

AEGON NV
Form 6-K
February 19, 2016
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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

February 2016

AEGON N.V.

Aegonplein 50

2591 TV THE HAGUE

The Netherlands

Aegon's condensed consolidated interim financial statements Q4 2015, dated February 19, 2016, are included as appendix and incorporated herein by reference.

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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: February 19, 2016

By /s/ J.H.P.M. van Rossum
J.H.P.M. van Rossum
Executive Vice President
Corporate Controller

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Table of Contents**Condensed consolidated income statement**

<i>EUR millions</i>	Notes	Q4 2015	Q4 2014	FY 2015	FY 2014
Premium income	4	4,901	5,163	20,311	19,864
Investment income	5	2,153	2,063	8,525	8,148
Fee and commission income		607	565	2,438	2,137
Other revenues		3	2	14	7
Total revenues		7,665	7,793	31,289	30,157
Income from reinsurance ceded		781	860	3,321	2,906
Results from financial transactions	6	5,369	6,062	401	13,772
Other income	7	67	33	83	61
Total income		13,882	14,748	35,094	46,896
Benefits and expenses	8	13,305	13,936	33,325	44,898
Impairment charges / (reversals)	9	(40)	75	(22)	87
Interest charges and related fees		104	104	412	371
Other charges	10	12	138	774	172
Total charges		13,382	14,253	34,488	45,528
Share in net result of joint ventures		30	14	142	56
Share in net result of associates		-	1	5	24
Income / (loss) before tax		530	510	754	1,448
Income tax (expense) / benefit		(52)	(111)	(134)	(262)
Net income / (loss)		478	399	619	1,186
Net income / (loss) attributable to:					
Equity holders of Aegon N.V.		477	399	619	1,186
Non-controlling interests		-	-	1	1
Earnings per share (EUR per share)	18				
Basic earnings per common share		0.21	0.17	0.23	0.49
Basic earnings per common share B		0.01	-	0.01	0.01
Diluted earnings per common share		0.21	0.17	0.23	0.49
Diluted earnings per common share B		0.01	-	0.01	0.01

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

<i>EUR millions</i>	Q4 2015	Q4 2014	FY 2015	FY 2014
Net income / (loss)	478	399	619	1,186
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Changes in revaluation reserve real estate held for own use	8	8	13	9
Remeasurements of defined benefit plans	(16)	(434)	240	(1,156)
Income tax relating to items that will not be reclassified	(15)	139	(77)	333
Items that may be reclassified subsequently to profit or loss:				
Gains / (losses) on revaluation of available-for-sale investments	(1,068)	2,294	(2,175)	6,759
(Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments	(160)	(279)	(485)	(702)
Changes in cash flow hedging reserve	(95)	559	446	1,188
Movement in foreign currency translation and net foreign investment hedging reserve	337	499	1,414	1,668
Equity movements of joint ventures	(5)	6	(8)	10
Equity movements of associates	-	(17)	(1)	(10)
Disposal of group assets	6	-	(544)	-
Income tax relating to items that may be reclassified	404	(765)	783	(2,018)
Other	-	(2)	9	(5)
Other comprehensive income for the period	(606)	2,008	(386)	6,075
Total comprehensive income / (loss)	(129)	2,407	234	7,262
Total comprehensive income / (loss) attributable to:				
Equity holders of Aegon N.V.	(129)	2,406	234	7,262
Non-controlling interests	1	-	-	(1)

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Table of Contents**Condensed consolidated statement of financial position**

<i>EUR millions</i>	Notes	Dec. 31, 2015	Dec. 31, 2014
Assets			
Intangible assets	11	2,110	2,073
Investments	12	160,792	153,653
Investments for account of policyholders	13	200,226	191,467
Derivatives	14	11,545	28,014
Investments in joint ventures		1,561	1,468
Investments in associates		242	140
Reinsurance assets	16	11,257	9,593
Deferred expenses	17	12,547	10,373
Assets held for sale	20	-	9,881
Other assets and receivables		7,615	7,628
Cash and cash equivalents		9,594	10,610
Total assets		417,489	424,902
Equity and liabilities			
Shareholders' equity		23,931	24,293
Other equity instruments		3,800	3,827
Issued capital and reserves attributable to equity holders of Aegon N.V.		27,732	28,120
Non-controlling interests		9	9
Group equity		27,741	28,129
Trust pass-through securities		157	143
Subordinated borrowings		759	747
Insurance contracts		123,042	111,927
Insurance contracts for account of policyholders		112,679	102,250
Investment contracts		17,718	15,359
Investment contracts for account of policyholders		90,119	91,849
Derivatives	14	10,890	26,048
Borrowings	19	12,445	14,158
Liabilities held for sale	20	-	7,810
Other liabilities		21,940	26,481
Total liabilities		389,749	396,772
Total equity and liabilities		417,489	424,902

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
Year ended December 31, 2015									
At beginning of year	8,597	9,076	8,308	(1,611)	(77)	3,827	28,120	9	28,129
Net income / (loss) recognized in the income statement	-	619	-	-	-	-	619	1	619
Other comprehensive income:									
Items that will not be reclassified to profit or loss:									
Changes in revaluation reserve real estate held for own use	-	-	13	-	-	-	13	-	13
Remeasurements of defined benefit plans	-	-	-	240	-	-	240	-	240
Income tax relating to items that will not be reclassified	-	-	(2)	(75)	-	-	(77)	-	(77)
Items that may be reclassified subsequently to profit or loss:									
Gains / (losses) on revaluation of available-for-sale investments	-	-	(2,175)	-	-	-	(2,175)	-	(2,175)
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments	-	-	(485)	-	-	-	(485)	-	(485)
Changes in cash flow hedging reserve	-	-	446	-	-	-	446	-	446
Movement in foreign currency translation and net foreign investment hedging reserves	-	-	-	(86)	1,500	-	1,414	-	1,414
Equity movements of joint ventures	-	-	-	-	(8)	-	(8)	-	(8)
Equity movements of associates	-	-	-	-	(1)	-	(1)	-	(1)
Disposal of group assets	-	-	(468)	-	(76)	-	(544)	-	(544)
Income tax relating to items that may be reclassified	-	-	836	-	(52)	-	783	-	783
Other	-	10	-	-	-	-	10	(1)	9
Total other comprehensive income	-	10	(1,837)	79	1,363	-	(385)	(1)	(386)
Total comprehensive income / (loss) for 2015	-	628	(1,837)	79	1,363	-	234	-	234
Shares issued and withdrawn	1	-	-	-	-	-	1	-	1
Issuance and purchase of treasury shares	-	52	-	-	-	-	52	-	52
Dividends paid on common shares	(211)	(292)	-	-	-	-	(503)	-	(503)
Dividend withholding tax reduction	-	1	-	-	-	-	1	-	1
Coupons on non-cumulative subordinated notes	-	(28)	-	-	-	-	(28)	-	(28)
Coupons on perpetual securities	-	(111)	-	-	-	-	(111)	-	(111)
Share options and incentive plans	-	(7)	-	-	-	(27)	(33)	-	(33)
At end of period	8,387	9,319	6,471	(1,532)	1,286	3,800	27,732	9	27,741
Year ended December 31, 2014									
At beginning of year	8,701	8,361	3,023	(706)	(1,778)	5,015	22,616	10	22,626
Net income / (loss) recognized in the income statement	-	1,186	-	-	-	-	1,186	1	1,186
Other comprehensive income:									
Items that will not be reclassified to profit or loss:									
Changes in revaluation reserve real estate held for own use	-	-	9	-	-	-	9	-	9

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Remeasurements of defined benefit plans	-	-	-	(1,156)	-	-	(1,156)	-	(1,156)
Income tax relating to items that will not be reclassified	-	-	(2)	335	-	-	333	-	333
Items that may be reclassified subsequently to profit or loss:									
Gains / (losses) on revaluation of available-for-sale investments	-	-	6,759	-	-	-	6,759	-	6,759
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments	-	-	(702)	-	-	-	(702)	-	(702)
Changes in cash flow hedging reserve	-	-	1,188	-	-	-	1,188	-	1,188
Movement in foreign currency translation and net foreign investment hedging reserves	-	-	-	(84)	1,752	-	1,668	-	1,668
Equity movements of joint ventures	-	-	-	-	10	-	10	-	10
Equity movements of associates	-	-	-	-	(10)	-	(10)	-	(10)
Income tax relating to items that may be reclassified	-	-	(1,968)	-	(50)	-	(2,018)	-	(2,018)
Other	-	(4)	-	-	-	-	(4)	(1)	(5)
Total other comprehensive income	-	(4)	5,285	(905)	1,701	-	6,077	(1)	6,075
Total comprehensive income / (loss) for 2014	-	1,182	5,285	(905)	1,701	-	7,262	(1)	7,262
Issuance and purchase of treasury shares	-	(67)	-	-	-	-	(67)	-	(67)
Other equity instruments redeemed	-	11	-	-	-	(1,184)	(1,173)	-	(1,173)
Dividends paid on common shares	(104)	(266)	-	-	-	-	(370)	-	(370)
Coupons on non-cumulative subordinated notes	-	(24)	-	-	-	-	(24)	-	(24)
Coupons on perpetual securities	-	(128)	-	-	-	-	(128)	-	(128)
Share options and incentive plans	-	7	-	-	-	(4)	3	-	3
At end of period	8,597	9,076	8,308	(1,611)	(77)	3,827	28,120	9	28,129

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.

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<i>EUR millions</i>	FY 2015	FY 2014
Cash flow from operating activities	914	4,122
Purchases and disposals of intangible assets	(52)	(27)
Purchases and disposals of equipment and other assets	(83)	(65)
Purchases, disposals and dividends of subsidiaries, associates and joint ventures	749	22
Cash flow from investing activities	615	(71)
Issuance and purchase of treasury shares	(213)	(199)
Dividends paid	(292)	(266)
Issuances, repurchases and coupons of perpetuals	(148)	(1,344)
Issuances, repurchases and coupons of non-cumulative subordinated notes	(38)	(32)
Issuances and repayments of borrowings	(2,095)	2,555
Cash flow from financing activities	(2,785)	715
Net increase / (decrease) in cash and cash equivalents	(1,257)	4,766
Net cash and cash equivalents at January 1	10,649	5,652
Effects of changes in foreign exchange rates	200	231
Net cash and cash equivalents at end of period	9,593	10,649
Cash and cash equivalents	9,594	10,610
Cash and cash equivalents classified as Assets held for sale	-	43
Bank overdrafts classified as other liabilities	-	(4)
Net cash and cash equivalents	9,593	10,649

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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 over 31,500 people worldwide (2014: over 28,000).

1. Basis of presentation

The condensed consolidated interim financial statements as at, and for the period ended, December 31, 2015, 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 2014 consolidated financial statements of Aegon N.V. as included in Aegon's Annual Report for 2014. Aegon's Annual Report for 2014 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 may 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 period ended, December 31, 2015, were approved by the Executive Board on February 18, 2016.

The condensed consolidated interim financial statements are presented in euro (EUR) and all values are rounded to the nearest million unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases.

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

2. Significant accounting policies

All accounting policies and methods of computation applied in the condensed consolidated interim financial statements are the same as those applied in the 2014 consolidated financial statements.

New IFRS accounting standards effective

The following standards, interpretations, amendments to standards and interpretations became effective in 2015:

- t IAS 19 Employee Benefits – Amendment Employee Contributions;
- t Annual improvements 2010-2012 Cycle; and
- t Annual improvements 2011-2013 Cycle.

None of these revised standards and interpretations had a significant effect on the condensed consolidated interim financial statements as at and for the year ended December 31, 2015.

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For a complete overview of IFRS standards, published before January 1, 2015, that will be applied in future years, and were not early adopted by the Group, please refer to Aegon's Annual Report for 2014.

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Taxes

Taxes on income for the year ended December 31, 2015, are accrued using the tax rate that would be applicable to total annual earnings.

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 estimating uncertainty were not significantly different than those that were applied to the consolidated financial statements as at and for the year ended December 31, 2014, except for the actuarial assumptions as discussed below.

Actuarial assumption updates

Assumptions are reviewed and updated periodically, based on historical experience and observable market data, including market transactions such as acquisitions and reinsurance transactions.

In 2015 Aegon implemented assumption updates resulting in a net EUR 24 million gain to income before tax. Charges arising from assumption updates included in underlying earnings before tax amounted to EUR 77 million.

- t A charge for actuarial assumption updates in the Americas Life & Protection business amounted to EUR 17 million, and was primarily related to updated mortality assumptions of active lives and updated lapse assumptions.
- t Actuarial assumption updates in the Americas Investments & Retirement business resulted in a charge of EUR 60 million and was primarily related to expense assumption updates related to fixed and variable annuity contracts.

In fair value items a favorable amount of EUR 101 million has been recorded primarily reflecting an update of the risk free yield curve to determine Aegon's liabilities for certain variable annuity contracts as well as economic scenario updates for both fixed and variable annuity contracts.

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
December 31, 2015	1	EUR	1.0863	0.7370
December 31, 2014	1	EUR	1.2101	0.7760
Weighted average exchange rates				

			USD	GBP
Nine months ended December 31, 2015	1	EUR	1.1100	0.7256

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Nine months ended September 30, 2014 1 EUR 1.3288 0.8061

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2.1 Future adoption of voluntary changes in accounting policies

On January 13, 2016, Aegon provided an update on its strategic plans at its Analyst & Investor Conference. Following this update Aegon will make voluntary changes in accounting policies, effective January 1, 2016, to reflect its strategic priorities. The voluntary changes in accounting policies will be applied retrospectively. Firstly, Aegon will adopt a group-wide accounting policy for reinsurance transactions that are entered into as part of a plan to exit a business when using reinsurance as means to exit businesses. Also, Aegon will make two voluntary accounting policy changes that better reflect its business strategy after restructuring in the United Kingdom. The changes in the United Kingdom do not impact other reporting units within Aegon as these are changes specific to Aegon UK. However, these changes do increase alignment with other reporting units within Aegon.

In the paragraphs below, details are provided for these changes in accounting policies including the impact on shareholders equity and net income.

Accounting related to certain reinsurance transactions

Aegon will adopt one single group-wide accounting policy for reinsurance transactions that are entered into as part of a plan to exit a business. The existing accounting policy records a deferred cost of reinsurance which is subsequently amortized. Under the new accounting policy, when the company enters into a reinsurance contract as part of a plan to exit a business, an immediate gain or loss will be recognized in the income statement.

For purposes of this accounting policy, a business is defined as designated insurance liabilities to be disposed of through reinsurance transactions. The insurance liabilities are designated according to their homogenous risk profiles, possible examples include but are not limited to geographical area, product type, distribution channel, policyholder profiles, and policy form or riders.

The adoption of the new accounting policy is expected to decrease shareholders' equity at the date of adoption (January 1, 2016) by between USD 0.1 billion and USD 0.2 billion. Aegon estimates that this accounting change will increase net income by approximately USD 10 million, USD 10 million and USD 20 million for the years 2015, 2014 and 2013 respectively as deferred costs of reinsurance are no longer amortized and the initially recorded deferred costs of reinsurance have been directly accounted for in the income statement at the date of the reinsurance transaction.

Insurance accounting for business in United Kingdom

In January 2016, Aegon announced the restructuring of its business and operations in the UK. This involves splitting the Aegon UK business into three components: the annuity business, the traditional pension book and the new digital solutions platform. By extracting the digital solutions platform from the rest of the business, management aims to ensure the focus and separate culture required to successfully build a viable and sustainably growing business over the longer term.

Aegon will make two voluntary accounting policy changes that better reflect its business strategy after restructuring in the United Kingdom, only effecting Aegon UK. The changes involve the aggregation level at which the liability adequacy test is carried out and the definition of when a substantially modified contract will be derecognized.

Level of aggregation

The current accounting policy for the level of aggregation for the liability adequacy test in the United Kingdom is on a geographical basis, therefore the total Aegon UK book is considered as one population. In the announced restructuring, Aegon's business in the United Kingdom has been split into different portfolios that will be managed independently from one another. Management is of the opinion that the liability adequacy test should be disaggregated to a portfolio level to reflect this change in strategy. This change in the definition of portfolio for Aegon UK will better align with other reporting units in the Group where insurance contracts are grouped consistent with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts.

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Substantial modification

The current accounting policy for Aegon's business in the United Kingdom is to derecognize insurance contracts when legal extinguishment occurs. As the annuity business, the traditional pension book and the new digital solutions platform will be managed separately post-restructuring, Aegon has decided to change its accounting policy for Aegon UK to one that applies criteria from IAS 39 contract modification. Under these criteria a change should be significant enough to be considered an extinguishment of the existing contract and the issuance of a new contract. Aegon considers that this change in accounting policy is preferred as introducing a more sophisticated approach to contract modification is consistent with how the business will be managed post-restructuring and will provide the user with information that is more relevant and that reliably reflects the economic substance of our transactions with our upgraded policyholders, as required by IFRS 4 and IAS 8, in relation to the nature of contract modifications.

Both changes in accounting policy, affecting Aegon UK, will be adopted retrospectively as of January 1, 2016 to coincide with the commencement of the restructuring in 2016. The changes are expected to decrease net income of the year 2015 approximately by between GBP 0.8 billion and GBP 0.9 billion as the two policy changes combined trigger a premium deficiency in 2015. This also reflects the total impact on shareholders' equity at the date of adoption (January 1, 2016) as there is no impact on the income statement 2014 and 2013.

2.2 Future changes to segment reporting presentation

Based on the amended strategic plans as announced on January 13, 2016, Aegon has reconsidered its segment reporting. IFRS 8 requires operating segments to be defined in line with how the chief operating decision maker (CODM, i.e. Aegon's Executive Board) manages the business. Currently, Aegon has the following reportable segments: Americas, the Netherlands, United Kingdom, New Markets and Holdings and other activities. New Markets was established to aggregate Aegon's emerging businesses and global / European initiatives which is a combination of the following operating segments: Central & Eastern Europe, Asia, Spain & Portugal, Asset Management and VA Europe. Under IFRS 8 these operating segments were aggregated as one reportable segment due to their respective size.

Given that Aegon will change its managerial view to geographical areas and underlying businesses have developed since 2010, internal management reports will change as of 2016 accordingly. Alignment of segment reporting with those changes and developments will be put in place in 2016 reflecting Aegon's announcements related to its strategic plan. This means that the operating segments as described above will be presented on this basis and introduces separate presentation of the asset management business. The following will be reported from 2016 onwards:

- t Americas: one operating segment which covers business units in the United States, Brazil and Mexico, including any of the units' activities located outside these countries;
- t Europe: which covers the following operating segments: the Netherlands, United Kingdom (including VA Europe), Central & Eastern Europe, Spain and Portugal;
- t Asia: one operating segment which covers businesses operating in Hong Kong, China, Japan, India and Indonesia including any of the units' activities located outside these countries;
- t Asset Management: one operating segment which covers business activities from Aegon Asset Management;
- t Holding and other activities: one operating segment which includes financing, employee and other administrative expenses of holding companies.

For Europe, the underlying businesses (the Netherlands, United Kingdom including VA Europe, Central & Eastern Europe and Spain and Portugal) are separate operating segments which under IFRS 8 cannot be aggregated, therefore further details will be provided for these operating segments in the segment note.

The change in segment reporting does not have an impact on the financial position, results of operations or cash flows of Aegon.

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3. Segment information

Aegon conducted its operations through five primary reporting segments in 2015:

1. Aegon Americas: covers business units in the United States, Canada, Brazil and Mexico, including any of the units' activities located outside these countries;
2. Aegon the Netherlands: covers businesses operating in the Netherlands;
3. Aegon UK: covers businesses operating in the United Kingdom;
4. New Markets: covers businesses operating in Central & Eastern Europe; Asia, Spain and Portugal, as well as Aegon's variable annuities activities in Europe and Aegon Asset Management that are aggregated as one reportable segment due to their respective size;
5. Holding and other activities: includes financing, employee and other administrative expenses of holding companies.

These segments are based on the business as presented in internal reports that are regularly reviewed by the Executive Board which is regarded as the chief operating decision maker.

Aegon's segment information is prepared by consolidating on a proportionate basis Aegon's joint ventures and associated companies.

Performance Measure

A performance measure of reporting segments utilized by the Company is underlying earnings before tax. Underlying earnings before tax reflects Aegon's profit from underlying business operations and excludes components that relate to accounting mismatches that are dependent on market volatility or relate to events that are considered outside the normal course of business.

Aegon believes that its performance measure, underlying earnings before tax, provides 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. Among other things, Aegon's senior management is compensated based in part on Aegon's results against targets using underlying earnings before tax. While many other insurers in Aegon's peer group present substantially similar performance measures, the performance measures presented in this document may nevertheless differ from the performance measures presented by other insurers. There is no standardized meaning to these measures under IFRS or any other recognized set of accounting standards.

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.

The items that are excluded from underlying earnings before tax as described further below are: fair value items, realized gain or losses on investments, impairment charges/reversals, other income or charges, run-off businesses and share in earnings of joint ventures and associates.

In 2015, management decided to change the measurement of underlying earnings before tax by including the impact of model updates as part of Other income/(charges) rather than as part of underlying earnings before tax. The models are used to support calculations of our liabilities for insurance and investment contracts sold to policyholders and related assets. Model updates could result in either a strengthening of reserves or a release of reserves held to cover for insurance or investment contracts in force and the related treatment of deferred acquisition costs or costs of value of business acquired. The reason for this change in measurement is that management believes that these model updates are expected to be non-recurring.

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As a result, presentation as part of Other income/(charges) provide better insight to users of Aegon's financial statements in the actual performance from its underlying business operations. In 2015 an amount of EUR 205 million has been recorded in Other income/(charges). The impact of this change in measurement on 2014 would have been an increase in Aegon Group consolidated underlying earnings before tax of EUR 82 million and a decrease in Other income/(charges) for the same amount for segment reporting purposes. The impact is split between the Americas (EUR 57 million) and New Markets (EUR 26 million). The presentation of the items in the IFRS income statement will remain unchanged and continue to be part of the line Policyholder claims and benefits.

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 before tax. 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.

Certain assets held by Aegon Americas, Aegon the Netherlands and Aegon UK 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 before tax 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 and the total return annuities and guarantees on variable annuities. 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 before tax 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 before tax, 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 before tax and reported under fair value items.

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

Impairment charges include impairments on available-for-sale debt securities, shares including the effect of deferred policyholder acquisition costs, mortgage loans and other loan portfolios at amortized cost, joint ventures and associates. Impairment reversals include reversals on available-for-sale debt securities.

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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. As of the third quarter 2015, the impact of model updates used to support calculations of our liabilities for insurance and investment contracts sold to policyholders and related assets are reported under this caption as well (refer to page 11).

Other charges may 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 interim financial statements, 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 results related to 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 the sale of the 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 before tax.

Share in earnings of joint ventures and associates

Earnings from Aegon's joint ventures in the Netherlands, Mexico, Spain, Portugal, China and Japan and Aegon's associates in India, Brazil, the Netherlands, United Kingdom, Mexico and France are reported on an underlying earnings before tax basis.

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Table of Contents**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 December 31, 2015</i>									
Underlying earnings before tax geographically	310	135	26	54	(39)	-	486	8	493
Fair value items	(64)	22	(31)	9	(1)	-	(65)	(15)	(80)
Realized gains / (losses) on investments	(22)	33	38	10	-	-	58	-	58
Impairment charges	(11)	(8)	-	(1)	-	-	(20)	(21)	(41)
Impairment reversals	83	2	-	-	-	-	84	-	84
Other income / (charges)	(29)	-	14	(4)	-	-	(19)	21	2
Run-off businesses	14	-	-	-	-	-	14	-	14
Income / (loss) before tax	281	183	46	68	(40)	-	537	(7)	530
Income tax (expense) / benefit	(37)	(43)	17	(17)	20	-	(60)	7	(52)
Net income / (loss)	244	140	63	51	(20)	-	478	-	478
<i>Inter-segment underlying earnings</i>	<i>(58)</i>	<i>(13)</i>	<i>(23)</i>	<i>92</i>	<i>2</i>				
Revenues									
Life insurance gross premiums	1,844	483	1,393	549	1	(27)	4,244	(106)	4,138
Accident and health insurance	560	36	10	24	2	(2)	630	(1)	629
General insurance	-	92	-	63	1	-	156	(22)	134
Total gross premiums	2,404	612	1,404	636	4	(29)	5,029	(129)	4,901
Investment income	919	558	611	76	101	(100)	2,165	(12)	2,153
Fee and commission income	417	91	10	210	-	(73)	654	(47)	607
Other revenues	1	-	-	(1)	5	-	5	(1)	3
Total revenues	3,741	1,260	2,026	920	109	(203)	7,853	(188)	7,665
<i>Inter-segment revenues</i>	<i>7</i>	<i>-</i>	<i>-</i>	<i>93</i>	<i>103</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 December 31, 2014</i>									
Underlying earnings before tax geographically	367	172	29	33	(39)	1	562	(4)	557
Fair value items	(172)	61	1	(14)	(9)	-	(132)	4	(129)
Realized gains / (losses) on investments	11	248	42	4	-	-	304	(1)	303
Impairment charges	(21)	(5)	-	(4)	-	-	(31)	(23)	(54)
Impairment reversals	2	1	-	-	-	-	3	-	3
Other income / (charges)	(17)	(99)	(38)	(37)	(1)	-	(191)	23	(168)
Run-off businesses	(3)	-	-	-	-	-	(3)	-	(3)
Income / (loss) before tax	167	377	34	(18)	(49)	1	511	(1)	510
Income tax (expense) / benefit	(17)	(105)	1	(6)	13	-	(112)	1	(111)
Net income / (loss)	150	272	35	(23)	(35)	1	399	-	399
<i>Inter-segment underlying earnings</i>	<i>(46)</i>	<i>(15)</i>	<i>(16)</i>	<i>73</i>	<i>3</i>				
Revenues									

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Life insurance gross premiums	1,855	739	1,226	713	(1)	(17)	4,514	(89)	4,426
Accident and health insurance	518	30	13	36	2	(2)	596	(1)	595
General insurance	-	104	-	57	-	-	161	(19)	142
Total gross premiums	2,372	873	1,239	806	-	(18)	5,272	(109)	5,163
Investment income	888	611	514	60	89	(88)	2,073	(11)	2,062
Fee and commission income	390	86	11	174	-	(66)	595	(30)	565
Other revenues	1	-	-	1	1	-	3	(1)	2
Total revenues	3,652	1,570	1,764	1,041	90	(173)	7,943	(150)	7,793
<i>Inter-segment revenues</i>	6	-	-	79	88				

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<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>Year ended December 31, 2015</i>									
Underlying earnings before tax geographically	1,200	537	125	236	(163)	2	1,939	34	1,973
Fair value items	(589)	55	(27)	8	(68)	-	(620)	(59)	(679)
Realized gains / (losses) on investments	(74)	306	95	20	-	-	346	(8)	338
Impairment charges	(43)	(25)	-	(2)	-	-	(70)	(21)	(91)
Impairment reversals	114	5	-	-	-	-	119	-	119
Other income / (charges)	(938)	(22)	27	(47)	-	-	(980)	21	(959)
Run-off businesses	52	-	-	-	-	-	52	-	52
Income / (loss) before tax	(277)	857	220	215	(230)	2	786	(33)	754
Income tax (expense) / benefit	31	(196)	(2)	(71)	71	-	(167)	33	(134)
Net income / (loss)	(246)	661	218	144	(159)	2	619	-	619
<i>Inter-segment underlying earnings</i>	<i>(220)</i>	<i>(55)</i>	<i>(75)</i>	<i>339</i>	<i>10</i>				

Revenues

Life insurance gross premiums	7,046	2,240	5,650	2,565	4	(106)	17,400	(431)	16,969
Accident and health insurance	2,266	234	47	170	6	(6)	2,717	(14)	2,703
General insurance	-	473	-	244	2	-	720	(80)	640
Total gross premiums	9,312	2,947	5,697	2,979	13	(112)	20,836	(524)	20,311
Investment income	3,680	2,277	2,327	291	387	(385)	8,576	(51)	8,525
Fee and commission income	1,704	351	43	813	-	(278)	2,633	(195)	2,438
Other revenues	9	-	-	2	7	-	19	(5)	14
Total revenues	14,705	5,575	8,067	4,086	406	(776)	32,064	(775)	31,289
<i>Inter-segment revenues</i>	<i>24</i>	<i>2</i>	<i>-</i>	<i>356</i>	<i>393</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>Year ended December 31, 2014</i>									
Underlying earnings before tax geographically	1,134	558	115	196	(139)	1	1,865	(9)	1,856
Fair value items	(497)	(207)	(15)	(6)	(82)	-	(807)	2	(806)
Realized gains / (losses) on investments	85	431	164	16	-	-	697	(3)	694
Impairment charges	(38)	(19)	-	(43)	-	-	(100)	(23)	(123)
Impairment reversals	58	7	-	-	-	-	66	-	66
Other income / (charges)	(52)	(113)	(49)	(24)	(3)	-	(240)	22	(218)
Run-off businesses	(21)	-	-	-	-	-	(21)	-	(21)
Income / (loss) before tax	669	658	215	139	(223)	1	1,458	(10)	1,448
Income tax (expense) / benefit	(79)	(166)	(37)	(50)	60	-	(272)	10	(262)
Net income / (loss)	590	491	178	89	(164)	1	1,186	-	1,186
<i>Inter-segment underlying earnings</i>	<i>(173)</i>	<i>(58)</i>	<i>(59)</i>	<i>272</i>	<i>18</i>				

Revenues

Life insurance gross premiums	6,461	3,982	4,859	2,015	-	(70)	17,246	(351)	16,896
Accident and health insurance	1,874	233	56	163	6	(6)	2,326	(11)	2,316
General insurance	-	501	-	224	-	-	725	(72)	653
Total gross premiums	8,334	4,716	4,916	2,402	6	(76)	20,298	(433)	19,864

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Investment income	3,312	2,568	2,073	234	326	(323)	8,191	(42)	8,148
Fee and commission income	1,485	324	43	623	-	(237)	2,237	(100)	2,137
Other revenues	2	-	-	3	5	-	10	(3)	7
Total revenues	13,134	7,608	7,032	3,262	336	(637)	30,735	(578)	30,157
<i>Inter-segment revenues</i>	<i>16</i>	<i>-</i>	<i>-</i>	<i>292</i>	<i>327</i>				

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Table of Contents**3.2 Investments geographically**

Amounts included in the tables on investments geographically are presented on an IFRS basis.

		EUR millions (unless otherwise stated)								
Americas USD millions	United Kingdom GBP millions		Americas	The Netherlands	United Kingdom	New Markets	Holding & other activities	Eliminations	Total EUR	
		December 31, 2015								
		Investments								
		Shares	652	136	475	73	124	-	1,460	
708	350									
70,918	9,717									