AEGON NV
Form 20-F
March 24, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 20-F

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(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, 2016

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)

-

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

(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: 2,074,548,842 common shares and 585,022,160 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

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, 2016. It presents the consolidated financial statements of Aegon pages 131-303 and the stand-alone financial statements of Aegon N.V. pages 305-320, both prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), 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 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, and PLN when referring to the lawful currency of Poland.

Aegon prepares its consolidated financial statements in accordance with 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.

CEO letter

In 2016, we made further progress in transforming our company and in delivering on our targets, despite a challenging macro-economic environment.

From the Brexit referendum in the UK to the presidential election in the US, 2016 was a year defined by a series of events that had profound effects on the global economy. Uncertainty and instability led to considerable volatility on financial markets, interest rates decreased to historically low levels before rising later in the year, and the trend of governments retreating from providing retirement security continued. Against this backdrop, Aegon s work of bringing certainty in an uncertain world has never been more important, and I m proud of how we delivered on our promises to our many millions of customers worldwide during the year paying out over EUR 59 billion in claims, benefits and plan withdrawals.

Our financial performance

I am pleased that Aegon s Solvency II ratio remained well within our target range of 140 to 170 percent throughout the year despite the widespread economic volatility. The ratio on December 31, 2016, of 157 percent was above the midpoint of our target range, and this consistent performance throughout the year is a demonstration of our company s diligent approach to managing risk and protecting our balance sheet. There is nonetheless potential for renewed volatility and uncertainty around the calculation of this ratio, and we remain mindful and focused on such risks.

2016 was once again a year of strong sales especially in terms of our fee businesses, in particular Asset Management and I am therefore happy that we reached over EUR 100 billion of gross deposits for the very first time, which contributed to EUR 3 billion net deposits. This strong performance was above all a reflection of the need and relevance of our products and services, the strength of our franchise, and the trust our loyal customers continue to place in us.

While we experienced some significant headwinds this year in the form of market volatility and some adverse claims experience both of which had an impact on earnings we are on track to deliver on our 2018 financial targets. Moreover, I am pleased that we successfully increased capital returns to our shareholders this year as part of our commitment to return EUR 2.1 billion to shareholders in the period 2016-2018.

Transforming our company

Meeting our purpose of helping people achieve a lifetime of financial security demands that we constantly evolve as a business so that we can continue to serve our customers changing needs. For this reason we, once again, invested significantly in developing innovative digital solutions from new apps and customer-friendly platforms that enable people to better understand their finances, to exploring the future of the insurance industry through co-launching the Blockchain Initiative B3i.

The environment in which we operate is changing fast, and over the course of the year we continued to demonstrate how we are adapting to the new landscape. In the UK, we divested our annuity book and acquired Cofunds and BlackRock s defined contribution recordkeeping business. This successfully completed the transformation of our UK business from a largely traditional pension business into a market-leading, cost efficient and scalable platform business, with over 3 million customers and approximately 100 billion pounds of assets under administration. We also continued the very significant restructuring of our US business, which has brought all of Transamerica s business units together into a single, customer-facing company, and gives our customers easier access to all our different products and services.

By transforming Aegon s US operations from distinct business lines into one, functionally-organized business, we identified potential for cost savings. These savings constituted the bulk of the group s original 2018 expense savings target of EUR 200 million, announced in January 2016. Meeting these expense reductions was a key priority for our business throughout the year as we continued to focus on becoming more efficient, more profitable, raising our returns, investing in new digital solutions, and deploying our capital in the best way for our company and stakeholders. By accelerating the execution of our strategy, we were able to exceed our expense savings target for the year, achieving a total of EUR 110 million in run-rate savings. As a result, this enabled us to announce that our group 2018 run-rate expense savings target would rise to EUR 350 million.

Our communities

Although this Annual Report focusses primarily on Aegon s financial performance, we also choose to publish an integrated annual review. This outlines our company s wider impact on all the communities on which we have an impact, and how Aegon creates and shares value for stakeholders by letting customers, investors, business partners, local communities and employees tell their story.

Our employees and shareholders

On behalf of Aegon s Management Board, I would like to express my sincere thanks to over 29,000 colleagues for all that they do. 2016 was a year of significant change for our company, and it would have been impossible to continue to provide the very best service to our millions of customers around the world without their extraordinary professionalism, ingenuity and dedication.

I would also like to thank our many shareholders around the world. We value your continued interest, and are grateful for the trust you place in our company. Aegon achieved much over the last twelve months, and I am confident that by successfully executing our strategy we will continue to become a more efficient and customer-centric organization. By doing so we will be able to secure long-term, sustainable growth, and thereby meet our commitments to all our valued stakeholders.

Alex Wynaendts

Chief Executive Officer and

Chairman of the Executive Board of Aegon N.V.

Composition of the Executive Board

Alex Wynaendts (1960, Dutch)

CEO and Chairman of the Executive and Management Boards of Aegon N.V.

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 Aegon s Executive Board in 2003,

overseeing the Company s international growth strategy.

In April 2007, Mr. Wynaendts was named Aegon s Chief Operating Officer. A year later, he became CEO and Chairman of Aegon s Executive Board and Management Board. Mr. Wynaendts was reappointed at the Annual General Meeting of Shareholders in 2015. His third term of office ends in 2019. Mr. Wynaendts has been an Independent Director of the Board of Air France-KLM S.A. since May 2016. Mr. Wynaendts has held no other external board memberships in the past five years.

Darryl Button (1969, Canadian)

CFO and member of the Executive and Management Boards of Aegon N.V. (until December 1, 2016)[1]

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 member of the Executive Board of Aegon. In addition, Mr. Button is a Board member at the American Chamber of Commerce in the Netherlands. He has held no other external board memberships in the past five years.

Composition of the Management Board

Alex Wynaendts: see above

Darryl Button: see above

Mark Bloom (1964, American)

Global Chief Technology Officer and member of the Management Board, Aegon N.V.

Mark Bloom has over 30 years experience in information technology. He joined Aegon from Citi in February 2016, where he served as Global Head of Consumer Digital and Operations Technology, responsible for Digital, Data and Operations technology solutions and innovations, including Citi s online and mobile banking applications, ATMs, and Call Center technologies.

Prior to that, he held a number of technology leadership positions in financial services and the aerospace industry. At Aegon, as Global Chief Technology Officer, Mr. Bloom is responsible for leading the Company s technology and innovation activities, including leadership of Aegon s digital initiatives, leveraging technology to drive efficiency and focus on improving the customer experience. Mr. Bloom was appointed as a member of Aegon s Management Board in August 2016. Mr. Bloom has held no other external board memberships in the past five years.

1 On September 6, 2016, Aegon announced Mr. Button s decision to step down as CFO and to leave the Company on December 1, 2016. On November 29, 2016, Aegon announced that its Supervisory Board intends to nominate Matthew J. Rider (1963, US Citizen) for appointment as CFO and member of the Executive Board at its Annual General Meeting of Shareholders on May 19, 2017.

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Adrian Grace (1963, British)

CEO of Aegon UK and member of the Management Board Aegon N.V.

Adrian held various roles within GE capital, Sage Group Inc. and joined Barclays Bank in 2004 as Chief Executive of the Insurance Business. In 2007 he joined HBOS after which he started with

Aegon as CEO of the UK in 2011. He became member of the Management Board of Aegon in 2012 and is a non-executive Director at Clydesdale Bank and a member of the Financial Conduct Authority practitioners panel. Mr. Grace was member of the Board of Scottish Financial Enterprise up until June 2013 and held no other external board memberships in the past five years.

Allegra van Hövell-Patrizi (1974, Italian)

Chief Risk Officer of Aegon N.V. and member of the Management Board Aegon N.V.

Allegra van Hövell-Patrizi began her career in 1996 at McKinsey & Company, specializing in financial institutions. After several years as a partner there, she joined F&C Asset Management in 2007 as a member of the Management Committee. In 2009, she joined Prudential plc where she became Group Risk Director,

and a member of the Group Executive Risk Committee, as well as the PUSL Board (within the Prudential plc group). Ms. Van Hövell-Patrizi joined Aegon at the end of 2015. She was appointed Chief Risk Officer of Aegon N.V. and a member of Aegon s Management Board in January 2016. Ms. Van Hövell-Patrizi has held no other external board memberships in the past five years.

Marco Keim (1962, Dutch)

CEO of Aegon the Netherlands and member of the Management Board Aegon N.V.

Marco Keim began his career with accountancy firm Coopers & Lybrand / Van Dien. He has also worked at 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 member of the Board, and was appointed CEO three years later.

Mr. Keim was appointed CEO of Aegon the Netherlands and member of Aegon s Management Board in June 2008. Mr. Keim was a member of the Supervisory Board of AMVEST Vastgoed B.V. until June 2013, and is a member of the Supervisory Board of Eneco Holding N.V. In addition, Mr. Keim holds board positions at VNO-NCW and at Verbond van Verzekeraars. Mr. Keim has held no other external board memberships in the past five years[1].

Gábor Kepecs (1954, Hungarian)

CEO of Aegon Central & Eastern Europe and member of the Management Board Aegon N.V.

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 in Hungary and across the wider Central & Eastern European region. Mr. Kepecs has been a member of Aegon s Management Board since 2008. Mr. Kepecs has not held any external board memberships in the past five years[2].

1. On December 16, 2016, Aegon announced that Mr. Keim would become responsible for Aegon s activities in continental Europe as of January 1, 2017.
2. On December 16, 2016, Aegon announced that Mr. Kepecs will retire in 2017.

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 Composition of the Executive Board and the Management Board

Onno van Klinken (1969, Dutch)

General Counsel and member of the Management Board, Aegon N.V.

Onno van Klinken has over 20 years experience providing legal advice to a range of companies and leading Executive Board offices. Mr. Van Klinken started his career at Allen & Overy, and previously worked for Aegon between 2002 and 2006. He then served as Corporate Secretary for Royal Numico, the Dutch baby food company, before it was acquired by Groupe Danone. His next position was as General Counsel for the Dutch global mail and

express group TNT, where he served from 2008 until the legal demerger of the group in 2011. This was followed by General Counsel positions at D.E. Master Blenders 1753 and Corio N.V. Mr. Van Klinken rejoined Aegon in 2014 as General Counsel responsible for Group Legal, Regulatory Compliance, the Executive Board Office and Supervisor Relations. Mr. Van Klinken has been a member of Aegon s Management Board since August 2016. He has not held any external board memberships in the past five years.

Carla Mahieu (1959, Dutch)

Global Head Human Resources and member of the Management Board Aegon N.V.

Carla Mahieu started her career in 1984 at Royal Dutch Shell, where she held various management positions within Human Resources, Communications and Corporate Strategy. Following several years as a consultant during which time she worked for Spencer Stuart, among other companies Ms. Mahieu was

appointed Senior Vice President Corporate Human Resource Management at Royal Philips Electronics in 2003. Ms. Mahieu joined Aegon in 2010 as Global Head Human Resources, and has been a member of Aegon s Management Board since August 2016. Ms. Mahieu is a former Board member of Duisenberg School of Finance and has been a member of the non-executive Board of the Royal BAM Group since 2011. Ms. Mahieu has held no other external board memberships in the past five years.

Mark Mullin (1963, American)

CEO of Aegon Americas and member of the Management Board Aegon N.V.

Mark Mullin has spent more than 20 years with Aegon in various management positions in both the United States and Europe. Mr. Mullin served as President and CEO of one of Aegon s US

subsidiaries, Diversified Investment Advisors, and as head of the Company s US 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. Mr. Mullin has not held any external board memberships in the past five years.

Sarah Russell (1962, Australian)

CEO of Aegon Asset Management and member of the Management Committee

Sarah Russell has 25 years experience in international finance and asset management. Ms. Russell began her career at Toronto Dominion in Melbourne before joining ABN AMRO in 1994. She moved to the Netherlands in 2000, where she held a number of various roles, leading to her appointment as CEO of ABN AMRO s

asset management operations. Ms. Russell joined Aegon Asset Management as CEO in 2010, and has been a member of Aegon s Management Board since August 2016. Ms. Russell is a non-executive director of Nordea Bank AB since 2010 and also holds a Supervisory Board member position at Nederlandse Investeringsinstelling, and is Vice Chairman of the Supervisory Board of La Banque Postale Asset Management. Ms. Russell has held no other external board memberships in the past five years.

Aegon s strategy

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.

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.

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 corporate seat and head office in the Netherlands.

The Company 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 and joint ventures it employs over 29,000 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 that 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 a number of its asset management entities.

Aegon exists to help people achieve a lifetime of financial security. It uses a multi-brand, multichannel distribution approach to meet its customers needs, and fosters an entrepreneurial spirit within its businesses, encouraging the development of innovative products and services.

Aegon has the following operating segments: the Americas, which includes the United States, Mexico and Brazil; the Netherlands; the United Kingdom; Central & Eastern Europe; Spain & Portugal; Asia and Aegon Asset Management.

The separate operating segments of the Netherlands, the United Kingdom, Central & Eastern Europe and Spain & Portugal may be referred together as Europe , but Europe is not an operating segment.

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 131-303) of this Annual Report.

Selected consolidated income statement information					
In EUR million (except per share amount)	**2016**	2015 [1)]	2014 [1)]	2013 [1)]	2012 [1)]
Amounts based upon IFRS					
Premium income	23,453	22,925	19,864	19,939	19,049
Investment income	7,788	8,525	8,148	7,909	8,413
Total revenues [2)]	33,655	33,902	30,157	29,805	29,327
Income/ (loss) before tax	610	(514)	916	1,236	2,024
Net income/ (loss)	438	(431)	766	1,003	1,628
Earnings per common share					
Basic	0.15	(0.27)	0.29	0.37	0.72
Diluted	0.15	(0.27)	0.29	0.37	0.72
Earnings per common share B					
Basic	-	(0.01)	0.01	0.01	-
Diluted	-	(0.01)	0.01	0.01	-

1 Amounts have been restated to reflect the voluntary changes in accounting policies for deferred cost of reinsurance that was adopted by Aegon effective January 1, 2016. Furthermore a voluntary change in insurance accounting for business in United Kingdom was adopted by Aegon effective January 1, 2016 as well. Refer to note 2.1.2 Voluntary changes in accounting policies for details about these changes.

2 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)	**2016**	2015 [1)]	2014 [1)]	2013 [1)]	2012 [1)]
Amounts based upon IFRS					
Total assets	425,425	415,415	424,112	351,523	362,663
Insurance and investment contracts	344,844	343,558	321,384	283,234	277,596
Borrowings including subordinated and trust pass-through securities	14,076	13,361	15,049	12,009	13,416
Shareholders equity	20,520	22,441	23,847	17,589	20,913

[1] Amounts have been restated to reflect the voluntary changes in accounting policies for deferred cost of reinsurance that was adopted by Aegon effective January 1, 2016. Furthermore a voluntary change in insurance accounting for business in United Kingdom was adopted by Aegon effective January 1, 2016 as well. Refer to note 2.1.2 Voluntary changes in accounting policies for details about these changes.

Number of common shares					
In thousands	2016	2015	2014	2013	2012
Balance at January 1	2,147,037	2,145,948	2,131,459	1,972,030	1,909,654
Share issuance	-	-	-	120,713	-
Stock dividends	10,629	1,089	14,489	38,716	62,376
Shares withdrawn	(83,117)	-	-	-	-
Balance at end of period	**2,074,549**	**2,147,037**	**2,145,948**	**2,131,459**	**1,972,030**

Number of common shares B					
In thousands	2016	2015	2014	2013	2012
Balance at January 1	585,022	581,326	579,005	-	-
Share issuance	-	3,696	2,320	579,005	-
Balance at end of period	**585,022**	**585,022**	**581,326**	**579,005**	**-**

Dividends

Aegon declared interim and final dividends on common shares for the years 2012 through 2016 in the amounts set forth in the following table. The 2016 interim dividend amounted to EUR 0.13 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 16, 2016. At the General Meeting of Shareholders on May 19, 2017, 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 2016 to EUR 0.26. Proposed final dividend for the year and proposed total dividend 2016 per common share B are EUR 0.00325 and EUR 0.00650 respectively. Dividends in US dollars are calculated based on the foreign exchange reference rate (WM/Reuters closing spot exchange rate fixed at 5.00 pm Central European Summer Time (CEST)) on the US-ex dividend day.

	EUR per common share [1)]			USD per common share [1)]		
Year	Interim	Final	Total	Interim	Final	Total
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	0.25	0.13	0.15	0.28
2016	0.13	0.13[2)]	0.26	0.15		

1 Paid at each shareholders option in cash or in stock.
2 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.

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 15, 2017, the USD exchange rate was EUR 1 = USD 1.0630.

The high and low exchange rates for the US dollar per euro for each of the last six months through February 2017 are set forth below:

Closing rates	Sept. 2016	Oct. 2016	Nov. 2016	Dec. 2016	Jan. 2017	Feb. 2017
High (USD per EUR)	1.1271	1.1212	1.1121	1.0758	1.0794	1.0802
Low (USD per EUR)	1.1158	1.0866	1.0560	1.0375	1.0416	1.0551

The average exchange rates for the US dollar per euro for the five years ended December 31, 2016, calculated by using the average of the exchange rates on the last day of each month during the period, are set forth below:

Year ended December 31,	Average rate [1)]
2012	1.2909
2013	1.3303
2014	1.3210
2015	1.1032
2016	1.1029

[1] 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.

Business lines

Americas

Life

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 & health

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

Mutual funds

Wide range of specialized mutual funds, including asset allocation, US equity, global/international equity, alternative investments, hybrid allocation, fixed income and target date funds.

Retirement plans

Comprehensive and customized retirement plan services to employers across the entire spectrum of defined benefit, defined contribution and non-qualified deferred compensation plans. Includes services to individuals rolling over funds from other qualified retirement funds or Individual Retirement Accounts (IRAs).

Variable annuities

Variable annuities allow the holder to accumulate assets for retirement on a tax-deferred basis and to participate in equity or bond market performance, in addition to receiving one of many payout options designed to provide income in retirement.

Fixed annuities

Fixed annuities allow customers to make a lump-sum payment or a series of payments and receive income in the form of periodic payments that can begin immediately or after a period of time.

Stable value solutions

Synthetic Guaranteed Investment Contracts (GICs) in the United States offered primarily to tax-qualified institutional entities such as 401(k) plans and other retirement plans.

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.

Europe

The Netherlands

Life: 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: Individual protection products, such as annuities, term insurance, critical illness, income protection and international/ offshore bonds.
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.

Central & Eastern Europe

Activities in the Czech Republic, Hungary, Poland, Romania, Slovakia, and Turkey. This business line 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. This business line includes life insurance, accident and health insurance, general insurance and investment products.

Asia

High net worth businesses

Life insurance marketed to high-net-worth individuals in Hong Kong and Singapore.

Aegon Insights

Full range of direct insurance solutions from product design, customer analytics insights, marketing campaign design and multi-channel product distribution to policy administration and claims management.

Strategic partnerships

Joint ventures in China and India offering (term) life insurance and savings products, and in Japan offering variable annuities.

Aegon Asset Management

Americas

Investment products covering third-party customers, insurance-linked solutions, and Aegon s own insurance companies.

The Netherlands

Investment products covering third-party customers, insurance-linked solutions, and Aegon s own insurance companies in addition to manager selection and tailored advice on balance sheet solutions for the pension market.

United Kingdom

Fixed income, equities, real estate and multi-asset solutions to Aegon s own insurance companies as well as external UK and international customers.

Rest of World

Asset management activities in Central & Eastern Europe and Spain & Portugal, in addition to results of the asset management holding.

Strategic partnerships

In China, Aegon Asset Management owns 49% of the shares of Aegon Industrial Fund Management Company, a Shanghai-based asset manager.

In France, Aegon Asset Management has a strategic asset management partnership with La Banque Postale, through a 25% equity stake in La Banque Postale Asset Management.

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Results of operations

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 below in addition to 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 below. Aegon believes that these non-IFRS measures provides meaningful supplemental 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.

Results 2016 worldwide

Underlying earnings before tax geographically			
Amounts in EUR millions	**2016**	2015	%
Net underlying earnings	**1,483**	**1,481**	-
Tax on underlying earnings	429	386	11%
Underlying earnings before tax geographically			
Americas	1,249	1,278	(2%)
The Netherlands	534	537	(1%)
United Kingdom	59	(27)	-
Central & Eastern Europe	55	37	51%

Spain & Portugal	8	12	(38%)
Europe	*655*	*559*	*17%*
Asia	21	20	3%
Asset Management	149	170	(12%)
Holding and other activities	(162)	(161)	-
Underlying earnings before tax	**1,913**	**1,867**	**2%**
Fair value items	(840)	(651)	(29%)
Gains / (losses) on investments	340	346	(2%)
Net impairments	(54)	49	-
Other income / (charges)	(771)	(2,180)	65%
Run-off businesses	54	88	(39%)
Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**641**	**(482)**	**-**
Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	31	33	(6%)
Income tax	(203)	51	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	(31)	(33)	6%
Net income	**438**	**(431)**	**-**
Commissions and expenses	6,696	6,916	(3%)
of which operating expenses	3,764	3,734	1%

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New life sales

Amounts in EUR millions	**2016**	2015	%
Americas	542	599	(9%)
The Netherlands	111	130	(15%)
United Kingdom	66	72	(8%)
Central & Eastern Europe	83	91	(9%)
Spain & Portugal	39	39	1%
Europe	*299*	*332*	*(10%)*
Asia	128	173	(26%)
Total recurring plus 1/10 single	**969**	**1,104**	**(12%)**

Gross deposits (on and off balance)

Amounts in EUR millions	**2016**	2015	%
Americas	40,881	36,999	10%
The Netherlands	6,686	5,137	30%
United Kingdom	5,791	6,096	(5%)
Central & Eastern Europe	265	227	17%
Spain & Portugal	31	29	8%
Europe	*12,773*	*11,489*	*11%*
Asia	304	408	(25%)
Asset Management	46,366	33,722	37%
Total gross deposits	**100,325**	**82,618**	**21%**

ide s nically in lions	Americas	The Nether- lands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe	Asia	Asset Manage- ment	Holding, other activities and elimina- tions	Segment total	Associ- ates and Joint Ventures elimina- tions
e gross s	7,363	2,015	9,888	399	191	*12,493*	1,121	-	(78)	20,898	(498)
and surance s	2,204	210	36	1	73	*320*	104	-	(4)	2,624	(15)
e s	-	266	-	179	92	*536*	-	-	-	536	(92)
oss ns	**9,567**	**2,491**	**9,924**	**578**	**355**	***13,348***	**1,225**	**-**	**(82)**	**24,058**	**(606)**

nt	3,717	2,135	1,661	45	45	*3,886*	232	3	3	7,841	(54)
ion	1,651	350	95	36	14	*495*	61	632	(242)	2,596	(188)
enue	4	-	-	-	2	*2*	-	1	3	11	(4)
venues	**14,940**	**4,976**	**11,680**	**659**	**416**	***17,732***	**1,517**	**636**	**(318)**	**34,507**	**(852)**
of es, agent es	11,943	4,464	2,673	2,317	600	*10,054*	5,579	1,474	330	29,380	

Underlying earnings before tax by line of business

Amounts in EUR millions	**2016**	2015	%
Life	779	774	1%
Individual Savings & Retirement	534	604	(12%)
Pensions	555	440	26%
Non-life	34	17	99%
Asset management	149	170	(12%)
Other	(139)	(139)	-
Underlying earnings before tax	**1,913**	**1,867**	**2%**

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Results 2016 worldwide

Aegon s net income in 2016 improved to EUR 438 million compared with 2015. Underlying earnings before tax increased 2% compared with 2015 to EUR 1,913 million in 2016, primarily as a result of higher underlying earnings before tax from the United Kingdom. The net result in 2016 was impacted by a loss of EUR 840 million on fair value items, which was driven by accounting losses on hedging programs and underperformance of alternative investments. Realized gains of EUR 340 million in 2016 mainly related to normal trading in the investment portfolio. Other charges amounted to EUR 771 million in 2016, mainly driven by the EUR 682 million book loss on the divestment of the annuity portfolio in the United Kingdom.

Net income

The net income amounted to EUR 438 million in 2016 driven by underlying earnings before tax of EUR 1,913 million, and was impacted by the book loss on the divestment of the UK annuity portfolio and fair value losses, partly offset by gains on investments.

Underlying earnings before tax

Aegon s underlying earnings before tax increased compared with 2015 to EUR 1,913 million in 2016. This was mainly driven by lower amortization of deferred policy acquisition costs (DPAC) in the United Kingdom following the write down of DPAC in the fourth quarter of 2015.

- Underlying earnings before tax from the Americas declined compared with 2015 to EUR 1,249 million in 2016. Expense reductions and an improvement in claims experience offset lower variable annuities underlying earnings before tax compared with 2015 and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarter of 2015.
- In Europe, underlying earnings before tax in 2016 increased by 17% compared with 2015 to EUR 655 million. This was mainly driven by lower amortization of deferred policy acquisition costs in the United Kingdom related to upgrading customers to the retirement platform compared to 2015.
- In Asia, underlying earnings before tax increased in 2016 compared with 2015 to EUR 21 million as a result of increased underlying earnings before tax from the High Net Worth business. This was partly offset by lower underlying earnings before tax from Strategic partnerships compared with 2015 mainly a result of the increase in ownership from 26% to 49% in India, which is currently loss-making.

Underlying earnings before tax from asset management decreased by 12% in 2016 compared with 2015 to EUR 149 million. This decline was mainly driven by lower underlying earnings before tax from Aegon s Chinese asset management joint venture AIFMC due to the normalization of performance fees.

Total holding costs remained stable compared with 2015 at EUR 162 million in 2016.

Fair value items

The results from fair value items amounted to a loss of EUR 840 million in 2016, and were mainly driven by fair value losses in the United States. EUR 521 million fair value losses in the United States in 2016 were driven by the loss on hedging programs and the underperformance of alternative investments. 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 322 million). This was mainly driven by the loss on equity hedges, which were set up to protect Aegon s capital position. Underperformance of fair value investments of EUR 226 million was primarily driven by investments related to hedge funds in the United States. Fair value losses of EUR 236 million in Europe in 2016 were driven by credit spreads movements, declining interest rates as a result of a mismatch on an IFRS basis between the valuation of interest rate hedges and liabilities, and declining interest rates as a result of the mismatch on an IFRS basis between certain interest rate hedges on the mortgage portfolio and the underlying mortgages. In addition, the loss on interest rate swaps was the main driver of the EUR 74 million fair value losses in 2016 at the holding.

Realized gains on investments

Realized gains on investments amounted to EUR 340 million in 2016 and were primarily related to a rebalancing of the investment portfolio in the United Kingdom and gains resulting from asset-liability management adjustments in the Netherlands.

Impairment charges

Net impairments of EUR 54 million in 2016 primarily related to investments in the energy industry in the United States.

Other charges

Other charges amounted to EUR 771 million in 2016. These were mostly caused by the book loss on the divestment of the annuity portfolio in the United Kingdom (EUR 682 million), and assumption changes and model updates (EUR 118 million).

Run-off businesses

The results of run-off businesses declined to EUR 54 million in 2016 mainly as a result of an adjustment to the intangible balances for BOLI/COLI business.

Income tax

Income tax amounted to EUR 203 million in 2016, and included one-time tax benefits in the United States and the United Kingdom. The effective tax rate on underlying earnings before tax and total income for 2016 was 22% and 32%, respectively.

Commissions and expenses

Commissions and expenses decreased by 3% in 2016 compared with 2015 to EUR 6.7 billion, mainly driven by lower amortization of deferred policy acquisition costs in the United Kingdom. Operating expenses increased by 1% in 2016 compared with 2015 to EUR 3.8 billion. Increased variable personnel expenses compared with 2015 and the acquisition of the defined contribution business from Mercer more than offset expense savings.

Production

In 2016, compared with 2015, gross deposits were up 21% to EUR 100.3 billion, driven by higher gross deposits in asset management and Retirement Plans in the United States. Net deposits, excluding run-off businesses, declined to EUR 3.5 billion in 2016 compared with 2015, mostly due to lower gross deposits in variable annuities, anticipated contract discontinuances from the business acquired from Mercer, and low asset management net flows. The latter were mainly driven by market insecurity following the Brexit vote and a reduction in flows from money market funds in China. New life sales declined by 12% compared with 2015 to EUR 969 million in 2016, mostly driven lower universal life and term life production in the United States, fewer pension buy-out sales in the Netherlands, and lower sales in Asia as a result of Aegon s strict pricing policy in a low rate environment. New premium production for accident & health and general insurance decreased by 9% compared with 2015 to EUR 954 million in 2016, mainly as a result of several product exits and a lower contribution from portfolio acquisitions.

Capital management

During 2016, shareholders equity decreased by EUR 1.9 billion to EUR 20.5 billion, as a result of a EUR 400 million share buyback and the impact from higher interest rates on revaluation reserves. During the year, the revaluation reserves decreased by EUR 1.1 billion to EUR 5.4 billion. Aegon s shareholders equity, excluding revaluation reserves and defined benefit plan remeasurements, amounted to EUR 17.0 billion on December 31, 2016, or 8.51 per common share. The gross leverage ratio increased to 29.8% on December 31, 2016, compared with 28.4% at the end of 2015, which was mostly the result of the issuance of EUR 500 million senior unsecured notes. Excess capital in the holding increased from EUR 1.4 billion at the end of 2015 to EUR 1.5 billion on December 31, 2016, as net remittances from business units and the aforementioned issuance of senior unsecured notes more than offset the EUR 400 million share buyback, dividends to shareholders, interest payments and operating expenses.

On December 31, 2016, Aegon s estimated Solvency II ratio amounted to 157%. The RBC ratio in the United States decreased from 460% at year-end 2015 to ~440% on December 31, 2016 which primarily reflects dividends upstreamed to the holding. In the Netherlands, the estimated Solvency II ratio at the end of 2016 amounted to 135%. The estimated Solvency II ratio at the end of 2016 of Aegon United Kingdom amounted to 156%.

The Group Solvency II ratio and Aegon the Netherlands Solvency II ratio have been updated since the earlier public communications on February 17, 2017 as a result of a change in the calculations of the risk margin in the Netherlands.

The Solvency ratios as disclosed in this section represent Aegon s estimates are not final until filed with the regulator and subject to supervisory review. Solvency II capital ratios are still subject to final interpretations of Solvency II regulations including the assumptions underlying Aegon s factor for the loss absorbing capacity of deferred taxes in the Netherlands of 75%.

Dividends from and capital contributions to business units

Aegon received EUR 1.1 billion of dividends from its business units during 2016 from the Americas, asset management, Central & Eastern Europe and Spain & Portugal. Aegon spent EUR 0.2 billion on capital contributions.

Results 2015 worldwide

Underlying earnings before tax geographically			
Amounts in EUR millions	**2015**	2014	%
Net underlying earnings	**1,481**	**1,507**	**(2%)**
Tax on underlying earnings	386	499	(23%)
Underlying earnings before tax geographically			
Americas	1,278	1,275	-
The Netherlands	537	558	(4%)
United Kingdom	(27)	125	-
Central & Eastern Europe	37	60	(39%)
Spain & Portugal	12	28	(56%)
Europe	*559*	*771*	*(27%)*
Asia	20	(17)	-
Asset Management	170	115	48%
Holding and other activities	(161)	(138)	(17%)
Underlying earnings before tax	**1,867**	**2,006**	**(7%)**
Fair value items	(651)	(1,362)	52%
Gains / (losses) on investments	346	697	(50%)
Net impairments	49	(34)	-
Other income / (charges)	(2,180)	(391)	-
Run-off businesses	88	11	-
Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**(482)**	**927**	**-**
Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	33	10	-
Income tax	51	(161)	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	(33)	(10)	-
Net income	**(431)**	**766**	**-**
Commissions and expenses	6,916	5,865	18%
of which operating expenses	3,734	3,312	13%

New life sales			
Amounts in EUR millions	**2015**	2014	%
Americas	599	552	9%
The Netherlands	130	251	(48%)
United Kingdom	72	65	10%
Central & Eastern Europe	91	107	(15%)
Spain & Portugal	39	49	(20%)
Europe	*332*	*472*	*(30%)*

Asia	173	114	52%
Total recurring plus 1/10 single	**1,104**	**1,138**	**(3%)**

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	6,096	5,238	16%
Central & Eastern Europe	227	215	5%
Spain & Portugal	29	55	(47%)
Europe	*11,489*	*8,289*	*39%*
Asia	408	526	(22%)
Asset Management	33,722	19,340	74%
Total gross deposits	**82,618**	**60,004**	**38%**

de **s** **nically** in lions	Americas	The Nether- lands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe	Asia	Asset Manage- ment	Holding, other activities and elimina- tions	Segment total	Associ- ates and Joint Ventures elimina- tions
e gross s	7,046	2,240	8,465	477	174	*11,356*	1,713	-	(102)	20,013	(431)
and surance s	2,266	234	47	1	64	*345*	105	-	-	2,717	(14)
e s	-	473	-	164	80	*717*	-	-	2	720	(80)
oss ns	**9,312**	**2,947**	**8,512**	**642**	**317**	***12,419***	**1,819**	**-**	**(100)**	**23,450**	**(524)**
nt	3,680	2,277	2,331	45	41	*4,693*	194	7	2	8,576	(51)
ion	1,704	351	98	39	13	*501*	62	650	(284)	2,633	(195)
venue	9	-	-	-	2	*2*	-	-	7	19	(5)
venues	**14,705**	**5,575**	**10,941**	**726**	**373**	***17,615***	**2,076**	**657**	**(375)**	**34,677**	**(775)**
of es, agent es	12,701	4,503	2,478	2,470	534	*9,985*	7,163	1,382	299	31,530	

Underlying earnings before tax by line of business

Amounts in EUR millions	**2015**	2014	%
Life	774	923	(16%)
Individual Savings & Retirement	604	528	14%
Pensions	440	518	(15%)
Non-life	17	46	(62%)
Asset management	170	115	48%
Other	(139)	(124)	(13%)
Underlying earnings before tax	**1,867**	**2,006**	**(7%)**

Results 2015 worldwide

Aegon s net loss in 2015 amounted to EUR 431 million. Underlying earnings before tax declined compared with 2014 to EUR 1,867 million in 2015, primarily impacted by lower underlying earnings before tax in the United Kingdom from the write down of deferred policy acquisition costs related to the restructuring of the organization. Results in 2015 were impacted by a loss of EUR 651 million on fair value items, which was driven by accounting losses on hedging programs. Realized gains of EUR 346 million in 2015 mainly related to normal trading in the investment portfolio. Other charges amounted to EUR 2,180 million in 2015, mainly driven by the write down of deferred policy acquisition costs in the United Kingdom related to the restructuring of the organization, and the loss on the divestment of the Canadian life insurance activities.

Net income

The net loss amounted to EUR 431 million in 2015, impacted by the write down of deferred policy acquisition costs in the United Kingdom related to the restructuring of the organization, the loss on the divestment of the Canadian life insurance activities and the impact of model updates.

Underlying earnings before tax

Aegon s underlying earnings before tax in 2015 declined compared with 2014 to EUR 1,867 million. This was driven by the write down of deferred policy acquisition costs in the United Kingdom related to upgrading customers to the retirement platform and a lower result from the Holding.

- Underlying earnings before tax from the Americas remained stable compared with 2014 at EUR 1,278 million in 2015. The impact of the stronger US dollar offset adverse claims experience and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarters of 2014 and 2015.
- In Europe, underlying earnings before tax declined compared with 2014 to EUR 559 million in 2015, as a result of the write down of deferred policy acquisition costs in the United Kingdom related to upgrading customers to the retirement platform.
- Underlying earnings before tax from Asia increased compared with 2014 to EUR 20 million in 2015 as one-time charges in 2014 did not recur.
- Asset Management underlying earnings before tax were up 48% compared with 2014 to EUR 170 million in 2015, driven by the positive impact of higher performance fees and third-party assets under management.
- The result from the holding deteriorated compared with 2014 to a loss of EUR 161 million in 2015. This was mainly the result of higher net interest costs compared with 2014 following a debt issuance to refinance a perpetual security for which the cost was previously accounted for directly through shareholders equity and a tax gain received in 2014.

Fair value items

The results from fair value items amounted to a loss of EUR 651 million in 2015, and were mainly driven by fair value losses in the United States in 2015. EUR 691 million fair value losses in the United States were driven by the loss on hedging programs and the underperformance of alternative investments. 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 403 million). This was mainly driven by the loss on equity hedges, which were set up to protect Aegon s capital position. Underperformance of fair value investments of EUR 201 million was primarily driven by investments related to energy-related investments and hedge funds in the United States. Results on fair value items in Europe amounted to a gain of EUR 101 million in 2015 driven mainly by positive revaluations on real estate and results of interest rate hedging in the Netherlands. In addition, the loss on interest rate swaps was the main driver of the EUR 68 million fair value losses in 2015 at the holding.

Realized gains on investments

Realized gains on investments amounted to EUR 346 million in 2015 and were primarily related to a rebalancing of the fixed income portfolio in the Netherlands and the United Kingdom.

Impairment charges

Net recoveries totaled to EUR 49 million in 2015. In the United States, gross impairments were more than offset by recoveries mostly related to investments in previously impaired subprime residential mortgage-backed securities.

Other charges

Other charges amounted to EUR 2,180 million in 2015. These were mostly caused by the write down of deferred policy acquisition costs in the United Kingdom related to the restructuring of the organization (EUR 1,274 million), the loss on the divestment of the Canadian life insurance activities (EUR 751 million) and the negative impact of assumption changes and model updates (EUR 131 million).

Run-off businesses

The results of run-off businesses improved compared with 2014 to EUR 88 million in 2015.

Income tax

Income tax amounted to EUR 51 million benefit in 2015. This was mostly driven by tax credits related to solar energy investments in the United States and the low tax rate on losses as a result of the write down of deferred policy acquisition costs in the United Kingdom.

Commissions and expenses

Commissions and expenses increased by 18% in 2015 compared with 2014 to EUR 6.9 billion, which was mainly caused by the adverse impact of the accounting changes. 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 compared with 2014 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

In 2015, compared with 2014, gross deposits were up 38% to EUR 82.6 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% compared with 2014 to EUR 17.2 billion in 2015, mostly due to higher gross deposits and the de-recognition of movements in stable value solutions balances. New life sales declined by 3% compared with 2014 to EUR 1.1 billion in 2015, mostly driven by lower universal life production in the United States, fewer pension buy-out sales in the Netherlands. New premium production for accident & health and general insurance increased by 3% compared with 2014 to EUR 1.0 billion in 2015, 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 1.4 billion to EUR 22.4 billion, as 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 17.5 billion on December 31, 2015, or 8.27 per common share. The gross leverage ratio improved to 28.4% 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 I 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 2015 in Asia, Central & Eastern Europe, Asset Management and Variable Annuities Europe.

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Results 2016 Americas

	Amounts in USD millions			Amounts in EUR millions		
	2016	2015	%	**2016**	2015	%
Net underlying earnings	**1,059**	**1,100**	**(4%)**	**956**	**991**	**(4%)**
Tax on underlying earnings	323	318	2%	292	286	2%
Underlying earnings before tax by business						
Life	174	207	(16%)	157	186	(16%)
Accident & Health	218	165	32%	197	149	32%
Retirement plans	280	261	7%	253	235	7%
Mutual funds	50	50	-	45	45	-
Variable annuities	393	503	(22%)	355	453	(22%)
Fixed annuities	172	131	31%	155	118	32%
Stable Value Solutions	96	101	(4%)	87	91	(4%)
Latin America	1	1	(41%)	1	1	(41%)
Underlying earnings before tax	**1,382**	**1,418**	**(3%)**	**1,249**	**1,278**	**(2%)**
Fair value items	(577)	(768)	25%	(521)	(691)	25%
Gains / (losses) on investments	(14)	(83)	83%	(13)	(74)	83%
Net impairments	(33)	79	-	(30)	71	-
Other income / (charges)	(111)	(1,013)	89%	(100)	(913)	89%
Run-off businesses	60	98	(39%)	54	88	(39%)
Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**706**	**(268)**	**-**	**638**	**(241)**	**-**
Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	3	5	(32%)	3	5	(32%)
Income tax	(88)	7	-	(80)	6	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	(3)	(5)	32%	(3)	(5)	32%
Net income	**618**	**(261)**	**-**	**558**	**(235)**	**-**
Life insurance gross premiums	8,150	7,821	4%	7,363	7,046	5%
Accident and health insurance premiums	2,440	2,515	(3%)	2,204	2,266	(3%)

Total gross premiums	**10,590**	**10,336**	**2%**	**9,567**	**9,312**	**3%**
Investment income	4,114	4,085	1%	3,717	3,680	1%
Fees and commission income	1,828	1,891	(3%)	1,651	1,704	(3%)
Other revenues	5	11	(56%)	4	9	(56%)
Total revenues	**16,537**	**16,322**	**1%**	**14,940**	**14,705**	**2%**
Commissions and expenses	4,532	4,489	1%	4,095	4,044	1%
of which operating expenses	1,834	1,843	(1%)	1,656	1,660	-

	Amounts in USD millions			Amounts in EUR millions		
New life sales	**2016**	2015	%	**2016**	2015	
Life	547	622	(12%)	494	561	(12%)
Latin America	53	42	24%	48	38	25%
Total recurring plus 1/10 single	**600**	**665**	**(10%)**	**542**	**599**	**(9%)**

	Amounts in USD millions			Amounts in EUR millions		
	2016	2015	%	**2016**	2015	%
New premium production accident and health insurance	895	1,003	(11%)	808	904	(11%)

	Amounts in USD millions			Amounts in EUR millions		
Gross deposits (on and off balance)	**2016**	2015	%	**2016**	2015	%
Life	8	7	21%	8	6	21%
Retirement plans	35,137	27,833	26%	31,743	25,075	27%
Mutual funds	5,467	5,084	8%	4,939	4,580	8%
Variable annuities	4,375	7,857	(44%)	3,952	7,079	(44%)
Fixed annuities	254	276	(8%)	230	249	(8%)
Latin America	10	12	(14%)	9	10	(13%)
Total gross deposits	**45,251**	**41,069**	**10%**	**40,881**	**36,999**	**10%**

Exchange rates	Weighted average rate		Closing rate as of	
			December 31,	December 31,
Per 1 EUR	2016	**2015**	**2016**	2015
USD	1.1069	1.1100	1.0548	1.0863

Results 2016 Americas

The net income from the Americas amounted to USD 618 million in 2016. Underlying earnings before tax in 2016 were stable compared with 2015 at USD 1.4 billion. Expense reductions and an improvement in claims experience compared with 2015 offset lower variable annuities underlying earnings before tax and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarter of 2015. Gross deposits increased to USD 45.3 billion in 2016 compared with 2015, as a result of the deposits from the defined contribution business acquired from Mercer in 2015, which more than offset lower variable annuity deposits. New life sales declined to USD 600 million in 2016 compared with 2015 due to a decline in the recruitment of new agents and Aegon s strict pricing policy, while new premium production for accident & health insurance was down to USD 0.9 billion compared with 2015 due to lower contribution from portfolio acquisitions and several product exits.

Net income

The net income amounted to USD 618 million in 2016, as underlying earnings before tax were partly offset by losses from fair value items. Underlying earnings before tax in 2016 were stable compared with 2015 at USD 1.4 billion. Results on fair value items amounted to a loss of USD 577 million in 2016, which was primarily related to underperformance of hedge fund investments and the impact on hedging programs as a result of higher equity markets. Income before tax from run-off businesses in 2016 amounted to USD 60 million, while realized losses on investments in 2016 amounted to USD 14 million. Net impairments amounted USD 33 million in 2016, primarily related to investments in the energy industry. Other charges of USD 111 million in 2016 mainly related to the net impact of assumption changes and model updates. These charges were mainly driven by the assumption changes and model updates in the US from long-term care, primarily resulting from experience updates for morbidity, termination rates and utilization assumptions. For the other business lines, assumption and model changes largely offset each other.

Underlying earnings before tax

Underlying earnings before tax in 2016 were stable compared with 2015 at USD 1.4 billion. Expense reductions and an improvement in claims experience compared with 2015 offset lower variable annuities underlying earnings before tax and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarter of 2015.

- Underlying earnings before tax from Life decreased to USD 174 million in 2016 compared with USD 207 million in 2015. Expense savings were more than offset by unfavorable mortality, the impact of lower interest rates compared with
2015 and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarter of 2015.
- Accident & Health underlying earnings before tax increased to USD 218 million in 2016 compared with USD 165 million in 2015, as an improvement in long-term care morbidity experience and expense savings more

than offset the negative impact on underlying earnings before tax of product exits.

Underlying earnings before tax from Mutual Funds were stable in 2016 compared with 2015 at USD 50 million.

Retirement Plans underlying earnings before tax were up to USD 280 million in 2016 compared with USD 261 million in 2015, primarily driven by the benefit of expense savings and increased fee income compared with 2015. Increased fee income resulted from higher average account balances driven by equity market performance, which more than offset margin pressure arising from the competitive environment on fees.

Underlying earnings before tax from Variable Annuities declined to USD 393 million in 2016 compared with USD 503 million in 2015 as a result of lower underlying earnings before tax from the declining closed block, lower margins on new business and adverse claims experience.

Fixed Annuity underlying earnings before tax increased by 31% in 2016 compared with 2015 to USD 172 million, as an increase in the result from adjustments to intangible assets more than offset the continued balance reduction.

Underlying earnings before tax from Stable Value Solutions amounted to USD 96 million in 2016 compared with USD 101 million in 2015 due to lower average account balances.

Latin America contributed USD 1 million to underlying earnings before tax in 2016.

Commissions and expenses

Commissions and expenses increased by 1% compared with 2015 in 2016 to USD 4.5 billion. Operating expenses decreased by 1% compared with 2015 in 2016 to USD 1.8 billion. Expense savings and lower restructuring charges compared with 2015 were partly offset by increased variable personnel expense and the acquisition of the defined contribution business acquired from Mercer.

Production

Gross deposits increased by 10% in 2016 compared with 2015 to USD 45.3 billion. Higher gross deposits in Retirement Plans more than offset a decline in variable annuity deposits compared with 2015. Increased retirement plan gross deposits were mostly driven by the acquisition of the defined contribution business acquired from Mercer. Variable annuity gross deposits were down

by 44% in 2016 compared with 2015 to USD 4.4 billion, mainly driven by product adjustments implemented last year in response to the low interest rate environment and lower market demand as a result of the upcoming implementation of the Department of Labor fiduciary rule.

New life sales declined by 10% in 2016 to USD 600 million compared with 2015, as a result of lower universal life and term life sales. Lower universal life sales resulted from a decline in the recruitment of new agents. Sales of term life products declined as Aegon did not lower its pricing in line with a number of its competitors. New premium production for accident & health insurance was down 11% to USD 0.9 billion in 2016 compared with 2015, mainly resulting from a lower contribution from portfolio acquisitions and several product exits.

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Results 2015 Americas

	Amounts in USD millions			Amounts in EUR millions		
	2015	2014	%	**2015**	2014	%
Net underlying earnings	**1,100**	**1,204**	**(9%)**	**991**	**906**	**9%**
Tax on underlying earnings	318	491	(35%)	286	369	(22%)
Underlying earnings before tax by business						
Life insurance	207	347	(40%)	186	261	(29%)
Accident & health insurance	165	212	(22%)	149	160	(7%)
Retirement plans	261	272	(4%)	235	205	15%
Mutual funds	50	47	6%	45	35	26%
Variable annuities	503	460	9%	453	346	31%
Fixed annuities	131	211	(38%)	118	159	(26%)
Stable value solutions	101	109	(8%)	91	82	11%
Canada	-	30	-	-	23	-
Latin America	1	5	(72%)	1	4	(67%)
Underlying earnings before tax	**1,418**	**1,694**	**(16%)**	**1,278**	**1,275**	**-**
Fair value items	(768)	(656)	(17%)	(691)	(494)	(40%)
Gains / (losses) on investments	(83)	113	-	(74)	85	-
Net impairments	79	27	189%	71	21	-
Other income / (charges)	(1,013)	(269)	-	(913)	(202)	-
Run-off businesses	98	15	-	88	11	-
Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**(268)**	**925**	**-**	**(241)**	**696**	**-**
Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	5	4	39%	5	3	66%
Income tax	7	(129)	-	6	(97)	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	(5)	(4)	(39%)	(5)	(3)	(66%)
Net income	**(261)**	**796**	**-**	**(235)**	**599**	**-**
Life insurance gross premiums	7,821	8,585	(9%)	7,046	6,461	9%
Accident and health insurance	2,515	2,490	1%	2,266	1,874	21%

premiums						
Total gross premiums	**10,336**	**11,074**	**(7%)**	**9,312**	**8,334**	**12%**
Investment income	4,085	4,401	(7%)	3,680	3,312	11%
Fees and commission income	1,891	1,974	(4%)	1,704	1,485	15%
Other revenues	11	3	-	9	2	-
Total revenues	**16,322**	**17,453**	**(6%)**	**14,705**	**13,134**	**12%**
Commissions and expenses	4,489	4,410	2%	4,044	3,319	22%
of which operating expenses	1,843	1,871	(2%)	1,660	1,408	18%

New life sales	Amounts in USD millions 2015	2014	%	Amounts in EUR millions 2015	2014	%
Life	622	615	1%	561	463	21%
Canada	-	75	-	-	56	-
Latin America	42	43	(2%)	38	33	17%
Total recurring plus 1/10 single	**665**	**733**	**(9%)**	**599**	**552**	**9%**

	Amounts in USD millions 2015	2014	%	Amounts in EUR millions 2015	2014	%
New premium production accident and health insurance	1,003	1,193	(16%)	904	898	1%

Gross deposits (on and off balance)	Amounts in USD millions 2015	2014	%	Amounts in EUR millions 2015	2014	%
Life	7	9	(20%)	6	7	(4%)
Retirement plans	27,833	26,736	4%	25,075	20,121	25%
Mutual funds	5,084	4,879	4%	4,580	3,672	25%
Variable annuities	7,857	10,235	(23%)	7,079	7,702	(8%)
Fixed annuities	276	323	(15%)	249	243	2%
Canada	-	121	-	-	91	-
Latin America	12	18	(35%)	10	14	(22%)
Total gross deposits	**41,069**	**42,321**	**(3%)**	**36,999**	**31,849**	**16%**

Exchange rates	Weighted average rate		Closing rate as of	
			December 31,	December 31,
Per 1 EUR	**2015**	2014	**2015**	2014
USD	1.1100	1.3288	1.0863	1.2101
CAD	1.4173	1.4667	1.5090	1.4015

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Results 2015 Americas

The net loss in 2015 was USD 261 million, primarily the result of the book loss on the divestment of Canada of USD 837 million. Underlying earnings before tax decreased by 16% in 2015 compared with 2014 to USD 1.4 billion. This was mainly driven by adverse claims experience and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarters of 2014 and 2015. Gross deposits declined by 3% in 2015 compared with 2014 to USD 41.1 billion and new life sales by 9% in 2015 compared with 2014 to USD 665 million, both due to product adjustments to improve profitability, while new premium production for accident & health insurance was down 16% in 2015 compared with 2014 to USD 1.0 billion.

Net income

The net loss amounted to USD 261 million in 2015, primarily as the result of the book loss on the divestment of Aegon s Canadian life insurance business of USD 837 million in 2015. Result on fair value items amounted to a loss of USD 768 million in 2015, which was primarily related to the impact on hedging programs as a result of lower interest rates and higher equity markets compared with 2014. Income before tax from run-off businesses amounted to USD 98 million in 2015. Realized losses on investments amounted to USD 83 million in 2015, and were mainly related to investments in emerging markets and the energy sector. Net impairments improved from a benefit of USD 27 million in 2014 to a benefit of USD 79 million in 2015 as recoveries, which were mostly related to investments in subprime residential mortgage-backed securities, more than offset gross impairments. Other charges were USD 1.0 billion in 2015, and were primarily related to the divestment of Aegon s Canadian business and model updates.

Underlying earnings before tax

Underlying earnings before tax in 2015 decreased by 16% compared with 2014 to USD 1.4 billion. This was mainly driven by adverse claims experience and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarters of 2014 and 2015.

Underlying earnings before tax from Life decreased to USD 207 million in 2015 compared with USD 347 million in 2014. This is due to unfavorable mortality, the impact of lower interest rates and the impact on recurring underlying earnings before tax of the actuarial assumption changes and model updates implemented in the third quarters of 2014 and 2015.

Accident & Health underlying earnings before tax declined by 22% in 2015 compared with 2014 to USD 165 million, which was mainly the result of adverse morbidity.

Underlying earnings before tax from Mutual Funds increased by 6% in 2015 to USD 50 million compared with 2014, mainly driven by favorable markets.

Retirement Plans underlying earnings before tax were down 4% to USD 261 million in 2015 compared with 2014, primarily driven by lower general account pension liabilities and margin pressure arising from the competitive environment on fees.

Underlying earnings before tax from Variable Annuities increased by 9% in 2015 compared with 2014 to USD 503 million as a result of higher average balances driven by net deposits.

Fixed Annuity underlying earnings before tax were down 38% in 2015 compared with 2014 to USD 131 million. Underlying earnings before tax from fixed annuities were impacted by the decline of balances compared with 2014 as a result of deemphasizing the business.

Underlying earnings before tax from Stable Value Solutions amounted to USD 101 million in 2015 compared with USD 109 million in 2014 due to lower account balances from net outflows.

Latin America contributed USD 1 million to underlying earnings before tax in 2015.

Commissions and expenses

Commissions and expenses increased by 2% in 2015 to USD 4.5 billion compared with 2014. Operating expenses decreased by 2% in 2015 to USD 1.8 billion compared with 2014, and this was mainly driven by the divestment of Canada.

Production

Gross deposits declined by 3% in 2015 to USD 41.1 billion compared with 2014. Higher gross deposits in retirement plans were more than offset by lower gross deposits in variable annuities. Gross deposits in retirement plans increased by 4% in 2015 to USD 27.8 billion compared with 2014 due to higher recurring deposits. Variable annuity gross deposits were down by 23% in 2015 to USD 7.9 billion compared with 2014, mainly driven by product adjustments implemented in the first quarter of 2015 in response to the low interest rate environment.

New life sales declined by 9% in 2015 to USD 665 million compared with 2014, as growth in indexed universal life was more than offset by the divestment of Canada, the withdrawal of the universal life secondary guarantee product due to the low interest rate environment, and lower term life sales. New premium production for accident & health insurance was down 16% in 2015 compared with 2014 to USD 1.0 billion, mainly resulting from a lower contribution from portfolio acquisitions and several product exits.

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Overview of Americas

Aegon Americas operates under the Transamerica brand in the United States, and also has operations in Brazil and Mexico.

Aegon in the US

Transamerica is one of the leading[1] life insurance organizations in the United States, and the largest of Aegon s operating units worldwide. Its businesses in the US serve customers in all fifty states and employs approximately 11,000 people. Most Aegon companies in the United States operate under the Transamerica brand. Its companies have existed since the mid-19th century, and its main offices are in Cedar Rapids, Iowa, and Baltimore, Maryland with additional offices located throughout the United States.

Through its subsidiaries and affiliated companies, Aegon provides a wide range of life insurance, supplemental health insurance, retirement plans, long-term savings and investment products.

Aegon utilizes a variety of distribution channels to help customers access its products and services as suits their needs. These include brokerage, partner, institutional/worksite and wholesale.

Aegon in Brazil

In 2009, Aegon acquired a 50% interest in Mongeral Aegon Seguros e Previdência S.A. (hereafter referred to as Mongeral Aegon), Brazil s fourth largest independent (i.e. non-bank affiliated) life insurer. As of December 2016, Aegon Brazil had approximately 500 employees.

To further capture growth prospects in Brazil, Mongeral Aegon and Bancoob (Banco Cooperativo do Brasil) established Sicoob Seguradora de Vida e Previdência, a new life insurance and pensions company dedicated to providing life insurance and pension products to the Sicoob system on August 12, 2016. Sicoob is the largest cooperative financial system in the country, with over 3.2 million associates and 2,340 points of service. Bancoob is a private commercial bank owned by the credit cooperative entities affiliated with the Sicoob system. This agreement represents a key expansion of distribution for Mongeral Aegon, which already serves over 2 million customers nationwide through over 4,000 brokers.

Aegon in Mexico

In 2006, Aegon acquired a 49% interest in Seguros Argos S.A. de C.V., a Mexican life insurance company. In 2013, Aegon entered into a joint venture with Administradora Akaan S.A. de C.V. and created Akaan-Aegon S.A.P.I. de C.V. to explore financial service opportunities. This Mexico City-based organization is still in the start-up phase and focuses on third-party asset management.

Aegon in Canada

In Canada, Aegon operates an insurance agency under the brand World Financial Group Insurance Agency of Canada Inc., in addition to an affiliated securities dealer. On July 31, 2015, Aegon completed the sale of its Canadian life insurance and asset management business.

Organizational structure

Aegon USA

Aegon USA was founded in 1989, when Aegon brought all of its operating companies in the United States together under a single financial services holding company: Aegon USA, LLC. As of December 31, 2015, Aegon USA, LLC was merged into Transamerica Corporation, which is the holding company for the US operations. Business is conducted through its various subsidiaries. The use of the term Aegon USA throughout this business overview refers to the operating subsidiaries in the United States, collectively or individually, through which Aegon conducts business. Aegon USA has operating licenses in every US state, in addition to the District of Columbia, Puerto Rico, the Virgin Islands and Guam.

Aegon USA s primary insurance subsidiaries are:

- Transamerica Life Insurance Company;
- Transamerica Financial Life Insurance Company;
- Transamerica Advisors Life Insurance Company;
- Transamerica Premier Life Insurance Company; and
- Transamerica Casualty Insurance Company.

In 2016, Aegon USA made the strategic decision to bring all of its businesses together, restructuring into a functionally organized firm aimed at better meeting customers needs and creating a consistent, positive experience for customers, business partners and employees. The new simplified structure is designed to provide relevant customer solutions that are easy to understand, and that address the full range of customers financial protection and savings needs at every stage of life. The further aim is to better leverage Transamerica s brand strength, expertise and capabilities in order to fulfill Aegon s purpose of helping people achieve a lifetime of financial security.

The product lines sold or operated through one or more of the Aegon USA s life insurance companies include: life, accident & health, mutual funds, variable annuities, fixed annuities, retirement plans, stable value solutions, and Latin America. The product lines, described in greater detail below, represent groups of products and services that Aegon USA offers through

1 Source: A.M. Best s Rating Report dated June 24, 2016 https://www.transamerica.com/individual/about-us/who-we-are/financial-strength/am-best.html. Webpage visited November 21, 2016.

a number of distribution methods and sales channels. Products are also offered and distributed through one or more of Aegon USA s licensed insurance or brokerage subsidiary companies.

Overview of sales and distribution channels

Aegon USA s product lines are now organized by distribution channel in order to ensure that they are aligned with customers needs. Each channel has primary target market segments on which it is focused. The distribution channels fall into four main categories: brokerage, partner, institutional/worksite, and wholesale.

Brokerage

Aegon USA offers protection products (life insurance and long-term care) through third-party distribution outlets known as Brokerage General Agents or Independent Wholesale Organizations . These are typically non-registered products sold through independent insurance agents. This channel offers life insurance (term life, universal life, variable universal life[1], index universal life and whole life insurance), long-term care and supplemental health products and services through approximately 65,000 independent brokerage distributors and financial institutions that target the affluent, emerging affluent and middle markets. These products are designed for family protection, business needs and legacy planning.

Partner

Known as Transamerica Financial Network , Aegon USA provides advice and guidance to individuals to meet their protection and investment needs. Over 54,000 associates (World Financial Group) and 1,700 career agents (Transamerica Agency Network) offer insurance, annuities, mutual funds, retirement plans and managed accounts to individuals. This channel provides the same life and health products as the brokerage channel, with a focus on the middle and emerging affluent markets.

Institutional/Worksite

Aegon USA offers mutual funds, annuities, life insurance (universal life, whole life and term life), supplemental health products (critical illness, cancer, hospital indemnity, supplemental medical expense, short-term disability, vision, and dental policies), accident products, and Stable Value Solutions in this channel. The channel focuses on the sale of products to consumers through the employer segment, also known as the worksite. Aegon USA also offers individual products through institutions including large broker-dealer research and advisory platforms and large registered investment advisors.

Wholesale

Aegon USA offers annuities, mutual funds, retirement plans, life insurance and long-term care products through partnerships with independent broker-dealers that want a direct relationship with Aegon USA. The broker-dealer network is broken out into three areas: banks, wirehouses, and independent financial planners. Aegon USA s wholesalers are dedicated to one product line, but work closely together to refer advisors across Aegon USA s multiple product lines with the intent of creating deeper partnerships with advisors and becoming even more relevant in the financial lives of customers.

On December 7, 2016, Aegon announced its intention to exit the Affinity, Direct TV and Direct Mail channels, which were part of the Accident & health line of business in the United States. After reviewing these businesses, Aegon decided that they no longer fitted with its strategic objectives.

Overview of business lines

Life

Aegon USA offers a comprehensive portfolio of protection solutions to customers in a broad range of market segments. Products offered include term life, universal life, variable universal life, index universal life and whole life insurance.

Term life insurance

Term life insurance provides protection for a stated period of time. Benefits are paid to policy beneficiaries in the event of the death of the insured during a specified period.

Universal life insurance

Universal life insurance is flexible permanent life insurance that offers death benefit protection together with the potential for cash value accumulation. The frequency and amount of premiums, in addition to the death benefit, can be adjusted by a policyholder when a policyholder s circumstances change. In determining the monthly deductions, Aegon USA takes a wide number of factors into account, including but not limited to: interest rates, mortality, taxes and expenses associated with the policy. Any changes in the monthly deductions reflect Aegon USA s current expectations with respect to future policy performance. At any time, the policy owner is able to see the maximum rate that can be charged. A version of this product has secondary guarantees , which guarantee continuation of the life insurance if the customer consistently pays an agreed minimum amount of premium each year.

Variable universal life insurance

Variable universal life insurance is cash-value life insurance that offers both a death benefit and an investment feature. The premium amount for variable universal life insurance is flexible and, within contract limits, may be changed by the consumer as needed although these changes can result in a change in the coverage amount. The investment feature usually includes sub-accounts, which function like mutual funds and can provide exposure to stocks and bonds. This exposure offers the possibility of an increased (or decreased) rate of return over a universal life or permanent insurance policy.

1 A small amount of variable universal life insurance is sold in the Brokerage channel by registered advisors through a broker dealer.

Index universal life insurance

Index Universal Life (IUL) insurance provides permanent death benefit protection and cash value accumulation with flexible premium payments. What distinguishes it from other types of permanent life insurance is the way in which interest earnings are credited. Net premiums may be allocated to either a fixed account or indexed accounts. Indexed accounts credit interest based in part on the performance of one or more market indices. The credited interest is based on the index, but with a floor and a cap. IUL offers both market-paced growth potential in the indexed accounts and downside protection. It is an appealing alternative to regular Universal Life for which interest is credited at a fixed rate and Variable Universal Life, in which the cash value is directly exposed to ups and downs of the market.

Whole life insurance

Whole life insurance provides permanent death benefit protection, provided that the required premiums are paid, while accumulating tabular cash values based on statutory requirements. Premiums are generally fixed and usually payable over the life of the policy.

Accident & health

Aegon USA offers supplemental health insurance and long-term care insurance as well as casualty products.

Supplemental health insurance

Supplemental health insurance products include accidental death and dismemberment, accidental injury, cancer, critical illness, disability, hospital indemnity, Medicare Supplement, Medicare Part D prescription drug, retiree medical, and supplemental medical expense indemnity.

A number of these products provide policyholders with lump sum or specified income payments if hospitalized, injured, or diagnosed with a critical illness. Others pay benefits for specific medical expenses and treatments, or cover deductibles, co-payments and co-insurance amounts not covered by other health insurance. In addition, medical stop-loss insurance is offered to employers to protect against catastrophic losses under self-funded health plans.

Long-term care insurance

Long-term care (LTC) insurance products provide benefits to policyholders that require qualified LTC services as they are unable to perform two or more specific activities of daily living or due to a severe cognitive impairment. LTC insurance helps protect a policyholder s assets from the high cost of LTC services, and it may also help families better manage the financial, health and safety issues associated with LTC.

Casualty insurance

Casualty insurance products include travel, involuntary unemployment and bike insurance products that provide protection for covered trips, unemployment and damage/loss to bicycles respectively. Following the announcement to exit the Affinity, Direct TV and Direct Mail channels, these casualty products will be discontinued after a wind down period.

Mutual funds

Mutual funds are offered for all market conditions, including asset allocation, US equity, global/international equity, alternative investments, hybrid allocation, fixed income and target date funds. Mutual funds are offered through a sub-advised or manager of managers mutual fund platform. Sub-advisors can include both those affiliated and not affiliated with Aegon USA. A rigorous on-going process of due diligence, manager selection, and ongoing reviews of manager performance versus objectives and peers enables our sub-advised mutual fund business to provide best-in-class investment options to Aegon USA customers.

Variable annuities

Variable annuities allow the holder to accumulate assets for retirement on a tax-deferred basis and to participate in equity or bond market performance. The standalone variable annuity is often referred to in the market as an investment-only variable annuity (IOVA). Additional guarantees, also referred to as riders, can be added to variable annuities, including guaranteed minimum death benefits (GMDBs) and guaranteed living benefits (GLBs). GMDBs provide a guaranteed benefit in the event of death. GLBs are intended to provide a measure of protection against market risk while the annuitant is alive. Different forms of GLBs are offered, such as guaranteeing an income stream for life and/or guaranteeing principal protection.

Fixed annuities

Fixed annuities allow investors to make a lump-sum payment or a series of payments and receive income in the form of periodic payments that can begin immediately or after a period of time. Aegon USA is not actively marketing new sales of traditional fixed deferred annuities, and current sales primarily represent annuitizations and additional premium on existing contracts. Aegon USA actively offers a fixed-indexed annuity that may credit interest based, in part, on the percentage change in the value of the selected index account option(s) at the start and end of the crediting period. A fixed account option is also available. Aegon USA s fixed-indexed annuity is distributed through third-party or affiliated broker-dealers and/or insurance agencies.

Retirement plans

Comprehensive and customized retirement plan services are offered to employers across the entire spectrum of defined benefit, defined contribution and non-qualified deferred compensation plans. Services are also offered to individuals rolling over funds from other qualified retirement funds or Individual Retirement Accounts (IRAs).

Retirement plan services, including administration, recordkeeping and related services are offered to employers of all sizes and to plans across all market segments. Aegon USA also partners with plan advisors and third-party administrators to serve their customers. On December 31, 2015, Aegon USA closed the acquisition of Mercer s US defined contribution administration business. As a result of the acquisition, Transamerica Retirement Solutions is now a top ten defined contribution record-keeper in the United States based on plan participants and assets[1].

Plan sponsors have access to a wide array of investment options. Depending on the product chosen by the plan sponsor, unrestricted access to the entire universe of publicly-available investments can be offered. Smaller plans have access to an array of hundreds of investment choices from more than 40 investment management companies.

Tools are provided to help plan participants monitor their retirement accounts and engage in behavior to stay on track towards a funded retirement. Managed Advice® is an option that plan sponsors can make available to participants that provides investment and savings advice to participants.

For individual plan participants in transition due to a job loss or change or planned retirement, services are offered through the Transamerica Advice Center, a team of experienced registered representatives and registered investment advisors. Solutions include IRAs, advisory services, annuities and access to other financial products and resources.

Stable Value Solutions

Synthetic Guaranteed Investment Contracts (GICs) are offered primarily to tax-qualified institutional entities such as 401(k) plans and other retirement plans. A synthetic GIC wrapper is offered around fixed-income invested assets, which are owned by the plan and managed by the plan or a third-party money manager hired by the plan. A synthetic GIC is typically issued with an evergreen maturity and may be terminated under certain conditions. Such a contract helps to reduce fluctuations in the value of the wrapped assets for plan participants, and provides book value benefit-responsiveness.

Latin America

Aegon s businesses in Latin America comprise of a 50% interest in Mongeral Aegon Seguros e Previdência S.A., a Brazilian independent life insurer; a 50% interest in Akaan-Aegon S.A.P.I. de C.V., a joint venture with Administradora Akaan S.A. de C.V., and a 49% interest in Seguros Argos S.A. de C.V., a Mexican life insurance company. Mongeral Aegon s insurance activities include pension product distribution, individual and group life insurance products, mutual fund management, and administrative services. Akaan-Aegon is in the start-up process and will initially focus on

third-party asset management. Seguros Argos primary product is a 20-year term life insurance product.

Run-off businesses

Institutional spread-based business

This business was put into run-off in 2009. The primary products included Guaranteed Investment Contracts (GICs), funding agreements, and medium-term notes (MTNs). GICs were generally issued to tax qualified plans, while funding agreements and MTNs were typically issued to non-tax qualified institutional investors.

GICs and funding agreements are spread-based products issued on a fixed-rate or floating-rate basis. They provide customers with a guarantee of principal and a specified rate of return. Nearly all the liabilities represented by the fixed-rate contracts were effectively converted to a floating-rate via swap agreements when the contracts were issued. Contracts issued in foreign currencies were converted at issuance to US dollars through swap agreements when the contracts were issued to eliminate currency risk.

Before 2009, Aegon USA utilized consolidated special purpose entities to issue MTNs that are backed by funding agreements. The proceeds of each note series were used to purchase a funding agreement from an Aegon USA insurance company, which was used to secure that particular series of notes. The payment terms of any particular series substantially matched the payment terms of the funding agreement that secured that series.

Payout annuities

Payout annuities are a form of immediate annuity purchased as a result of a lawsuit or claim. New sales of payout annuities were discontinued in 2003, although Aegon USA continues to administer the closed block of business.

Bank- and corporate-owned life insurance

Aegon USA services life insurance products sold to the bank- and corporate-owned life insurance (BOLI/COLI) market in the United States. BOLI/COLI helps bank and corporate customers fund long-term employee benefits such as executive compensation and post-retirement medical plans. The bank or corporation insures key employees, and is the owner and beneficiary of the policies. New sales of BOLI/COLI were discontinued in 2010.

1 PLANSPONSOR, June 2016, http://www.plansponsor.com/2016-Recordkeeping-Survey/?type=top. Webpage visited November 21, 2016.

On September 2, 2015, Aegon USA sold Clark Consulting, its BOLI distribution and servicing unit. Clark Consulting was a distinct entity within the BOLI/COLI insurance business that continues to be in run-off.

Life reinsurance

In August 2011, Aegon completed the effective divestment of its life reinsurance business with the exception of select blocks of business. The retained businesses comprise primarily variable annuity guarantee business.

Competition

The US marketplace is highly competitive. Aegon USA s competitors include other large insurance carriers, in addition to certain banks, securities brokerage firms, investment advisors, and other financial intermediaries marketing insurance products, annuities and mutual funds. Aegon USA leverages long-term relationships with many institutions to offer them product lines such as life insurance, variable annuities, mutual funds, and defined contribution pension plans.

In individual life insurance, leading competitors include Lincoln National, Prudential Financial, MetLife, Pacific Life, and John Hancock. Genworth is a primary competitor for sales of individual long-term care insurance through the brokerage channel. Competitors for supplemental health include a wide range of companies and company types based on the nature of the coverage including Aflac, Allstate, MetLife, and Unum.

Aegon USA s primary competitors in the variable annuity market are AIG, Jackson National, Lincoln National, MetLife, Nationwide and Prudential Financial.

Top five competitors in the mutual fund market include American Funds, Fidelity, Vanguard, PIMCO and T. Rowe Price.

In the institutional segment of the defined contribution market, Aegon USA s main competitors are Fidelity, Empower Retirement, Prudential Financial, MassMutual, Principal Financial, Charles Schwab, and Lincoln. Aegon USA s main competitors in the defined benefit segment are MassMutual, New York Life, Principal Financial and Prudential Financial. In the emerging market segment and the multiple employer plan segment, Aegon USA s main competitors are Fidelity, Voya Financial, John Hancock, Principal Financial and MassMutual.

Regulation and supervision

Aegon USA s insurance companies and the business they conduct in the US are regulated primarily at state level, as carried out by various state insurance regulators. Some activities, products and services are also subject to federal regulation.

State Insurance Regulation

Aegon USA s largest insurance companies are domiciled in the State of Iowa, and the Iowa Insurance Division exercises principal regulatory jurisdiction over those companies. This regulation includes implementation and enforcement of standards of solvency, adequacy of reserves and capital, and reinsurance.

The Aegon USA insurance companies are licensed as insurers and are regulated in each US state and jurisdiction in which they conduct insurance business. The extent of such regulation varies, but has a shared purpose in terms of the protection of policy and contract holders. The insurance regulators in each state carry out their mission by providing oversight in the broad areas of market conduct and financial solvency regulation.

In the areas of licensing and market conduct, states grant or revoke licenses to transact insurance business, regulate trade, advertising and marketing practices, approve policy forms and certain premium rates, review and approve products and rates prior to sale, address consumer complaints, and perform market conduct examinations on both a regular and targeted basis.

In the area of financial regulation, state regulators implement and supervise statutory reserve and capital requirements, including minimum risk-based capital solvency standards. Insurance companies are also subject to extensive reporting, investment limitations, and required approval of significant transactions in each state in which they are licensed. State regulators, by law, conduct extensive financial examinations every three to five years.

State regulators have the authority to impose a variety of punitive measures, including revoking licenses, for failure to comply with applicable regulations. All state insurance regulators are members of the National Association of Insurance Commissioners (NAIC), a non-regulatory association that works to achieve uniformity and efficiency of insurance regulation across the United States and US jurisdictions.

Recent regulatory enhancements include increased reporting of holding company activities, increased transparency and uniformity for certain captive reinsurance transactions, and requirements for companies to conduct an Own Risk and Solvency Assessment (ORSA). In 2014, the NAIC adopted a regulatory framework impacting captives used for term and universal life with secondary guarantee products (Actuarial Guideline 48), which became effective on January 1, 2015. In addition, principle-based reserving for life insurance will come into force in 2017. Actuarial Guideline 49 added new rules for illustrations of index universal life insurance, with changes to the maximum illustration rate effective as of September 1, 2015, and other sections effective as of March 1, 2016.

Emerging state issues that may impact Aegon USA include consideration of changes to accounting and actuarial requirements for variable annuities (VA), which may reduce insurers needs and abilities to use variable annuity captives. Aegon USA uses captives for certain variable annuity business in order to facilitate effective hedging. Other current initiatives include a project to update capital charges for asset default risk, longevity risk and operational risk. A project to develop a group capital calculation is in its early stages. Long-term care is currently regulated by states as health insurance, although both state regulators and federal agencies are examining the current environment for long-term care industry, and this may lead to a more predictable regulatory regime for premium adjustments, and facilitate the development of new and innovative products. Although the proposals related to VA captive reinsurance arrangements are still being formulated, their possible impact of the current proposals on Aegon USA s operations is not expected to be material.

Federal Regulation of Financial Services and Health Insurance

Although the insurance business is primarily regulated at state level, many federal laws and initiatives impact the insurance sector in such areas as the regulation of financial services, derivatives, retirement plans, securities products, health care, taxes and privacy. Regulation of financial services has increased as result of the Dodd Frank Act, which also created the Federal Insurance Office (FIO) and the Office of Financial Research (OFR). The FIO is authorized to review the insurance market in the US and make recommendations to Congress, and the OFR conducts research in financial services, including insurance, in support of such oversight. In addition, the FIO is authorized to establish US insurance policy in international matters. The Federal Reserve Board also has authority to establish capital standards for systemically significant insurers, and insurers that are also Savings and Loan Holding Companies, and to participate in the establishment of international insurance capital standards for Internationally Active Insurance Groups (IAIGs) and globally systemically significant insurers (G-SIIs). The Federal Reserve Board has issued an Advanced Notice of Proposed Rulemaking, the initial step in establishing capital standards for insurers under its jurisdiction. In the area of privacy, there has been increased scrutiny at a state, federal and international level following a number of high-profile data breaches of financial services and other companies. As a result, Congress and federal regulators are considering options to combat data breaches and cyber-threats, in addition to those already imposed by the Gramm-Leach-Bliley Act and other federal law and regulations.

In addition to financial services products, many supplemental health insurance products offered by Aegon USA, such as Medicare Supplement products, are subject to both federal and state regulation as health insurance. The Patient Protection and Affordable Care Act (PPACA), enacted in 2011, significantly changed the regulation of health insurance and the delivery of health care in the United States, including in certain respects, the regulation and delivery of supplemental health insurance products. Regulations under the PPACA have been proposed, which if promulgated in the form proposed, could impose additional restrictions and requirements on these products. While the US Supreme Court has upheld critical provisions of PPACA, driving an expectation of continued federal regulation of certain health insurance products, it is also expected that

sweeping changes will be proposed or, possibly, a partial or full repeal of PPACA based on the stated policy positions of the Trump administration, although at present it is too early to comment as to what, if any, impacts will come to pass.

Solvency II

As of January 1, 2016, under the new Solvency II requirements, the activities of Aegon Americas have been consolidated into the Aegon Group Solvency II results through deduction and aggregation using available and required capital as per the local capital regimes. The US regulatory regimes have been granted provisional equivalence. The US insurance and reinsurance entities are included in Aegon s group solvency calculation in accordance with local US (RBC) requirements. Aegon uses 250% of the local RBC Company Action Level (CAL) as the SCR equivalent. The non-regulated US entities and the US holding companies are included in Aegon s group Solvency II results through application of the Accounting Consolidation method under Solvency II, using Solvency II valuation and capital requirement calculations for these local balance sheets.

Securities Regulation

A number of Aegon USA subsidiaries are subject to regulation under the federal securities laws administered by the Securities and Exchange Commission (SEC) and aspects of states securities and other laws. Variable insurance policies, certain annuity contracts and registered management investment companies (mutual funds) offered by Aegon USA are subject to regulation under the federal securities laws administered by the SEC and aspects of states securities laws. Certain separate accounts of Aegon USA insurers that offer variable life insurance and certain annuities and interests under these annuity and insurance policies are registered and subject to SEC regulation. The distribution and sale of these and other securities by affiliate and non-affiliate broker-dealers is regulated by the SEC and the Financial Industry Regulatory Authority (FINRA). A number of Aegon USA companies are also registered as investment advisors and subject to SEC regulation.

Aegon USA also owns or manages other investment vehicles that are exempt from registration but may be subject to other requirements of those laws, such as anti-fraud provisions and the terms of applicable exemptions.

In accordance with Dodd-Frank Act requirements, in January 2011 the SEC studied and recommended a harmonized standard of care for broker-dealers, investment advisors and persons associated with firms that provide personalized investment advice. Broker-dealers are currently subject to requirements to make suitable recommendations, while investment advisors are regulated as fiduciaries, required to put customer interests above their own. The SEC intends to propose regulations imposing a harmonized standard of care, and has announced that the proposed regulations will be published in the spring of 2017. In addition, in accordance with Dodd-Frank Act requirements, the SEC intends to enhance its regulatory and examination oversight of registered investment advisors, but has not provided any timeframe for such a proposal. Finally, the SEC has reformed the regulation of money market funds by distinguishing between institutional and retail funds and by requiring institutional funds to price and transact their shares at a market value floating net asset value per share (NAV) and requiring retail funds to verify the non-institutional, natural person status of investors in those funds. The new regulations also allow for funds to operate as government money market funds, provided a fund invests at least 99.5% of its assets in US government securities, cash, and/or repurchase agreements that are fully collateralized by US government securities or cash. The SEC has also provided institutional and retail money market fund boards with the discretion to stem heavy redemptions by, among other tools, imposing liquidity fees and gates, if determined to be in the fund s best interests. Government money market funds may, but are not required to, impose liquidity fees and gates. The compliance date for the majority of the rule s requirements was October 14, 2016. In response to the rule, Aegon s money market funds in the United States have all converted to government money market funds, effective as of May 1, 2016. The impact of these requirements and any future regulations regarding investment advisors or other investment products, including proposed liquidity management rules and rules designed to enhance the regulation of the use of derivatives by registered investment companies, is still under review and cannot be predicted at this time.

The financial services industry continues to operate under heightened scrutiny and increased regulation in various jurisdictions. Such scrutiny and regulations have included matters relating to producer and other compensation arrangements, suitability of sales (especially to seniors), misleading sales practices, unclaimed property reporting, revenue sharing, investment management and valuation issues involving mutual funds and life insurance separate accounts and their underlying funds, sales, investments and oversight processes related to retail investors saving for retirement, variable annuity buyout offers, and share classes in mutual funds and variable annuities. Aegon USA, like other businesses in the financial services industry, is routinely examined and receives requests for information from the SEC, FINRA, state regulators and others in connection with examinations and investigations of its own companies and third-party or unaffiliated insurers, broker-dealers, investment advisors, investment companies and service providers relating to certain historical and current practices with respect to these and other matters. Some of those inquiries have led to investigations, which remain open, or have resulted in fines, corrective actions or restitution. Aegon USA continues to cooperate with these regulatory agencies. In certain instances, Aegon USA modified business practices in response to those inquiries or findings. Certain Aegon USA companies have paid, or have been informed that the regulators may seek, restitution, fines or other monetary penalties or changes in the way that business is conducted. The impact of any such fines or other monetary penalties is not expected to have a material impact on Aegon USA s financial position, net income or cash flow.

Regulation of Retirement Plans and IRAs

Aegon USA administers and provides recordkeeping, investment and insurance services and products used to fund defined contribution plans, such as 401(k) plans, in addition to defined benefit plans, IRAs, 529 plans and other savings vehicles. Aegon USA also provides plans used to administer benefits distributed on termination of defined benefit plans. These products and services are subject to the Employee Retirement Income Security Act (ERISA) and the federal Internal Revenue Code of 1986, as amended (the Code) for which the US Department of Labor (DOL) and the U.S. Department of the Treasury (Treasury) have regulatory jurisdiction, respectively.

The DOL recently promulgated a conflicts of interest rule (the DOL Rule) that significantly expands the scope of retirement investment advice and imposes a fiduciary standard on providers in many contexts. The DOL Rule impacts the delivery of products, such as variable annuities, and services to workforce retirement plans and participants in those plans and in IRAs, and is subject to interpretation and guidance from the DOL. Legislation is also being considered that would facilitate the use of multiple employer plans (MEPs), of which Aegon USA is a leading provider. In addition, both the Treasury and the DOL have published, in final and proposed forms respectively, guidance to facilitate the offering of guaranteed lifetime income products. Finally, many states have sought to open their plans to non-government workers who do not have access to an employer retirement savings plan. Any proposals that impact the current business models or fees and services to employer plans or IRAs will impact the Aegon USA companies that provide administration and investment services and products to private workforce plans. The likelihood that these legislative proposals will be passed or the regulatory guidance finalized cannot be predicted at this time.

Tax Treatment of Insurance Companies and their Products and Plans

Although the insurance business is regulated at state level, the US federal tax treatment of life insurers, life insurance, pension and annuity products is governed by the US federal tax code. Provisions that increase the taxation of life insurers, as well as remove or decrease the value of tax incentives for life insurance, pensions and annuity products considered alone and relative to other investment vehicles have been proposed in prior Administrations federal budget and by the US Congress. These initiatives also contemplate international tax reform, including proposals that would limit the ability of companies to deduct interest expense on financing provided by a non-US affiliate. Executive Administration budget proposals, legislative proposals and discussion drafts must be enacted by Congress and signed by the President before they become law. The risk of tax law changes is heightened when additional revenue is sought to reduce the federal deficit or to pay for other tax law changes, such as lower tax rates. In addition, tax reform initiatives of the type contemplated by discussion drafts of comprehensive federal tax reform legislation further increase the risk of both increased taxation of life insurers and of decreased tax incentives for short- and long-term savings products. These changes, if enacted, would have a direct impact on the cost and competitiveness of life insurance, annuity and pension products sold to ensure Americans financial and retirement security.

Asset liability management

Aegon USA s insurance companies are primarily subject to regulation under the laws of the states in which they are domiciled. Each state s laws prescribe the nature, quality and percentage of various types of investments that may be made by the companies. Such laws generally permit investments in government bonds, corporate debt, preferred and common stock, real estate and mortgage loans. Limits are generally placed on other classes of investments.

The key investment strategy for traditional general account insurance is asset liability management (ALM), whereby predominately high-quality investment assets are matched in an optimal way to the corresponding insurance liability. This strategy takes into account currency, yield and maturity characteristics. Asset diversification and quality considerations are also taken into account, along with considerations of the policyholders guaranteed or reasonably expected excess interest sharing. Investment-grade fixed income securities are the main vehicle for ALM, and Aegon USA s investment personnel are highly skilled and experienced in these investments.

Aegon USA manages its asset liability matching through the work of several committees. These committees review strategies, define risk measures, define and review asset liability management studies, examine risk-hedging techniques, including the use of derivatives, and analyze the potential use of new asset classes. The primary method for analyzing interest rate sensitivity is the economic capital risk measure. Under this measure, the sensitivity of assets relative to liabilities is calculated in a market consistent manner and presented as the risk of loss in a 1 in 200-year event. Another methodology used to analyze risk is cash flow testing. Cash flow testing analysis is performed using computer simulations, which model assets and liabilities under projected interest rate scenarios and commonly used stress-test interest rate scenarios. Cash flow testing is run using defined scenarios and is a real world simulation. It takes various forms of management action into account such as reinvestment and sales decisions, together with spreads and defaults on Aegon s assets, which is not the case in a market consistent framework.

Based on the results of these risk measures, an investment portfolio is constructed to best match the cash flow and interest

sensitivity of the underlying liabilities, while trying to maximize the spread between the yield on the portfolio assets and the rate credited on the policy liabilities. ALM is a continual process. Results from the economic framework and scenario testing are analyzed on an ongoing basis and portfolios are adjusted accordingly. Decisions are made based on minimizing the amount of interest rate risk capital, while maximizing expected returns. These decisions are built into portfolio benchmarks in terms of duration and asset mix targets, and also in exploring hedging opportunities. On the liability side, Aegon USA has some offsetting risks, whereby some liabilities perform better in rising interest rate environments, while others tend to perform well in falling interest rate environments. The amount of offset may vary depending on the absolute level of interest rates, together with the magnitude and timing of interest rate changes, but it generally provides some level of diversification. On the asset side, hedging instruments are continuously studied to determine whether their cost is commensurate with the risk reduction they offer.

Reinsurance ceded

Reinsurance agreements within Aegon USA are designed to achieve multiple company objectives. Agreements are used to manage or diversify risk, limit volatility, improve the company s capital position, limit maximum losses and enter into Strategic partnerships. The amount and type of reinsurance depend on the objective and availability of appropriate reinsurance in the market.

In order to minimize its exposure to reinsurer defaults, Aegon USA regularly monitors the creditworthiness of its reinsurers, and where appropriate, arranges additional protection through letters of credit, trust agreements and over collateralization. For certain agreements, funds are withheld for investment by Aegon USA rather than relying on the reinsurer to meet investment expectations. Default exposure is further reduced by the use of multiple reinsurers within certain reinsurance agreements. Aegon USA has experienced no material reinsurance recoverability problems in recent years.

Managing life insurance exposure requires various types of agreements with third-party reinsurers. Aegon USA relies heavily on quota-share and excess-of-loss reinsurance arrangements. The primary purpose of these agreements is to diversify Aegon USA s overall risk and limit the maximum loss on risks that exceed policy retention levels. Maximum retention levels vary by product, method of underwriting, and the nature of the risk being reinsured.

Introduction Europe

The Results 2016 Europe cover the following operating segments: The Netherlands, United Kingdom (including VA Europe), Central & Eastern Europe, Spain & Portugal. As disclosed in note 2.4 Segment reporting to the consolidated financial statements, Aegon changed its segment reporting.

This segment reporting is based on the businesses as presented in internal reports that are regularly reviewed by the Executive Board which is regarded as the chief operating decision maker. For Europe, the underlying businesses are separate operating segments which under IFRS 8 cannot be aggregated, therefore

further details will be provided for these operating segments in this section. Management is of the opinion that presenting the information for the entire European area is beneficial to the users of the financial information as it aligns to how Aegon management is looking at the information following convergence in Europe from a regulatory standpoint (introduction of Solvency II per January 1, 2016) and financial markets perspective.

The following tables comprise the reconciliation of the operating segments within Europe for the years 2016, 2015 and 2014:

Income statement - Underlying earnings

Amounts in EUR millions	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe
2016					
Net underlying earnings	414	89	47	(1)	**548**
Tax on underlying earnings	119	(30)	9	9	107
Underlying earnings before tax by product segment	534	59	55	8	**655**
Fair value items	(228)	(7)	-	(1)	(236)
Gains / (losses) on investments	189	153	-	(1)	342
	(12)	-	1	-	(10)

Net impairments					
Other income / (charges)	44	(678)	(23)	-	(658)
Income / (loss) before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**526**	**(474)**	**34**	**6**	**92**
Income tax	(109)	18	(15)	(8)	(114)
Net income / (loss)	**418**	**(456)**	**19**	**(2)**	**(22)**
2016					
Revenues					
Life insurance gross premiums	2,015	9,888	399	191	12,493
Accident and health insurance premiums	210	36	1	73	320
General insurance premiums	266	-	179	92	536
Total gross premiums	**2,491**	**9,924**	**578**	**355**	**13,348**
Investment income	2,135	1,661	45	45	3,886
Fees and commission income	350	95	36	14	495
Other revenues	-	-	-	2	2
Total revenues	**4,976**	**11,680**	**659**	**416**	**17,732**
Commissions and expenses	975	667	244	172	2,058
of which operating expenses	821	394	143	88	1,445

Income statement - Underlying earnings

Amounts in EUR millions	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe
2015					
Net underlying earnings	419	31	26	6	**482**
Tax on underlying earnings	118	(58)	10	7	77
Underlying earnings before tax by product segment	537	(27)	37	12	**559**
Fair value items	126	(25)	-	-	101
Gains / (losses) on investments	306	103	2	-	411
Net impairments	(20)	-	(2)	-	(22)
Other income / (charges)	27	(1,247)	(2)	17	(1,205)
Income / (loss) before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**977**	**(1,196)**	**35**	**29**	**(156)**
Income tax	(223)	268	(11)	(7)	27
Net income / (loss)	**753**	**(928)**	**24**	**22**	**(129)**
2015					
Revenues					
Life insurance gross premiums	2,240	8,465	477	174	11,356
Accident and health insurance premiums	234	47	1	64	345
General insurance premiums	473	-	164	80	717

Total gross premiums	**2,947**	**8,512**	**642**	**317**	**12,419**
Investment income	2,277	2,331	45	41	4,693
Fees and commission income	351	98	39	13	501
Other revenues	-	-	-	2	2
Total revenues	**5,575**	**10,941**	**726**	**373**	**17,615**
Commissions and expenses	1,053	907	264	144	2,368
of which operating expenses	831	398	143	70	1,442

Income statement - Underlying earnings

Amounts in EUR millions	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe
2014					
Net underlying earnings	423	144	48	23	**638**
Tax on underlying earnings	135	(19)	12	5	133
Underlying earnings before tax by product segment	558	125	60	28	**771**
Fair value items	(766)	(31)	8	-	(789)
Gains / (losses) on investments	431	164	9	2	606
Net impairments	(12)	-	(42)	-	(54)
Other income / (charges)	(113)	(49)	(26)	(1)	(189)
Income / (loss) before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**99**	**209**	**9**	**28**	**345**
Income tax	(37)	(35)	-	(7)	(79)
Net income / (loss)	**62**	**173**	**9**	**22**	**266**

2014

Revenues

Life insurance gross premiums	3,982	5,057	524	196	9,759
Accident and health insurance premiums	233	56	1	60	351
General insurance premiums	501	-	152	72	725
Total gross premiums	**4,716**	**5,113**	**678**	**328**	**10,835**
Investment income	2,568	2,077	54	49	4,748
Fees and commission income	324	94	41	8	467
Other revenues	-	-	-	2	2
Total revenues	**7,608**	**7,284**	**773**	**387**	**16,052**
Commissions and expenses	977	821	258	120	2,175
of which operating expenses	726	476	138	60	1,401

The results of operations Europe for 2016 and 2015 that are based on the figures of the separate operating segments are further disclosed on the following pages.

Results 2016 Europe

Amounts in EUR millions	2016	2015	%
Net underlying earnings	**548**	**482**	**14%**
Tax on underlying earnings	107	77	38%
Underlying earnings before tax by business / country			
The Netherlands	534	537	(1%)
United Kingdom	59	(27)	-
Central & Eastern Europe	55	37	51%
Spain & Portugal	8	12	(38%)
Underlying earnings before tax	**655**	**559**	**17%**
Fair value items	(236)	101	-
Gains / (losses) on investments	342	411	(17%)
Net impairments	(10)	(22)	53%
Other income / (charges)	(658)	(1,205)	45%
Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**92**	**(156)**	**-**
Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	7	6	19%
Income tax	(114)	27	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	(7)	(6)	(19%)
Net income	**(22)**	**(129)**	**83%**
Life insurance gross premiums	12,493	11,356	10%
Accident and health insurance premiums	320	345	(8%)
General insurance premiums	536	717	(25%)
Total gross premiums	**13,348**	**12,419**	**7%**
Investment income	3,886	4,693	(17%)
Fees and commission income	495	501	(1%)
Other revenues	2	2	47%
Total revenues	**17,732**	**17,615**	**1%**
Commissions and expenses	2,058	2,368	(13%)
of which operating expenses	1,445	1,442	-

New life sales

Amounts in EUR millions	2016	2015	%
The Netherlands	111	130	(15%)
United Kingdom	66	72	(8%)
Central & Eastern Europe	83	91	(9%)
Spain & Portugal	39	39	1%
Total recurring plus 1/10 single	**299**	**332**	**(10%)**

Amounts in EUR million	2016	2015	%
New premium production accident and health insurance	34	28	22%
New premium production general insurance	94	84	12%

Gross deposits (on and off balance)	2016	2015	%
The Netherlands	6,686	5,137	30%
United Kingdom	5,791	6,096	(5%)
Central & Eastern Europe	265	227	17%
Spain & Portugal	31	29	8%
Total gross deposits	**12,773**	**11,489**	**11%**

Exchange rates	Weighted average rate	
Per 1 EUR	2016	2015
Pound sterling	0.8187	0.7256
Czech koruna	27.0184	27.2662
Hungarian forint	310.9128	309.3147
Polish zloty	4.3616	4.1819
Romanian leu	4.4889	4.4428
Turkish Lira	3.3426	3.0206
Ukrainian Hryvnia	28.3029	24.1414

Results 2016 Europe

The net result improved compared with 2015 to a loss of EUR 22 million in 2016 driven by higher underlying earnings before tax and lower losses from other charges, which more than offset a lower result from fair value items. The sale of the annuity portfolio of Aegon UK was the main driver behind Other charges of EUR 658 million in 2016. Underlying earnings before tax increased compared with 2015 to EUR 655 million in 2016. This was mainly the result of lower amortization of deferred policy acquisition costs in the United Kingdom related to upgrading customers to the new retirement platform.

Net income

The net loss amounted to EUR 22 million in 2016 compared with a loss of EUR 129 million in 2015. Drivers of the improvement were higher underlying earnings before tax and lower losses from other charges, which more than offset a lower result from fair value items. Other charges in 2015 included a write down of deferred policy acquisition costs in the United Kingdom. The sale of the UK annuity portfolio was the main driver behind Other charges of EUR 658 million in 2016.

Net income for the Netherlands

Net income from Aegon s businesses in the Netherlands amounted to EUR 418 million in 2016, largely driven by underlying earnings before tax of EUR 534 million. Results on fair value items worsened compared with 2015 to a loss of EUR 228 million in 2016 as the impact of credit spreads movements, declining interest rates as a result of a mismatch on an IFRS basis between the valuation of interest rate hedges and liabilities, and declining interest rates as a result of the mismatch on an IFRS basis between certain interest rate hedges on the mortgage portfolio and the underlying mortgages more than offset positive real estate revaluations. Realized gains of EUR 189 million in 2016 were the result of asset-liability management adjustments and normal trading activity in the investment portfolio. Impairments amounted to EUR 12 million in 2016 and were mostly driven by the consumer loan portfolio. Other income amounted to EUR 44 million in 2016 and was driven by model updates.

Net income for the United Kingdom

Net income from Aegon s businesses in the United Kingdom amounted to a loss of EUR 456 million in 2016. The sale of the annuity portfolio which resulted in a loss of EUR 678 million recorded in other charges, was the main driver behind this loss. Losses from fair value items of EUR 7 million were driven by losses on equity hedging programs which were only partly offset by fair value gains related to Aegon s European variable annuities business. Positive components were realized gains which amounted to EUR 153 million in 2016 and were driven by rebalancing of the investment portfolio following the sale of the annuity portfolio, and underlying earnings before tax which amounted to EUR 59 million.

Net income for Central & Eastern Europe

Net income from Aegon s businesses in Central & Eastern Europe (CEE) amounted to EUR 19 million in 2016. Underlying earnings before tax of EUR 55 million were partly offset by other charges which amounted to EUR

23 million in 2016 as a result of additions to a legal claims provision. Impairment reversals amounted to EUR 1 million in 2016.

Net income for Spain & Portugal

Net income from Aegon s businesses in Spain & Portugal amounted to a loss of EUR 2 million in 2016 as underlying earnings before tax of EUR 8 million were more than offset by income tax of EUR 8 million, losses on fair value items of EUR 1 million and losses on investments of EUR 1 million.

Underlying earnings before tax

Underlying earnings before tax in 2016 increased 17% compared with 2015 to EUR 655 million. This was mainly driven by lower amortization of deferred policy acquisition costs in the United Kingdom related to upgrading customers to the retirement platform compared to 2015.

Underlying earnings before tax for the Netherlands

Underlying earnings before tax for the Netherlands in 2016 decreased by 1% compared with 2015 to EUR 534 million.

Underlying earnings before tax from Life & Savings declined by 5% compared with 2015 to EUR 309 million in 2016 as lower funding costs for the mortgage portfolio were offset by lower investment income and increased expenses, which were partly the result of new business initiatives.

Underlying earnings before tax from Pensions decreased by 7% compared with 2015 to EUR 197 million in 2016, mainly due to lower investment income.

The results from the Non-life business increased compared with 2015 to EUR 1 million in 2016. Lower investment income and weather related losses were more than offset by favorable claims experience driven by management actions implemented in 2015 and 2016 as well as the benefit from the divestment of the loss-making commercial line non-life business.

Underlying earnings before tax from the Distribution business increased compared with 2015 to EUR 27 million in 2016. The increase was mainly driven by expense reductions.

Underlying earnings before tax for the United Kingdom

Underlying earnings before tax in the United Kingdom amounted to EUR 59 million in 2016.

- Underlying earnings before tax from Life decreased compared with 2015 to EUR 50 million. This was mostly due to the impact of the sale of the annuity business partly offset by expense savings, favorable claims experience and reserve releases.
- Underlying earnings before tax from Pensions improved compared with 2015 to EUR 9 million in 2016. This was mainly driven by lower amortization of deferred policy acquisition costs in the United Kingdom related to upgrading customers to the retirement platform compared to 2015.

Underlying earnings before tax for Central & Eastern Europe

Underlying earnings before tax from Central & Eastern Europe increased to EUR 55 million in 2016, up from EUR 37 million in 2015. This increase was primarily driven by a normalization of surrender levels in Poland which led to a negative impact following product changes in 2015.

Underlying earnings before tax for Spain & Portugal

Underlying earnings before tax from Spain & Portugal decreased compared with 2015 to EUR 8 million in 2016. Higher results from the joint ventures with Banco Santander were offset by adverse claims experience and increased investments in the direct channel and new business initiatives.

Commissions and expenses

Commissions and expenses decreased by 13% compared with 2015 to EUR 2.1 billion in 2016. Operating expenses were stable compared with 2015 and amounted to EUR 1,445 million in 2016.

Commissions and expenses for the Netherlands

Commissions and expenses decreased compared with 2015 to EUR 975 million in 2016. Operating expenses were down compared with 2015 to EUR 821 million in 2016 as the non-recurrence of one-time charges in 2015 and expense savings were partly offset by investments in new business initiatives, Solvency II related expenses, and the cost of an IT project that will result in annual expense savings going forward.

Commissions and expenses for the United Kingdom

Commissions and expenses decreased by 27% in 2016 to EUR 667 million compared with 2015. Operating expenses decreased by 1% in 2016 to EUR 394 million compared with 2015, mainly due to favorable currency movements, partly offset by expenses related to the acquisitions of Cofunds and BlackRock s defined contribution business.

Commissions and expenses for Central & Eastern Europe

Commissions and expenses decreased compared with 2015 to EUR 244 million in 2016. Operating expenses remained stable compared with 2015 at EUR 143 million in 2016.

Commissions and expenses for Spain & Portugal

Commissions and expenses increased compared with 2015 to EUR 172 million in 2016. Operating expenses increased compared with 2015 to EUR 88 million in 2016, mainly resulting from growth of Aegon s joint ventures with Santander in Spain & Portugal and project-related expenses.

Production

Gross deposits increased by 11% compared with 2015 to EUR 12.8 billion in 2016. The increase compared with 2015 was primarily driven by the growth of Knab, Aegon s online bank in the Netherlands.

New life sales declined by 10% compared with 2015 to EUR 299 million in 2016. The decline compared with 2015 was mainly the result of the absence of large pension buyouts in the Netherlands. New premium production for general and accident & health insurance increased compared with 2015 to EUR 129 million in 2016.

Production for the Netherlands

Gross deposits increased by 30% compared with 2015 to EUR 6.7 billion in 2016, mainly driven by the growth of Knab, Aegon s online bank. New life sales declined compared with 2015 to EUR 111 million in 2016, which was a result of the absence of large pension buyouts. Premium production for accident & health increased compared with 2015 to EUR 14 million in 2016, while general insurance production decreased compared with 2015 to EUR 21 million in 2016.

Production for the United Kingdom

Gross deposits of EUR 5.8 billion in 2016 were mainly driven by the addition of new customers as the platform continues to grow. New life sales decreased compared with 2015 to EUR 66 million in 2016.

Production for Central & Eastern Europe

In Central & Eastern Europe, new life sales in 2016 declined compared with 2015 to EUR 83 million. Sales growth in Turkey was more than offset by lower sales in Poland resulting from changes in the product offering. For general insurance business there were higher sales compared with 2015 amounting to EUR 43 million in 2016.

Production for Spain & Portugal

New life sales in Spain & Portugal in 2016 remained stable compared with 2015 and amounted to EUR 39 million as increasing sales through the joint venture with Banco Santander were offset by declines in other channels. General insurance and accident & health insurance sales increased compared with 2015 to EUR 50 million in 2016, also as a result of higher sales from the joint ventures with Santander.

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Results 2015 Europe

Amounts in EUR millions	2015	2014	%
Net underlying earnings	**482**	**638**	**(25%)**
Tax on underlying earnings	77	133	(42%)
Underlying earnings before tax by business / country			
Netherlands	537	558	(4%)
United Kingdom	(27)	125	-
Central & Eastern Europe	37	60	(39%)
Spain & Portugal[1)]	12	28	(56%)
Underlying earnings before tax	**559**	**771**	**(27%)**
Fair value items	101	(789)	-
Gains / (losses) on investments	411	606	(32%)
Net impairments	(22)	(54)	58%
Other income / (charges)	(1,205)	(189)	-
Income before tax (excluding income tax from certain proportionately consolidated joint ventures and associates)	**(156)**	**345**	**-**
Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	6	2	-
Income tax	27	(79)	-
Of which Income tax from certain proportionately consolidated joint ventures and associates included in income before tax	(6)	(2)	-
Net income			