	387	449	(14%)

**Underlying earnings before tax geographically**

Americas	1,200	1,134	6%
The Netherlands	537	558	(4%)
United Kingdom	125	115	9%
New markets	236	196	20%
Holding and other activities	(161)	(138)	(17%)

<b>Underlying earnings before tax</b>	<b>1,939</b>	<b>1,865</b>	<b>4%</b>
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Fair value items	(500)	(1,366)	63%
Gains / (losses) on investments	346	697	(50%)
Net impairments	49	(34)	-
Other income / (charges)	(980)	(240)	-
Run-off businesses	52	(21)	-

<b>Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)</b>	<b>906</b>	<b>900</b>	<b>1%</b>
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*Income tax from certain proportionately consolidated joint ventures and associates included in income before tax*

	33	10	-
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*Income tax*

	(194)	(143)	(36%)
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*Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax*

	(33)	(10)	-
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<b>Net income</b>	<b>712</b>	<b>757</b>	<b>(6%)</b>
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Commissions and expenses	6,802	5,892	15%
of which operating expenses	3,734	3,312	13%

This Annual Report includes the non-IFRS financial measure: underlying earnings before tax. The reconciliation of this measure to the most comparable IFRS measure is presented in the table above in addition to in note 5 Segment information of the consolidated financial statements. This non-IFRS measure is calculated by consolidating on

a proportionate basis the revenues and expenses of Aegon's joint ventures in the Netherlands, Mexico, Spain, Portugal, China and Japan and Aegon's associates in India, Brazil, the Netherlands, United Kingdom and Mexico.

The table also includes the non-IFRS financial measure: net underlying earnings. This is the after-tax equivalent of underlying earnings before tax. The reconciliation of net underlying earnings to the most comparable IFRS measure is presented in the table above. Aegon believes that its non-IFRS measure provides meaningful information about the underlying operating results of Aegon's businesses, including insight into the financial measures that senior management uses in managing the businesses.

Aegon's senior management is compensated based in part on Aegon's results against targets using the non-IFRS measures presented in this report. 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 and readers are cautioned to consider carefully the different ways in which Aegon and its peers present similar information before making a comparison. Aegon believes the non-IFRS measures present within this report, when read together with Aegon's reported IFRS financial statements, provide meaningful supplemental information for the investing public. This enables them to evaluate Aegon's businesses after eliminating the impact of current IFRS accounting policies for financial instruments and insurance contracts, which embed a number of accounting policy alternatives that companies may select in presenting their results (as companies may use different local generally accepted accounting principles (GAAPs)), and this may make the comparability difficult between time periods.

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**New life sales**

Amounts in EUR millions

	2015	2014	%
Americas	599	552	9%
The Netherlands	130	251	(48%)
United Kingdom	911	972	(6%)
New markets	304	271	12%
<b>Total recurring plus 1/10 single</b>	<b>1,944</b>	<b>2,045</b>	<b>(5%)</b>

**Gross deposits (on and off balance)**

Amounts in EUR millions

	2015	2014	%
Americas	36,999	31,849	16%
The Netherlands	5,137	2,781	85%
United Kingdom	307	281	9%
New markets	34,761	20,519	69%
<b>Total gross deposits</b>	<b>77,205</b>	<b>55,431</b>	<b>39%</b>

**Worldwide revenues geographically 2015**

Amounts in EUR millions	Americas	The Netherlands	United Kingdom	New Markets	Holding, other activities and eliminations	Segment total	Associates and Joint Ventures eliminations	Consolidated
Total life insurance gross premiums	7,046	2,240	5,650	2,565	(102)	17,400	(431)	16,969
Accident and health insurance premiums	2,266	234	47	170	-	2,717	(14)	2,703
General insurance premiums	-	473	-	244	2	720	(80)	640
<b>Total gross premiums</b>	<b>9,312</b>	<b>2,947</b>	<b>5,697</b>	<b>2,979</b>	<b>(100)</b>	<b>20,836</b>	<b>(524)</b>	<b>20,311</b>
Investment income	3,680	2,277	2,327	291	2	8,576	(51)	8,525
Fees and commission income	1,704	351	43	813	(278)	2,633	(195)	2,438

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Other revenue	9	-	-	2	7	19	(5)	14
<b>Total revenues</b>	<b>14,705</b>	<b>5,575</b>	<b>8,067</b>	<b>4,086</b>	<b>(369)</b>	<b>32,064</b>	<b>(775)</b>	<b>31,289</b>
Number of employees, including agent employees	12,701	4,503	2,260	11,767	299	31,530		

**Underlying earnings before tax by line of business**

Amounts in EUR millions

	<b>2015</b>	2014	%
Life	757	652	16%
Individual Savings & Retirement	540	665	(19%)
Pensions	594	510	16%
Non-life	17	46	(62%)
Distribution	22	15	50%
Asset management	170	115	48%
Other	(161)	(138)	(17%)
<b>Underlying earnings before tax</b>	<b>1,939</b>	<b>1,865</b>	<b>4%</b>



**Table of Contents**18 Business overview **Results of operations** **Worldwide****Results 2015 worldwide**

Aegon's net income in 2015 declined to EUR 712 million. Underlying earnings before tax increased to EUR 1,939 million, driven by favorable currency movements. Results in 2015 were impacted by a loss of EUR 500 million on fair value items, which was driven by accounting losses on hedging programs and the impact of assumption changes. Other charges amounted to EUR 980 million, mainly driven by the loss on the divestment of the Canadian life insurance activities and the impact of model updates. This loss was partly offset by realized gains of EUR 346 million, and net recoveries of EUR 49 million.

**Net income**

Net income declined by 6% to EUR 712 million compared with 2014 as lower losses on fair value items and net recoveries were more than offset by higher other charges and lower realized gains.

**Underlying earnings before tax**

Aegon's underlying earnings before tax in 2015 increased by 4% to EUR 1,939 million compared with 2014. The recurring impact of the actuarial assumption changes and model updates implemented in the third quarters of 2014 and 2015 and adverse claims experience in the United States were more than offset by favorable currency movements.

- ⌚ Underlying earnings before tax from the Americas increased by 6% to EUR 1,200 million in 2015 compared with 2014. The impact of the stronger US dollar more than offset adverse claims experience and the impact on recurring earnings of the actuarial assumption changes and model updates implemented in the third quarters of 2014 and 2015.
- ⌚ In the Netherlands, underlying earnings before tax declined by 4% to EUR 537 million in 2015 compared with 2014, as underlying earnings before tax in 2014 included a EUR 45 million employee benefit release resulting from legislation changes in the Netherlands. Excluding this benefit, earnings increased by 5%, primarily driven by lower funding costs and higher investment income.
- ⌚ Underlying earnings before tax from Aegon's operations in the United Kingdom were up 9% to EUR 125 million in 2014, mainly due to favorable currency movements.
- ⌚ Underlying earnings before tax from New Markets increased by 20% to EUR 236 million compared with 2014, as the positive impact of higher performance fees and third-party assets under management at Aegon Asset Management more than offset lower earnings from Central & Eastern Europe primarily driven by the negative impact of higher surrenders in Poland following product changes.
- ⌚ Total holding costs increased by 17% to EUR 161 million in 2015 compared with 2014. This was mainly as a result of higher net interest costs following a debt issuance to refinance a perpetual security for which the cost was previously accounted for directly through shareholders' equity and a gain related to interest on tax.

**Fair value items**

The results from fair value items amounted to a loss of EUR 500 million. The loss was mainly driven by adverse results on hedging programs in the United States (EUR 521 million) and the underperformance of alternative

investments in the United States (EUR 171 million) partly offset by the result on derivatives where no hedge accounting is applied in the Netherlands (EUR 120 million) and the positive impact of assumption changes (EUR 101 million).

Included in the loss on hedging programs in the United States is the loss on fair value hedges without accounting match in the Americas (EUR 402 million). This was mainly driven by the loss on equity and interest rate hedges, which were set up to protect Aegon's capital position.

Underperformance of fair value investments was primarily driven by investments related to the energy sector and hedge funds in the United States.

### **Realized gains on investments**

Realized gains on investments amounted to EUR 346 million, and were primarily related to a rebalancing of the fixed income portfolio in the Netherlands and the United Kingdom to improve Aegon's capital position under Solvency II.

### **Impairment charges**

Net recoveries improved by EUR 83 million to EUR 49 million in 2015 compared with 2014. In the United States, gross impairments were more than offset by recoveries mostly related to investments in subprime residential mortgage-backed securities.

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**Other charges**

Other charges amounted to EUR 980 million. These were mostly caused by the loss on the divestment of the Canadian life insurance activities (EUR 751 million) and charges related to model updates (EUR 205 million).

**Run-off businesses**

The results of run-off businesses improved to EUR 52 million, as the 2014 result included a negative impact from model updates of EUR 32 million.

**Income tax**

Income tax amounted to EUR 194 million. The effective tax rate on underlying earnings and total income for 2015 was 20% and 21%, respectively. This was mostly driven by tax credits related to solar energy investments in the United States.

**Commissions and expenses**

Commissions and expenses increased by 15% in 2015 compared with 2014 to EUR 6.8 billion. Operating expenses increased by 13% in 2015 compared with 2014 to EUR 3.7 billion. Adverse currency movements and higher defined benefit expenses in the Netherlands more than offset lower project and transformation costs in the UK and the positive impact of the divestment of the Canadian life insurance activities.

**Production**

Compared with 2014, Aegon's total sales in 2015 increased by 24% to EUR 10.7 billion. This was a result of higher gross deposits, partly driven by favorable currency movements. In 2015, compared with 2014, gross deposits were up 39% to EUR 77.2 billion, driven by higher pensions and mutual fund deposits in the United States, production from online bank Knab in the Netherlands, and sales in Aegon Asset Management. Net deposits, excluding run-off businesses, increased by 85% to EUR 18.4 billion compared to 2014, mostly due to higher gross deposits and the de-recognition of movements in stable value solutions balances. New life sales declined by 5% compared with 2014 to EUR 1.9 billion, mostly driven by lower universal life production in the United States, fewer pension buy-out sales in the Netherlands, and a lower demand for traditional pension products in the United Kingdom. New premium production for accident & health life and general insurance increased by 3% compared with 2014 to EUR 1.0 billion, as the stronger US dollar more than offset a lower contribution from portfolio acquisitions and several product exits.

**Capital management**

During 2015, shareholders' equity decreased by EUR 0.3 billion to EUR 23.7 billion, as retained earnings and favorable currency exchange rates were more than offset by the book loss on the sale of the Canadian life insurance

activities and higher interest rates, which resulted in lower revaluation reserves. During the year, the revaluation reserves decreased by

EUR 1.8 billion to EUR 6.5 billion. Aegon's shareholders' equity, excluding revaluation reserves and defined benefit plan remeasurements, amounted to EUR 18.7 billion on December 31, 2015, or 8.86 per common share. The gross leverage ratio improved to 27.0% on December 31, 2015, compared with the end of 2014, which was mostly as a result of earnings generated during the year. The negative impact on the gross leverage ratio of the book loss on the sale of the Canadian life insurance activities was offset by the redemption of the USD 500 million senior bond, which matured on December 8, 2015. Excess capital in the holding increased from EUR 1.2 billion at the end of 2014 to EUR 1.4 billion on December 31, 2015, as dividends from business units and proceeds from divestments were partly offset by the impact of cash used for deleveraging, dividends to shareholders, interest payments and operating expenses.

During 2015, Aegon's Insurance Group Directive (IGD) ratio increased from 208% at the end of 2014 to 220% on December 31, 2015. The increase reflects positive retained earnings during the year, in addition to the impact of divestments. On March 3, 2015, Aegon completed the sale of its 35% share in La Mondiale Participations to La Mondiale for EUR 350 million. Furthermore, on July 31, 2015, Aegon completed the sale of its Canadian operations to Wilton Re for CAD 600 million (EUR 428 million). The capital in excess of the S&P AA threshold in the United States decreased from USD 1.1 billion at the end of 2014 to USD 0.2 billion on December 31, 2015, as dividends paid to the holding were offset by earnings, while the RBC ratio in the United States decreased from 540% at year-end 2014 to ~460% on December 31, 2015. The decrease in the United States primarily reflected market conditions and the impact of assumption changes and model updates implemented during the third quarter. In the Netherlands, the IGD ratio, excluding Aegon Bank, increased from 215% on December 31, 2014, to ~240% at the end of 2015 due to earnings generated during the year. The Pillar 1 ratio in the United Kingdom, including the with-profit fund, increased from 140% at the end of 2014 to ~165% at the end of 2015 due to earnings and changes to longevity assumptions in the fourth quarter.

On November 24, 2015, Aegon successfully placed its inaugural EUR 750 million Conditional Pass-Through Covered Bond. The placement enabled Aegon to further diversify its funding sources and to attract new external long-term funding. The net proceeds were used to refinance part of the existing Dutch mortgage portfolio of Aegon.

#### **Dividends from and capital contributions to business units**

Aegon received EUR 1.1 billion of dividends from its business units during 2015, almost all of which from the Americas. Aegon spent EUR 0.3 billion on capital contributions and acquisitions in New Markets.

**Table of Contents****20 Business overview Results of operations Worldwide****Results 2014 worldwide****Underlying earnings geographically**

Amounts in EUR millions	2014	2013	%
<b>Net underlying earnings</b>	<b>1,416</b>	<b>1,531</b>	<b>(8%)</b>
Tax on underlying earnings	449	437	3%

**Underlying earnings before tax geographically**

Americas	1,134	1,314	(14%)
The Netherlands	558	454	23%
United Kingdom	115	87	32%
New markets	196	227	(13%)
Holding and other activities	(138)	(113)	(22%)
<b>Underlying earnings before tax</b>	<b>1,865</b>	<b>1,968</b>	<b>(5%)</b>

Fair value items	(1,366)	(1,118)	(22%)
Gains / (losses) on investments	697	500	39%
Net impairments	(34)	(122)	72%
Other income / (charges)	(240)	(52)	0%
Run-off businesses	(21)	21	0%

<b>Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)</b>	<b>900</b>	<b>1,197</b>	<b>(25%)</b>
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<i>Income tax from certain proportionately consolidated joint ventures and associates included in income before tax</i>	10	8	33%
Income tax	(143)	(208)	31%

<i>Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax</i>	(10)	(8)	(33%)
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<b>Net income</b>	<b>757</b>	<b>989</b>	<b>(23%)</b>
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Commissions and expenses	5,892	5,873	0%
of which operating expenses	3,312	3,273	1%

**New life sales**

Amounts in EUR millions	2014	2013	%
Americas	552	464	19%
The Netherlands	251	206	22%
United Kingdom	972	1,014	(4%)
New markets	271	228	19%
<b>Total recurring plus 1/10 single</b>	<b>2,045</b>	<b>1,911</b>	<b>7%</b>

**Gross deposits (on and off balance)**

Amounts in EUR millions	2014	2013	%
Americas	31,849	28,424	12%
The Netherlands	2,781	1,338	108%
United Kingdom	281	281	(0%)
New markets	20,519	14,287	44%
<b>Total gross deposits</b>	<b>55,431</b>	<b>44,330</b>	<b>25%</b>

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		The	United	New	Holding, other activities and elimina-	Segment	Associ- ates and Joint Ventures elimina-	Consoli- dated
<b>Worldwide revenues geographically 2014</b>	Americas	Nether-	Kingdom	Markets	tions	total	tions	
Amounts in EUR millions								
Total life insurance gross premiums	6,461	3,982	4,859	2,015	(70)	17,246	(351)	16,896
Accident and health insurance premiums	1,874	233	56	163	-	2,326	(11)	2,316
General insurance premiums	-	501	-	224	-	725	(72)	653
<b>Total gross premiums</b>	<b>8,334</b>	<b>4,716</b>	<b>4,916</b>	<b>2,402</b>	<b>(70)</b>	<b>20,298</b>	<b>(433)</b>	<b>19,864</b>
Investment income	3,312	2,568	2,073	234	2	8,191	(42)	8,148
Fees and commission income	1,485	324	43	623	(237)	2,237	(100)	2,137
Other revenue	2	-	-	3	5	10	(3)	7
<b>Total revenues</b>	<b>13,134</b>	<b>7,608</b>	<b>7,032</b>	<b>3,262</b>	<b>(300)</b>	<b>30,735</b>	<b>(578)</b>	<b>30,157</b>
Number of employees, including agent employees	12,865	4,426	2,420	8,617	274	28,602		

**Underlying earnings before tax by line of business**

Amounts in EUR millions	2014	2013	%
Life	652	1,003	(35%)
Individual Savings & Retirement Pensions	665	487	37%
Non-life	510	471	8%
Distribution	46	12	-
Asset management	15	16	(8%)
Other	115	95	21%
<b>Underlying earnings before tax</b>	<b>(138)</b>	<b>(115)</b>	<b>20%</b>
	<b>1,865</b>	<b>1,968</b>	<b>(5%)</b>

**Table of Contents****22 Business overview Results of operations Worldwide****Results 2014 worldwide**

Aegon's net income in 2014 amounted to EUR 757 million. Underlying earnings before tax amounted to EUR 1,865 million. Furthermore, results in 2014 were impacted by a loss of EUR 1,366 million on fair value items, which was driven by accounting losses on hedging programs and the impact of assumption changes and model updates, and other charges of EUR 240 million. This was partly offset by realized gains of EUR 697 million, and net impairment charges of EUR 34 million.

**Net income**

Net income decreased to EUR 757 million compared with 2013, which was driven by lower underlying earnings before tax, higher other charges, higher losses from fair value items and lower income before tax from run-off businesses, partly offset by higher realized gains and lower net impairments.

**Underlying earnings before tax**

Aegon's underlying earnings before tax in 2014 decreased 5% to EUR 1,865 million compared with 2013. The benefit of business growth and favorable equity markets was more than offset by the impact of charges for actuarial assumption changes and model updates, and unfavorable mortality in the Americas.

- ⌚ Underlying earnings before tax from the Americas decreased 14% to EUR 1,134 million in 2014 compared with 2013. Growth in variable annuities and pensions was more than offset by the impact of a charge for actuarial assumption changes and model updates, unfavorable mortality in the life business and the impact of lower interest rates.
- ⌚ In the Netherlands, underlying earnings before tax increased 23% to EUR 558 million in 2014 compared with 2013, primarily generated by mortgage production. Underlying earnings before tax growth in 2014 was driven by higher investment income, improved margins on savings, a EUR 45 million employee benefit reserve release resulting from legislation changes in the Netherlands, and improvement in non-life.
- ⌚ Underlying earnings before tax from Aegon's operations in the United Kingdom amounted to EUR 115 million in 2014. The 32% increase compared with 2013 was primarily the result of improved persistency.
- ⌚ Underlying earnings before tax from New Markets declined 14% to EUR 196 million compared with 2013. A 21% increase in underlying earnings before tax, compared with 2013, from Aegon Asset Management due to higher third-party balances was more than offset by lower underlying earnings before tax in Asia, which was mostly due to charges for actuarial assumption changes and model updates.
- ⌚ Total holding costs increased 22% to EUR 138 million in 2014 compared with 2013. This was mainly as a result of higher net interest costs following a debt issuance to refinance a perpetual security for which the cost was previously accounted for directly through shareholders' equity.

**Fair value items**

The results from fair value items amounted to a loss of EUR 1,366 million. The loss was mainly driven by adverse results on hedging programs in the United States (EUR 301 million), adverse fair value movements on interest rate hedges, longevity hedges and result on derivatives where no hedge accounting is applied in the Netherlands (EUR 739 million), the adverse impact of assumption changes and model updates (EUR 123 million), and the



underperformance of alternative investments in the United States (EUR 90 million).

Included in the loss on hedging programs in the United States is the loss on fair value hedges without accounting match in the Americas (EUR 251 million), mainly driven by the loss on equity hedges, which were set up to protect Aegon's capital position, as a result of the strong US equity market performance in 2014.

Underperformance of fair value investments was primarily driven by investments related to the energy sector in the United States, and credit spread tightening in the Netherlands.

### **Realized gains on investments**

Realized gains on investments amounted to EUR 697 million and were primarily related to a rebalancing of the fixed income portfolio in the Netherlands and the United Kingdom, and the divestment of a private equity investment in the Netherlands.

### **Impairment charges**

Net impairments improved by EUR 88 million to EUR 34 million in 2014 compared with 2013. In the United States, gross impairments were more than offset by recoveries mostly related to investments in subprime residential mortgage-backed securities.

### **Other charges**

Other charges amounted to EUR 240 million. These were mostly caused by a charge in the Netherlands (EUR 95 million) related to the agreement with the harbor workers' former pension fund Optas, a provision taken for the closed block of European direct marketing activities (EUR 36 million), a provision for the implementation of the fee cap on pensions in the United Kingdom (EUR 35 million), a provision for the modification of unit-linked policies in Poland (EUR 23 million), and a change in the valuation of fixed assets in Aegon's Canadian business in anticipation of its divestment (EUR 15 million).

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**Table of Contents****Run-off businesses**

The results of run-off businesses amounted to a loss of EUR 21 million, mainly driven by a negative impact from model updates of EUR 32 million.

**Income tax**

Income tax amounted to EUR 143 million. The effective tax rate on underlying earnings for 2014 was 24%. The effective tax rate on total income was 16%. This was mostly driven by the combined effects of negative fair value items taxed at nominal rates, the reversal of the tax charge in Americas in 2013 related to hedging losses, tax credits and tax exempt items.

**Commissions and expenses**

Commissions and expenses increased slightly in 2014 compared with 2013 to EUR 5,892 million. Operating expenses increased 1% in 2014 compared with 2013 to EUR 3,312 million. This was mainly because the benefit of an employee benefit reserve release in the Netherlands (EUR 45 million) was more than offset by a provision and expenses related to implementing the upcoming fee cap on pensions in the United Kingdom, and higher expenses to support growth in the United States and the Netherlands.

**Production**

Compared with 2013, Aegon's total sales, in 2014, increased 20% to EUR 8.6 billion. This was a result of higher gross deposits, new life sales and production of accident and health and general insurance. In 2014, compared with 2013, gross deposits increased 25% to EUR 55.4 billion, driven by pensions, variable annuities and mutual funds in the United States, production from online bank Knab in the Netherlands, and Aegon Asset Management. Net deposits, excluding run-off businesses, decreased 7% to EUR 9.9 billion compared to 2013, mostly due to a reduction in stable value solutions balances of approximately EUR 3.0 billion and a one-time transfer of pension assets to the Polish government due to legislative changes. New life sales increased 7% compared with 2013 to EUR 2.0 billion, mostly driven by higher universal life production in the United States and Asia, and higher pension production in the Netherlands.

**Capital management**

In 2014, shareholders' equity increased EUR 6.3 billion compared with December 31, 2013 to EUR 24.0 billion. This was driven by lower interest rates, which resulted in higher revaluation reserves, and favorable currency exchange rates. During the year, the revaluation reserves increased by EUR 5.3 billion to EUR 8.3 billion. Aegon's shareholders' equity, excluding revaluation reserves and defined benefit plan remeasurements, amounted to EUR 17.3 billion on

December 31, 2014.

The gross leverage ratio improved to 28.7% on December 31, 2014 compared to the end of 2013, which was mostly as a result of deleveraging. Excess capital in the holding decreased to EUR 1.2 billion on December 31, 2014 compared to 2013 (EUR 2.2 billion), as dividends from business units were more than offset by the impact of cash used for deleveraging, interest payments and operating expenses.

Shareholders' equity per common share, excluding revaluation reserves and defined benefit plan remeasurements, amounted to EUR 8.18 on December 31, 2014.

On December 31, 2014, Aegon's Insurance Group Directive (IGD) ratio stood at 208%. The capital in excess of the S&P AA threshold in the United States remained stable at USD 1.1 billion, as dividends paid to the holding were offset by earnings. The RBC ratio in the United States was ~540% at year-end 2014. In the Netherlands, the IGD ratio, excluding Aegon Bank, was ~215%. The Pillar 1 ratio in the United Kingdom, including the with-profit fund, was approximately 140% at the end of 2014 reflecting the negative impact of de-risking of the asset portfolio in preparation for Solvency II.

Effective as of March 15, 2014, Aegon redeemed junior perpetual capital securities with a coupon of 6.875% and a principal amount of USD 550 million. Effective as of June 15, 2014, Aegon redeemed perpetual capital securities with a coupon of 7.25% issued in 2007 and with a principal amount of USD 1,050 million, equal to approximately EUR 780 million. This transaction was largely financed by the issuance of EUR 700 million subordinated notes with a coupon of 4% on April 25.

On October 16, 2014, Aegon announced the sale of its Canadian operations to Wilton Re for CAD 600 million (EUR 423 million). This transaction will result in a book loss of EUR 0.8 billion at closing and is expected to close in the first half of 2015, subject to regulatory approval.

On November 24, 2014, Aegon announced the sale of its 35% share in La Mondiale Participations to La Mondiale for EUR 350 million, in line with IFRS book value. The proceeds will increase the group's IGD solvency ratio by approximately 5 percentage points. This transaction was closed on March 3, 2015.

#### **Dividends from and capital contributions to business units**

Aegon received EUR 1.1 billion of dividends from its business units during 2014, almost all of which from the Americas. Capital contributions of EUR 0.1 billion were paid to Aegon's businesses in New Markets.

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	Amounts in USD millions			Amounts in EUR millions		
	2015	2014	%	2015	2014	%
<b>Net underlying earnings</b>	<b>1,045</b>	<b>1,082</b>	<b>(3%)</b>	<b>941</b>	<b>814</b>	<b>16%</b>
Tax on underlying earnings	287	424	(32%)	259	320	(19%)
<b>Underlying earnings before tax by business</b>						
Life insurance	213	(13)	-	192	(10)	-
Accident & health insurance	140	212	(34%)	126	160	(21%)
Life & Protection	353	199	77%	318	150	112%
Retirement plans	261	272	(4%)	235	205	15%
Mutual funds	50	47	6%	45	35	26%
Variable annuities	501	671	(25%)	452	505	(11%)
Fixed annuities	66	172	(62%)	59	130	(54%)
Stable value solutions	101	109	(8%)	91	82	