JORDEN THOMAS E
Form 4
September 07, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
JORDEN THOMAS E
(Last) (First) (Middle)
1700 LINCOLN STREET SUITE 3700
(Street)
DENVER, CO 80203
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CIMAREX ENERGY CO [XEC]

3. Date of Earliest Transaction (Month/Day/Year)
09/05/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)
CEO and President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								248,829 (1)	D	
Common Stock								11,741	I	By 401(k)
Common Stock	09/05/2017		S		2,500 (2) (3)	D	$ 102.2734	101,175	I	By Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JORDEN THOMAS E 1700 LINCOLN STREET SUITE 3700 DENVER, CO 80203			CEO and President	

Signatures

Francis B. Barron, as Attorney-in-Fact	09/07/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents shares subject to service-based vesting and the satisfaction of certain performance criteria.

(2) The price reported in Column 4 for September 5, 2017 sales is a weighted average price. These shares were sold in multiple transactions at prices ranging from $101.90 to $102.96, inclusive. The reporting person undertakes to provide to Cimarex Energy Co., any security holder of Cimarex Energy Co. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

(3) The sale reported on this Form 4 was made pursuant to a Rule 10b5-1 trading plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. NT COLOR="#0079c2"> **354 - 275 (503) (61) 5,018 - Fair value through profit or loss**

Debt securities

17 (1) - 6 - (9) 2 - 2 - - 17 1

Other investments at fair value

1,217 21 - 57 (269) - 156 - 118 (62) - 1,237 25

Investments for account of policyholders

1,989 92 - 534 (640) - 38 - 90 (148) - 1,956 85

Derivatives

328 66 - - (17) - 17 (75) - - - 320 (76)

Investments in real estate

1,532 (4) - 397 (224) - 91 - - - - 1,792 27

Investments in real estate for policyholders

996 53 - 66 (86) - 73 - - - - 1,101 55 **6,079 226 - 1,060 (1,236) (9) 377 (75) 210 (209) amounts**

Real estate held for own use

287 - 5 (14) (5) - 20 - - - - 293 (2) **287 - 5 (14) (5) - 20 - - - - 293 (2) Total assets at fair value 10,677 185 40 2,680 (1,949) (286) 751 (75) 485 (713) (61) 11,734 116 Liabilities carried at fair value**

Investment contracts for account of policyholders

114 4 - 32 (1) - 16 - - - - 165 4

Derivatives

1,431 1,622 - - (41) - 106 (75) - - (32) 3,010 1,752 **1,545 1,626 - 32 (42) - 122 (75) - -**

[1] Includes impairments and movements related to fair value hedges. Gains and losses are recorded in the line item Results from financial transactions of the income statement.

[2] Total gains and losses are recorded in line items: Gains / (losses) on revaluation of available-for-sale investments, (Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments and Changes in revaluation reserve real estate held for own use of the statement of other comprehensive income.

[3] Total gains / (losses) for the period during which the financial instrument was in Level III.

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During 2015, Aegon transferred certain financial instruments from Level I and Level II to Level III of the fair value hierarchy. The reason for the change in level was that the market liquidity for these securities decreased, which led to a change in market observability of prices. Prior to transfer, the fair value for the Level I and Level II securities was determined using observable market transactions or corroborated broker quotes respectively for the same or similar instruments. The amount of assets and liabilities transferred to Level III was EUR 473 million (2014: EUR 485 million). Since the transfer, all such assets have been valued using valuation models incorporating significant non market-observable inputs or uncorroborated broker quotes.

Similarly, during 2015, Aegon transferred certain financial instruments from Level III to other levels of the fair value hierarchy. The change in level was mainly the result of a return of activity in the market for these securities and that for these securities the fair value could be determined using observable market transactions or corroborated broker quotes for the same or similar instruments. Transfers from Level III amounted to EUR 619 million (2014: EUR 712 million).

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Significant unobservable assumptions

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level III financial instruments.

	Valuation technique [1]	Significant unobservable input [2]	December 31, 2015	Range (weighted average)	December 31, 2014	Range (weighted average)
Assets carried at fair value						
Available-for-sale						
Shares	Net asset value	n.a.	132	n.a.	134	n.a.
	Other	n.a.	161	n.a.	147	n.a.
			293		**280**	
Debt securities	Broker quote	n.a.	3,640	n.a.	3,201	n.a.
	Discounted cash flow	Discount rate	-	-	199	3% - 8% (7.9%)
	Discounted cash flow	Credit spread	219	1.5% - 3.8% (2.8%)	223	0.8% - 3% (2.7%)
	Other	n.a.	285	n.a.	180	n.a.
			4,144		**3,803**	
Other investments at fair value						
Tax credit investments	Discounted cash flow	Discount rate	785	7.4%	759	8.5%
Investment funds	Net asset value	n.a.	97	n.a.	104	n.a.
Other	Other	n.a.	45	n.a.	72	n.a.
			928		**934**	
At December 31			**5,365**		**5,018**	
Fair value through profit or loss						
Debt securities	Other	n.a.	6	n.a.	17	n.a.
			6		**17**	
Other investments at fair value						
Investment funds	Net asset value	n.a.	1,260	n.a.	1,231	n.a.
Other	Other	n.a.	6	n.a.	6	n.a.
			1,265		**1,237**	
Derivatives [3]						
Longevity swap	Discounted cash flow	Mortality	86	n.a.	82	n.a.
Other	Other	n.a.	23	n.a.	110	n.a.
			109		**191**	

Real estate						
Investments in real estate	Direct capitalization technique	Capitalization rate	640	4.8% - 10.5% (6.3%)	580	4.5% - 11% (7%)
	Appraisal value	n.a.	1,148	n.a.	1,069	n.a.
	Other	n.a.	202	n.a.	143	n.a.
			1,990		**1,792**	
At December 31			**3,370**		**3,237**	
Revalued amounts						
Real estate held for own use	Direct capitalization technique	Capitalization rate	163	6.5% - 9.5% (7.9%)	137	6.5% - 9.5% (7.9%)
	Appraisal value	n.a.	116	n.a.	100	n.a.
	Other	n.a.	60	n.a.	56	n.a.
At December 31			**338**		**293**	
Total assets at fair value [3)]			**9,073**		**8,547**	
Liabilities carried at fair value						
Derivatives						
Embedded derivatives in insurance contracts	Discounted cash flow	Own credit spread	2,072	0.3% - 0.4% (0.3%)	2,939	0.3%
Other	Other	n.a.	32	n.a.	71	n.a.
Total liabilities at fair value			**2,104**		**3,010**	

1 Other in the table above (column Valuation technique) includes investments for which the fair value is uncorroborated and no broker quote is received.

2 Not applicable (n.a.) has been included when no significant unobservable assumption has been identified and used.

3 Investments for account of policyholders are excluded from the table above and from the disclosure regarding reasonably possible alternative assumptions. Policyholder assets, and their returns, belong to policyholders and do not impact Aegon s net income or equity. The effect on total assets is offset by the effect on total liabilities. Derivatives exclude derivatives for account of policyholders amounting to EUR 113 million (2014: EUR 129).

For reference purposes, the valuation techniques included in the table above are described in more detail on the following pages.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

		December 31, 2015	Effect of reasonably possible alternative assumptions (+/-) Increase	Decrease	December 31, 2014	Effect of reasonably possible alternative assumptions (+/-) Increase	Decrease
Financial liabilities carried at fair value							
Embedded derivatives in insurance contracts	a	2,072	196	(187)	2,939	180	(171)

The table above presents the impact on a fair value measurement of a change in an unobservable input for embedded derivatives in insurance contracts. It is estimated that changing one or more of the unobservable inputs to reflect reasonable possible alternatives in valuation of other Level III financial investments would have no significant impact for the Group. The impact of changes in inputs may not be independent, therefore the descriptions provided below indicate the impact of a change in an input in isolation:

a. To determine the fair value of the bifurcated embedded derivatives related to guarantees, a discount rate is used including own credit spread. An increase in own credit spread results in lower valuation, while a decrease results in a higher valuation of the embedded derivatives. Aegon increased or decreased its own credit spread by 20 basis points.

Fair value information about assets and liabilities not measured at fair value

The following table presents the carrying values and estimated fair values of assets and liabilities, excluding assets and liabilities which are carried at fair value on a recurring basis.

2015	**Carrying amount December 31, 2015**	**Estimated fair value hierarchy**	**Total estimated fair value December 31,**

		Level I	Level II	Level III	2015
Assets					
Mortgage loans - held at amortized cost	32,899	-	-	37,648	37,648
Private loans - held at amortized cost	2,847	-	79	3,086	3,165
Other loans - held at amortized cost	2,517	-	2,301	215	2,517
Liabilities					
Trust pass-through securities - held at amortized cost	157	-	146	-	146
Subordinated borrowings - held at amortized cost	759	681	147	-	828
Borrowings - held at amortized cost	11,829	1,735	706	9,753	12,194
Investment contracts - held at amortized cost	17,260	-	7,219	10,641	17,860

2014	Carrying amount December 31, 2014	Estimated fair value hierarchy			Total estimated fair value December 31, 2014
		Level I	Level II	Level III	
Assets					
Mortgage loans - held at amortized cost	31,729	-	-	36,692	36,692
Private loans - held at amortized cost	2,058	-	73	2,381	2,454
Other loans - held at amortized cost	2,516	-	2,144	372	2,516
Liabilities					
Trust pass-through securities - held at amortized cost	143	-	139	-	139
Subordinated borrowings - held at amortized cost	747	734	94	-	828
Borrowings - held at amortized cost	13,588	2,208	1,532	10,316	14,056
Investment contracts - held at amortized cost	14,985	-	5,542	9,951	15,492

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Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, short-term receivables and accrued interest receivable, short-term liabilities, and accrued liabilities. These instruments are not included in the table above.

Fair value measurement

The description of Aegon s methods of determining fair value and the valuation techniques are described on the following pages.

Shares

When available, Aegon uses quoted market prices in active markets to determine the fair value of its investments in shares. Fair values for unquoted shares are estimated using observations of the price/earnings or price/cash flow ratios of quoted companies considered comparable to the companies being valued. Valuations are adjusted to account for company-specific issues and the lack of liquidity inherent in an unquoted investment. Adjustments for lack of liquidity are generally based on available market evidence. In addition, a variety of other factors are reviewed by management, including, but not limited to, current operating performance, changes in market outlook and the third-party financing environment.

Available-for-sale shares include shares in a Federal Home Loan Bank (FHLB) for an amount of EUR 120 million (2014: EUR 107 million) that are measured at par, which are reported as part of Other. A FHLB has implicit financial support from the United States government. The redemption value of the shares is fixed at par and they can only be redeemed by the FHLB.

Real estate funds, private equity funds and hedge funds

The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. Aegon reviews the valuations each month and performs analytical procedures and trending analyses to ensure the fair values are appropriate.

Debt securities

The fair values of debt securities are determined by management after taking into consideration several sources of data. When available, Aegon uses quoted market prices in active markets to determine the fair value of its debt securities. As stated previously, Aegon s valuation policy utilizes a pricing hierarchy which dictates that publicly available prices are initially sought from indices and third-party pricing services. In the event that pricing is not available from these sources, those securities are submitted to brokers to obtain quotes. The majority of brokers quotes are non-binding. As part of the pricing process, Aegon assesses the appropriateness of each quote (i.e. as to whether the quote is based on observable market transactions or not) to determine the most appropriate estimate of fair value. Lastly, securities are priced using internal cash flow modeling techniques. These valuation methodologies commonly use the following inputs: reported trades, bids, offers, issuer spreads, benchmark yields, estimated prepayment speeds, and/or estimated cash flows.

To understand the valuation methodologies used by third-party pricing services Aegon reviews and monitors the applicable methodology documents of the third-party pricing services. Any changes to their methodologies are noted and reviewed for reasonableness. In addition, Aegon performs in-depth reviews of prices received from third-party pricing services on a sample basis. The objective for such reviews is to demonstrate that Aegon can corroborate detailed information such as assumptions, inputs and methodologies used in pricing individual securities against documented pricing methodologies. Only third-party pricing services and brokers with a substantial presence in the market and with appropriate experience and expertise are used.

Third-party pricing services will often determine prices using recently reported trades for identical or similar securities. The third-party pricing service makes adjustments for the elapsed time from the trade date to the balance sheet date to take into account available market information. Lacking recently reported trades, third-party pricing services and brokers will use modeling techniques to determine a security price where expected future cash flows are developed based on the performance of the underlying collateral and discounted using an estimated market rate.

Periodically, Aegon performs an analysis of the inputs obtained from third-party pricing services and brokers to ensure that the inputs are reasonable and produce a reasonable estimate of fair value. Aegon s asset specialists and investment valuation specialists consider both qualitative and quantitative factors as part of this analysis. Several examples of analytical procedures performed include, but are not limited to, recent transactional activity for similar debt securities, review of pricing statistics and trends and consideration of recent relevant market events. Other controls and procedures over pricing received from indices, third-party pricing services, or brokers include validation checks such as exception reports which highlight significant price changes, stale prices or unpriced securities. Additionally, Aegon performs back testing on a sample basis. Back testing involves selecting a sample of securities trades and comparing the prices in those transactions to prices used for financial reporting. Significant variances between the price used for financial reporting and the transaction price are investigated to explain the cause of the difference.

Credit ratings are also an important consideration in the valuation of securities and are included in the internal process for determining Aegon s view of the risk associated with each security. However, Aegon does not rely solely on external credit ratings and there is an internal process, based on market observable inputs, for determining Aegon s view of the risks associated with each security.

Aegon s portfolio of private placement securities (held at fair value under the classification of available-for-sale or fair value through profit or loss) is valued using a matrix pricing methodology. The pricing matrix is obtained from a third-party service provider and indicates current spreads for securities based on weighted average life, credit rating, and industry sector. Each month, Aegon s asset specialists review the matrix to ensure the spreads are reasonable by comparing them to observed spreads for similar bonds traded in the market. Other inputs to the valuation include coupon rate, the current interest rate curve used for discounting and a liquidity premium to account for the illiquid nature of these securities. The liquidity premiums are determined based upon the pricing of recent transactions in the private placements market; comparing the value of the privately offered security to a similar public security. The impact of the liquidity premium for private placement securities to the overall valuation is insignificant.

Aegon s portfolio of debt securities can be subdivided in Residential mortgage-backed securities (RMBS), Commercial mortgage-backed securities (CMBS), Asset-backed securities (ABS), Corporate bonds and Sovereign debt. Below relevant details in the valuation methodology for these specific types of debt securities are described.

Residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities

Valuations of RMBS, CMBS and ABS are monitored and reviewed on a monthly basis. Valuations per asset type are based on a pricing hierarchy which uses a waterfall approach that starts with market prices from indices and follows with third-party pricing services or brokers. The pricing hierarchy is dependent on the possibilities of corroboration of the market prices. If no market prices are available, Aegon uses internal models to determine fair value. Significant inputs included in the internal models are generally determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles. Market standard models may be used to model the specific collateral composition and cash flow structure of each transaction. The most significant unobservable input is liquidity premium which is embedded in the discount rate.

Corporate bonds

Valuations of corporate bonds are monitored and reviewed on a monthly basis. The pricing hierarchy is dependent on the possibility of corroboration of market prices when available. If no market prices are available, valuations are determined by a discounted cash flow methodology using an internally calculated yield. The yield is comprised of a credit spread over a given benchmark. In all cases the benchmark is an observable input. The credit spread contains both observable and unobservable inputs. Aegon starts by taking an observable credit spread from a similar bond of the given issuer, and then adjust this spread based on unobservable inputs. These unobservable inputs may include subordination, liquidity and maturity differences.

Sovereign debt

When available, Aegon uses quoted market prices in active markets to determine the fair value of its sovereign debt investments. When Aegon cannot make use of quoted market prices, market prices from indices or quotes from third-party pricing services or brokers are used.

Tax credit investments

The fair value of tax credit investments is determined by using a discounted cash flow valuation technique. This valuation technique takes into consideration projections of future capital contributions and distributions, as well as future tax credits and the tax benefits of future operating losses. The present value of these cash flows is calculated by applying a discount rate. In general, the discount rate is determined based on the cash outflows for the investments and the cash inflows from the tax credits and/or tax benefits (and the timing of these cash flows). These inputs are unobservable in the market place.

Mortgage loans, policy loans and private loans *(held at amortized cost)*

For private loans, fixed interest mortgage loans and other loans originated by the Group, the fair value used for disclosure purposes is estimated by discounting expected future cash flows using a current market rate applicable to financial instruments with similar yield and maturity characteristics. For fixed interest mortgage loans, the market rate is adjusted for expenses, prepayment rates, lapse assumptions (unobservable inputs), liquidity and credit risk (market observable inputs). An increase in expense spread, prepayment rates and/or prepayment assumptions, would decrease the fair value of the mortgage loan portfolio.

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The fair value of floating interest rate mortgage loans, policy loans and private placements used for disclosure purposes is assumed to be approximated by their carrying amount, adjusted for changes in credit risk. Credit risk adjustments are based on market observable credit spreads if available, or management s estimate if not market observable.

Money market and other short-term investments and deposits with financial institutions

The fair value of assets maturing within a year is assumed to be approximated by their carrying amount adjusted for credit risk where appropriate. Credit risk adjustments are based on market observable credit spreads if available, or management s estimate if not market observable.

Derivatives

Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modeling, are applied. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available. Models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices.

Fair values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices in active markets. Fair values for over-the-counter (OTC) derivative financial instruments represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using pricing models based on the net present value of estimated future cash flows, directly observed prices from exchange-traded derivatives, other OTC trades, or external pricing services. Most valuations are derived from swap and volatility matrices, which are constructed for applicable indices and currencies using current market data from many industry standard sources. Option pricing is based on industry standard valuation models and current market levels, where applicable. The pricing of complex or illiquid instruments is based on internal models or an independent third party. For long-dated illiquid contracts, extrapolation methods are applied to observed market data in order to estimate inputs and assumptions that are not directly observable. To value OTC derivatives, management uses observed market information, other trades in the market and dealer prices.

Aegon s valuation of its euro-denominated derivatives positions in the Netherlands is based on the Overnight Index Swap (OIS) curve.

Some OTC derivatives are so-called longevity derivatives. The payout of longevity derivatives is linked to publicly available mortality tables. The derivatives are measured using the present value of the best estimate of expected payouts of the derivative plus a risk margin. The best estimate of expected payouts is determined using best estimate of mortality developments. Aegon determined the risk margin by stressing the best estimate mortality developments to quantify the risk and applying a cost-of-capital methodology. Depending on the duration of the longevity swaps either the projected mortality development or discount rate are the most significant unobservable inputs.

Aegon normally mitigates counterparty credit risk in derivative contracts by entering into collateral agreements where practical and in ISDA master netting agreements for each of the Group s legal entities to facilitate Aegon s right to offset credit risk exposure. Changes in the fair value of derivatives attributable to changes in counterparty credit risk were not significant.

Embedded derivatives in insurance contracts including guarantees

Bifurcated guarantees for minimum benefits in insurance and investment contracts are carried at fair value. These guarantees include Guaranteed minimum withdrawal benefits (GMWB) in the United States and United Kingdom which are offered on some variable annuity products and are also assumed from a ceding company; minimum investment return guarantees on insurance products offered in the Netherlands, including group pension and traditional products; variable annuities sold in Europe. Additionally, Aegon offers guarantees on variable annuities sold through its joint venture in Japan.

Since the price of these guarantees is not quoted in any market, the fair values of these guarantees are based on discounted cash flows calculated as the present value of future expected payments to policyholders less the present value of assessed rider fees attributable to the guarantees. Given the complexity and long-term nature of these guarantees which are unlike instruments available in financial markets, their fair values are determined by using stochastic models under a variety of market return scenarios. A variety of factors are considered, including own credit spread, expected market rates of return, equity and interest rate volatility, correlations of market returns, discount rates and actuarial assumptions. The most significant unobservable factor is own credit spread. The weighted average own credit spread used in the valuations of embedded derivatives in insurance contracts remained stable at 0.3% (2014: 0.3%).

The expected returns are based on risk-free rates. Aegon added a premium to reflect the credit spread as required. The credit spread is set by using the Credit default swap (CDS) spreads of a reference portfolio of life insurance companies (including Aegon), adjusted to reflect the subordination of senior debt holders at the holding company level to the position of policyholders at the operating company level (who have priority in payments over other creditors). Aegon s assumptions are set by region to reflect differences in the valuation of the guarantee embedded in the insurance contracts.

Aegon extrapolates yield curves beyond market observable maturities. The discount rates converge linearly in 10 years to an Ultimate Forward Rate of 4.25% from the last liquid point. The uniform last liquid point for all Aegon s major currencies (EUR, USD and GBP) is set at 30 years.

Since many of the assumptions are unobservable and are considered to be significant inputs to the liability valuation, the liability included in future policy benefits has been reflected within Level III of the fair value hierarchy. Refer to note 38 Guarantees in insurance contracts for more details about Aegon s guarantees.

Real estate

Valuations of both investments in real estate and real estate held for own use are conducted in full by independent external appraisers at least every three to five years and reviewed at least once a year by qualified internal appraisers to ensure the value correctly reflects the fair value at the balance sheet date. Appraisals are different for each specific local market, but are based on market guidelines such as International Valuation Standards, Uniform Standards of Professional Appraisal Practice or guidelines issued by the Investment Property Databank. Valuations are mostly based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. If such information is not available, other valuation methods are applied, considering the value that the property s net earning power will support, the value indicated by recent sales of comparable properties and the current cost of reproducing or replacing the property. Discount rates used in the valuation of real estate reflect the risk embedded in the projected cash flows for the asset being valued. Capitalization rates represent the income rate for a real estate property that reflects the relationship between a single year s net operating income expectancy and the total property price or value. For property held for own use, appraisers consider the present value of the future rental income cash flows that could be achieved had the real estate been rented to a third party.

Investment contracts

Investment contracts issued by Aegon are either carried at fair value (if they are designated as financial liabilities at fair value through profit or loss) or amortized cost (with fair value being disclosed in the notes to the consolidated financial statements). These contracts are not quoted in active markets and their fair values are determined by using valuation techniques, such as discounted cash flow methods and stochastic modeling or in relation to the unit price of the underlying assets. All models are validated and calibrated. A variety of factors are considered, including time value, volatility, policyholder behavior, servicing costs and fair values of similar instruments.

Similar to embedded derivatives in insurance contracts, certain investment products are not quoted in active markets and their fair values are determined by using valuation techniques. Because of the dynamic and complex nature of these cash flows, stochastic or similar techniques under a variety of market return scenarios are often used. A variety of factors are considered, including expected market rates of return, market volatility, correlations of market returns, discount rates and actuarial assumptions.

The expected returns are based on risk-free rates, such as the current London Interbank Offered Rate (LIBOR) swap rates and associated forward rates, the Overnight Index Swap (OIS) curve or the current rates on local government bonds. Market volatility assumptions for each underlying index are based on observed market implied volatility data and/or observed market performance. Correlations of market returns for various underlying indices are based on observed market returns and their inter-relationships over a number of years preceding the valuation date. Current risk-free spot rates are used to determine the present value of expected future cash flows produced in the stochastic projection process.

Assumptions on customer behavior, such as lapses, included in the models are derived in the same way as the assumptions used to measure insurance liabilities.

Trust pass-through securities and subordinated borrowings

Trust pass-through securities and subordinated borrowings are either carried at fair value (if they are designated as financial liabilities at fair value through profit or loss) or amortized cost (with fair value being disclosed in the notes to the consolidated financial statements). For the determination of the fair value of these instruments, the level hierarchy as described by IFRS is used. The preferred method of obtaining the fair value of the fair value option bonds is the quoted price (Level I). In case markets are less liquid or the quoted prices are not available, an internal model is used, based on parameters which are market observable (Level II). Aegon uses a discounted cash flow method including yield curves such as deposit rates, floating rates and 3-month swap rates. In addition, Aegon includes own credit spread based on Aegon s credit default swap curve.

Summary of total financial assets and financial liabilities at fair value through profit or loss

The table that follows summarizes the carrying amounts of financial assets and financial liabilities that are classified as at fair value through profit or loss, with appropriate distinction between those financial assets and financial liabilities held for trading and those that, upon initial recognition, were designated as at fair value through profit or loss.

	2015		2014	
	Trading	**Designated**	Trading	Designated
Investments for general account	74	5,742	150	4,746
Investments for account of policyholders	-	199,204	-	190,366
Derivatives with positive values not designated as hedges	9,885	-	25,789	-
Total financial assets at fair value through profit or loss	**9,959**	**204,947**	**25,940**	**195,112**
Investment contracts for account of policyholders	-	40,365	-	38,220
Derivatives with negative values not designated as hedges	9,852	-	24,186	-
Borrowings	-	617	-	571
Total financial liabilities at fair value through profit or loss	**9,852**	**40,981**	**24,186**	**38,791**

Investments for general account

The Group manages certain portfolios on a total return basis which have been designated at fair value through profit or loss. This includes portfolios of investments in limited partnerships and limited liability companies (primarily hedge funds) for which the performance is assessed internally on a total return basis. In addition, some investments that include an embedded derivative that would otherwise have required bifurcation, such as convertible instruments, preferred shares and credit linked notes, have been designated at fair value through profit or loss.

Investments for general account backing insurance and investment liabilities, that are carried at fair value with changes in the fair value recognized in the income statement, are designated at fair value through profit or loss. The Group elected to designate these investments at fair value through profit or loss, as a classification of financial assets as available-for-sale would result in accumulation of unrealized gains and losses in a revaluation reserve within equity, while changes to the liability would be reflected in net income (accounting mismatch).

Investments for account of policyholders

Investments held for account of policyholders comprise assets that are linked to various insurance and investment contracts for which the financial risks are borne by the customer. Under the Group s accounting policies these insurance and investment liabilities are measured at the fair value of the linked assets with changes in the fair value recognized in the income statement. To avoid an accounting mismatch the linked assets have been designated as at fair value through profit or loss.

In addition, the investment for account of policyholders include with profit assets, where an insurer manages these assets together with related liabilities on a fair value basis in accordance with a documented policy of asset and liability management. In accordance with the Group s accounting policies, these assets have been designated as at fair value through profit or loss.

Investment contracts for account of policyholders

With the exception of the financial liabilities with discretionary participating features that are not subject to the classification and measurement requirements for financial instruments, all investment contracts for account of policyholders that are carried at fair value or at the fair value of the linked assets are included in the table above.

Derivatives

With the exception of derivatives designated as a hedging instrument, all derivatives held for general account and held for account of policyholders are included in the table above.

Borrowings

Borrowings designated as at fair value through profit or loss includes financial instruments that are managed on a fair value basis together with related financial assets and financial derivatives (note 39 Borrowings).

Gains and losses recognized in the income statement on financial assets and financial liabilities classified as at fair value through profit or loss can be summarized as follows:

	2015		2014	
	Trading	**Designated**	Trading	Designated
Net gains and (losses)	(1,350)	1,228	8,160	4,839

No loans and receivables were designated at fair value through profit or loss.

Changes in the fair value of investment contracts for account of policyholders designated at fair value through profit or loss were not attributable to changes in Aegon s credit spread. There are also no differences between the carrying amounts of these financial liabilities and the contractual amounts payable at maturity (net of surrender penalties).

Refer to note 39 Borrowings for the impact of Aegon s own credit spread on the fair value of the borrowings designated at fair value through profit or loss.

48 Commitments and contingencies

Investments contracted

In the normal course of business, the Group has committed itself through purchase and sale transactions of investments, mostly to be executed in the course of 2016. The amounts represent the future outflow and inflow, respectively, of cash related to these investment transactions that are not reflected in the consolidated statement of financial position.

	2015		2014	
	Purchase	**Sale**	Purchase	Sale
Real estate	-	70	-	34
Mortgage loans	488	56	388	60
Private loans	98	-	122	-

Other	670	-	422	-

Mortgage loans commitments represent undrawn mortgage loan facility provided and outstanding proposals on mortgages. The sale of mortgage loans relates to pre-announced redemptions on mortgage loans. Private loans represents deals on Aegon s portfolio of private placement securities that Aegon has committed to, but have not yet settled and funded. Other commitments include future purchases of interests in investment funds and limited partnerships.

Other commitments and contingencies

	2015	2014
Guarantees	708	732
Standby letters of credit	29	30
Share of contingent liabilities incurred in relation to interests in joint ventures	27	18
Other guarantees	24	22
Other commitments and contingent liabilities	20	25

Guarantees include those guarantees associated with the sale of investments in low-income housing tax credit partnerships in the United States. Standby letters of credit amounts reflected above are the liquidity commitment notional amounts. In addition to the guarantees shown in the table, guarantees have been given for fulfillment of contractual obligations such as investment mandates related to investment funds.

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Contractual obligations

An Aegon N.V. indirect US life subsidiary has a net worth maintenance agreement with its subsidiary Transamerica Life (Bermuda) Ltd, pursuant to which Transamerica Life Insurance Company, a US life insurance subsidiary, will provide capital sufficient to maintain a S&P AA financial strength rating and capital sufficient to comply with the requirements of the countries in which its branches are located.

Transamerica Corporation, a wholly-owned subsidiary of Aegon N.V., has provided a parental guarantee to TLIC Riverwood Reinsurance, Inc. (TRRI), an affiliated captive reinsurer, for the cash payments required fulfilling reinsurance payments to Transamerica Life Insurance Company, to the extent that the assets in the captive (TRRI) are not sufficient to cover reinsurance obligations. As of December 31, 2015, this amounted to EUR 1,842 million (2014 EUR: 1,595 million).

Aegon N.V. entered into a contingent capital letter for an amount of JPY 7.5 billion (EUR 57 million) to support its joint venture Aegon Sony Life Insurance Company meeting local statutory requirements.

Aegon N.V. has guaranteed and is severally liable for the following:

- Due and punctual payment of payables due under letter of credit agreements applied for by Aegon N.V. as co-applicant with its captive insurance companies that are subsidiaries of Transamerica Corporation and Commonwealth General Corporation. At December 31, 2015, the letter of credit arrangements utilized by captives to provide collateral to affiliates amounted to EUR 3,750 million (2014: EUR 2,403 million); as of that date no amounts had been drawn, or were due under these facilities. Other letter of credit arrangements for subsidiaries amounted to EUR 235 million (2014: EUR 114 million); as of that date no amounts had been drawn, or were due under these facilities;
- Due and punctual payment of payables due under letter of credit agreements or guarantees provided for subsidiaries of Transamerica Corporation at December 31, 2015 amounted to EUR 3,467 million (2014: EUR 3,099 million). As of that date no amounts had been drawn, or were due under letter of credit facilities. The guarantees partly related to debt amounted to EUR 1,448 million (2014: EUR 1,275 million) and is included in the Operational funding table in note 39 Borrowings of the consolidated financial statements of the Group in the line USD 1.54 billion Variable Funding Surplus Note ;
- Due and punctual payment of payables by the consolidated group companies Transamerica Corporation, Aegon Funding Company LLC and Commonwealth General Corporation with respect to bonds, capital trust pass-through securities and notes issued under commercial paper programs amounted to EUR 615 million (2014: EUR 552 million); and
- Due and punctual payment of any amounts owed to third parties by the consolidated group company Aegon Derivatives N.V. in connection with derivative transactions. Aegon Derivatives N.V. only enters into derivative transactions with counterparties with which ISDA master netting agreements, including collateral support annex agreements, have been agreed. Net (credit) exposure on derivative transactions with these counterparties was therefore limited as of December 31, 2015.

Legal and arbitration proceedings, regulatory investigations and actions

Aegon is involved in litigation in the ordinary course of business, including litigation where compensatory or punitive damages and mass or class relief are sought. Current and former customers, both institutional as well as individual, and groups representing customers, initiate litigation. Also, certain groups encourage others to bring lawsuits in respect of products. Aegon has established litigation policies to deal with claims, defending when the claim is without merit and seeking to settle in certain circumstances. There can be no assurances that Aegon will be able to resolve existing litigation in the manner it expects or that existing or future litigation will not result in unexpected liability.

Certain of the products we sell are complex and involve significant investment risks that may be passed on to Aegon s customers. Aegon has, from time to time, received claims from certain current and former customers, and groups representing customers, in respect of certain products. Aegon has in the past agreed to make payments, in some cases substantial, or adjustments to policy terms to settle those claims or disputes as we believed appropriate.

In addition, the insurance industry has routinely been the subject of litigation, investigations, regulatory activity and challenges by various governmental and enforcement authorities and policyholder advocate groups involving wide-ranging subjects such as transparency of disclosure - issues and the charges included in products, employment or third party relationships, adequacy of internal operational controls and processes, environmental matters, anti-competition, privacy, information security and intellectual property infringement. For example, unclaimed property administrators and state insurance regulators performed examinations of the life insurance industry in the United States, including certain of Aegon s subsidiaries. This included multi-state examinations. Additionally, some states conducted separate examinations or instituted separate enforcement actions under their unclaimed property laws and related claims settlement practices. As other insurers in the United States have done, Aegon Americas identified certain additional internal processes that it has implemented or is in the process of implementing. Aegon Americas initially established reserves to this matter in 2011, which have been partially released on a quarterly basis as policy level reconciliation efforts are completed, with a reserve of approximately EUR 16 million remaining at year end 2015. Like various other major insurers in the United States, Aegon subsidiaries in the United States entered into settlements with insurance regulators regarding claims settlement practices.While Aegon believes the reserves it has established for these unclaimed property matters are adequate to cover expected obligations, there can be no assurances that actual exposures will not exceed reserve amounts or that additional sources of liability related to those examinations or other unclaimed property-related matters will not arise in the future.

Aegon subsidiaries have received inquiries from local authorities and policyholder advocate groups in various jurisdictions including the United States, the United Kingdom and the Netherlands. In the normal course of business, reviews of processes and procedures are undertaken to ensure that customers have been treated fairly, and to respond to matters raised by policyholders and their representatives. There is a risk that Aegon is not able to resolve some or all such matters in the manner that it expects. In certain instances, Aegon subsidiaries modified business practices in response to such inquiries or the findings thereof. Regulators may seek fines or other monetary penalties or changes in the way Aegon conducts its business. For example, in 2014 the UK Financial Conduct Authority fined Aegon GBP 8.3 million for past sales practices related to accident insurance products sold by an affinity marketing unit that was active in several European countries and as to which Aegon elected to cease writing new business.

Aegon has defended and Aegon intends to continue defending itself vigorously when Aegon believes claims are without merit. Aegon has also sought and intends to continue to seek to settle certain claims, including via policy modifications, in appropriate circumstances. Aegon refers to the settlement Aegon reached in 2009 with Stichting Verliespolis and Stichting Woekerpolis in The Netherlands, two major customer interest groups. In 2012, Aegon accelerated certain product improvements that reduce future costs and that increase policy value for its customers with unit-linked insurance policies. With these measures, Aegon committed to the best of class principles of the Dutch Ministry of Finance for certain existing unit-linked products. These principles were the result of an industry-wide review by the Ministry of the various agreements reached between individual insurance companies and customer interest groups in relation to unit-linked insurance policies. The Ministry made a strong appeal to all industry participants to apply its principles. As a result of this acceleration, Aegon took a one-off charge of EUR 265 million before tax in 2012. In addition, Aegon decided to reduce future policy costs for the large majority of its unit-linked portfolio. At the time of that acceleration, that decision was expected to decrease income before tax over the remaining duration of the policies by approximately EUR 125 million in aggregate, based on the present value at the time of the decision. While parties such as the Ombudsman Financiële Dienstverlening (the Netherlands financial services industry ombudsman) supported the arrangements reached with customer interest groups, the public debate over the adequacy generally of these and other arrangements, as well as discussions in the Dutch Parliament, continue and may lead to re-examination and adjustment of the settlements made. It is not yet possible to determine the direction or outcome of these matters, including what actions, if any, Aegon may take in response thereto, due to commercial necessity or future rulings or, for example, at the instigation of regulatory authorities, or the impact that any such actions may have on Aegon s business, results of operations and financial position. For example, the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten or AFM) issued a request to the insurance industry to contact certain customers to determine whether unit-linked products sold in the past, actually perform as originally contemplated. Aegon has actively responded to that request by contacting customers to assess the performance of these products in the context of the then current objectives of that customer and to solicit an informed decision by those customers whether or not to continue with, make changes to or terminate these products (activeren van klanten). This process is actively monitored by the AFM, including the percentage of customers contacted. Sanctions may be imposed if the AFM determines that an insurer did not conduct this process adequately as well as timely. The Dutch Parliament introduced specific legislation in this respect and closely monitors the process. Any changes in legislation, regulatory requirements or perceptions of commercial necessity may have a materially adverse effect on Aegon s businesses, results of operations and financial condition.

In general, individual customers as well as policyholder advocate groups and their representatives, continue to focus on the level of fees and other charges included in products sold by the insurance industry (including Aegon), as well as the transparency of disclosure regarding such fees and charges and other product features and risks. In 2013, the Dutch Supreme Court denied Aegon s appeal from a ruling of the Court of Appeal with respect to a specific Aegon unit-linked product, the KoersPlan product. Between 1989 and 1998, Aegon issued, sold or advised on approximately 600,000 KoersPlan policies. In 2011, the Court of Appeal ruled that Aegon should have more clearly informed its customers about the amount of premium which the company charged in relation to the death benefit embedded in those products. Prior to the ruling Aegon had already taken steps to improve its communications with customers as well as adjusting the amounts charged to KoersPlan customers. As a result of the Dutch Supreme Court s denial of appeal, Aegon compensated the approximately 35,000 holders of KoersPlan products who were plaintiffs in the litigation and took a charge of EUR 25 million in 2013 in connection therewith. In 2014, Aegon announced that it would voluntarily compensate holders of KoersPlan products that were not plaintiffs in the litigation. The compensation amounts to the difference, if any, between the amount of premium charged by Aegon for a comparable risk in a product providing only death benefit coverage over the same period, and the premium (if

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higher) actually charged by Aegon in connection with the KoersPlan product. This voluntary product improvement was supported by the consumer interest group that initiated the court action over the KoersPlan product, Stichting Koersplandewegkwijt. This improvement was extended to all tontine saving plan products (Spaarkassen). However, another interest group, Stichting Woekerpolisproces, announced in 2014 that it expected in the future to file a claim in court against Aegon, alleging that the compensation is too low and should be paid not only to all KoersPlan policyholders, but also to all holders of other products sold by Aegon with a death benefit (and corresponding premium payment obligation). It is not yet possible to determine what actions, if any, Aegon may take in connection with any such expectations, or demands or claims, due to commercial necessity or future rulings or, for example, at the instigation of regulatory authorities, or the impact that any such actions may have on Aegon s business, results of operations and financial position.

Aegon expects this to remain an industry issue for the foreseeable future. In 2013, the Klachteninstituut Financiële Dienstverlening (KIFID), rendered an interim decision against another insurance company in The Netherlands. KIFID is an independent body that offers an alternative forum for customers to file complaints or claims over financial services. Its decisions may be appealed to the courts. In its interim decision, KIFID found that the consumer had not been adequately informed of the so-called initial costs embedded within its unit linked policy, nor of the leverage component thereof, and challenged the contractual basis for the charges. There are claims pending with KIFID filed by customers over Aegon products and that arguably include similar allegations. If KIFID were to finally decide unfavorably and that decision were to be upheld by a court, there can be no assurances that ultimately the aggregate exposure to Aegon of such adverse decisions would not have a material adverse effect on Aegon s results of operations or financial position if the principles underlying any such decision were to be applied also to Aegon products.

In April 2015, the European Court of Justice ruled on preliminary questions raised in a court case pending before the District Court in Rotterdam against another insurance company in The Netherlands. The main preliminary question considered by the European Court of Justice was whether European law permits the application of information requirements based on general principles of Dutch law that potentially extend beyond information requirements as explicitly prescribed by local laws and regulations in force at the time the policy was written. The European Court ruled that member states may impose on insurers obligations of transparency of disclosure in addition to those existing under European law, provided that those additional obligations are sufficiently clear and concrete as well as known to an insurer in advance. The European Court has left it to the national court to decide in specific cases whether the obligations under Dutch law meet those principles. It is possible that a judgment, although it would address a question of legal principle only and would be rendered in a case against another insurer, may ultimately be used by plaintiffs against Aegon or to support potential claims against Aegon. Future claims based on emerging legal theories could have a material adverse effect on Aegon s businesses, results of operations and financial condition.

Proceedings in which Aegon is involved

In March 2014, consumer interest group Vereniging Woekerpolis.nl filed a claim against Aegon in court. The claim related to a range of unit-linked products that Aegon sold in the past, including products over which Aegon was involved in litigation in the past, like the KoersPlan product. While the number of products to which the claim may relate was reduced by the court in its interlocutory ruling of October 28, 2015, it still concerns the majority of Aegon s unit-linked portfolio. The claim challenges a variety of elements of these products, on multiple legal grounds, including allegations made in earlier court cases. There can be no assurance that the claim from Vereniging Woekerpolis.nl may not ultimately have a material adverse effect on Aegon s results of operations or financial position.

Holders of unit-linked policies filed claims in civil court against Aegon in Poland over the fees payable by a customer at the time of the initial purchase for certain products or retrospectively due on surrender for other products. While fees were explicitly disclosed to policyholders in policy documentation at the time of investment, the plaintiffs allege they are too high or that there is no contractual basis to charge fees altogether. In October 2014, the Polish Office of Competition and Consumer Protection fined Aegon for an amount of EUR 6 million in relation to its communication around early surrender fees. While this fine was not directly related to the civil claims, for reasons of commercial necessity as well as at the instigation of the regulatory authorities, Aegon decided to modify the early surrender fee structure. Aegon recorded a charge of EUR 23 million in the fourth quarter of 2014 in connection therewith. In December 2015, Aegon reached a settlement with the Polish Office of Competition and Consumer Protection on reducing the fees payable by a customer at the time of the initial purchase, and took a related charge of EUR 11 million. There can be no assurances that ultimately the exposure to Aegon in connection with allegations such as those underlying the claims in Poland, would not have a material adverse effect on Aegon s results of operations or financial position.

Aegon subsidiaries and other US industry participants have been named in representative and purported class action lawsuits alleging, among other things, that asset-based fees charged for investment products offered on 401(k) platforms were higher than those generally available in the market. Matters like these are being defended vigorously; however, at this time, due to the nature and the type of claims, it is not practicable for Aegon to quantify a range or maximum liability or the timing of the financial impact, if any. There can be no assurance that such claims may not have a material adverse effect on Aegon s results of operations or financial position.

Aegon s US operations also face employment-related lawsuits from time to time. Aegon is defending a suit filed by self-employed independent insurance agents associated with one of Aegon s financial marketing units who have claimed that they are, in fact, employees of the organization. While Aegon believes these independent contractors are not employees, if Aegon were not to prevail on that point, there can be no assurance that the outcome would not have a material effect on Aegon s results of operations and financial condition. It is not practicable for Aegon to quantify a range or maximum liability or the timing of the financial impact, if any.

A former subsidiary of Transamerica Corporation was involved in a contractual dispute with a Nigerian travel broker over an alleged contract dispute that arose in 1976. That dispute was resolved in Delaware court for USD 235,000 plus interest. The plaintiff took the Delaware judgment relating to the 1976 dispute to a Nigerian court and alleged that it was entitled to approximately the same damages for 1977 through 1984 despite the absence of any contract relating to those years. The Nigerian court recently issued a judgment in favor of the plaintiff of the alleged actual damages as well as pre-judgment interest of approximately USD 120 million. Aegon believes the Nigerian court decided the matter incorrectly and intends to appeal the decision in Nigeria as well as to contest any effort by the plaintiff to collect on the judgment. Aegon has no material assets located in Nigeria.

Future lease payments

	2015			2014		
Future lease payments	Not later than 1 year	1-5 years	**Later than 5 years**	Not later than 1 year	1-5 years	Later than 5 years
Operating lease obligations	79	186	254	79	170	231
Operating lease rights	62	156	56	64	150	59

The operating lease obligations relate mainly to office space leased from third parties.

The operating lease rights relate to non-cancellable commercial property leases.

49 Transfers of financial assets

Transfers of financial assets occur when Aegon transfers contractual rights to receive cash flows of financial assets or when Aegon retains the contractual rights to receive the cash flows of the transferred financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in that arrangement.

In the normal course of business Aegon is involved in the following transactions:

¿ Transferred financial assets that are not derecognized in their entirety:

  - ¿ Securities lending; whereby Aegon legally (but not economically) transfers assets and receives cash and non-cash collateral. The transferred assets are not derecognized. The obligation to repay the cash collateral is recognized as a liability. The non-cash collateral is not recognized on the balance sheet; and

  - ¿ Repurchase activities; whereby Aegon receives cash for the transferred assets. The financial assets are legally (but not economically) transferred, but are not derecognized. The obligation to repay the cash received is recognized as a liability.

- ¿ Transferred financial assets that are derecognized in their entirety and Aegon does not have a continuing involvement (normal sale);

- ¿ Transferred financial assets that are derecognized in their entirety, but where Aegon has a continuing involvement;

- ¿ Collateral accepted in the case of securities lending, reverse repurchase agreement and derivative transactions; and

- ¿ Collateral pledged in the case of (contingent) liabilities, repurchase agreements, securities borrowing and derivative transactions.

The following disclosures provide details for transferred financial assets that are not derecognized in their entirety, transferred financial asset that are derecognized in their entirety, but where Aegon has a continuing involvement and assets accepted and pledged as collateral.

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49.1 Transferred financial assets that have not been derecognized in their entirety

The following table reflects the carrying amount of financial assets that have been transferred to another party in such a way that part or all of the transferred financial assets do not qualify for derecognition. Furthermore, it reflects the carrying amounts of the associated liabilities.

	2015			
		Available-for-sale financial assets	Financial assets at fair value through profit or loss	
	Shares	Debt securities	Debt securities	Investments for account of policyholders
Carrying amount of transferred assets	171	7,001	33	589
Carrying amount of associated liabilities	180	7,141	35	608

	2014			
		Available-for-sale financial assets	Financial assets at fair value through profit or loss	
	Shares	Debt securities	Debt securities	Investments for account of policyholders
Carrying amount of transferred assets	250	7,840	24	645
Carrying amount of associated liabilities	264	7,999	25	660

Securities lending and repurchase activities

The table above includes financial assets that have been transferred to another party under securities lending and repurchase activities.

Aegon retains substantially all risks and rewards of those transferred assets, this includes credit risk, settlement risk, country risk and market risk. The assets are transferred in return for cash collateral or other financial assets. Non-cash collateral is not recognized in the statement of financial position. Cash collateral is recorded on the statement of financial position as an asset and an offsetting liability is established for the same amount as Aegon is obligated to return this amount upon termination of the lending arrangement. Cash collateral is usually invested in pre-designated high quality investments. The sum of cash and non-cash collateral is typically greater than the market value of the related securities loaned. Refer to note 49.3 Assets accepted and note 49.4 Assets pledged for an analysis of collateral accepted and pledged in relation to securities lending and repurchase agreements.

49.2 Transferred financial assets that are derecognized in their entirety, but where Aegon has continuing involvement

Aegon has no transferred financial assets with continuing involvement that are derecognized in their entirely as per year-end 2015 and 2014.

49.3 Assets accepted

Aegon receives collateral related to securities lending, reverse repurchase activities and derivative transactions. Non-cash collateral is not recognized in the statement of financial position. To the extent that cash is paid for reverse repurchase agreements, a receivable is recognized for the corresponding amount.

The following tables present the fair value of the assets received in relation to securities lending and reverse repurchase activities:

Securities lending	**2015**	2014
Carrying amount of transferred financial assets	6,069	6,966
Fair value of cash collateral received	4,232	4,145
Fair value of non-cash collateral received	1,998	2,457
Net exposure	**(161)**	**364**
Non-cash collateral that can be sold or repledged in the absence of default	1,390	1,689
Non-cash collateral that has been sold or transferred	-	-

Reverse repurchase agreements	2015	2014
Cash paid for reverse repurchase agreements	4,416	4,722
Fair value of non-cash collateral received	4,445	4,751
Net exposure	**(29)**	**(29)**
Non-cash collateral that can be sold or repledged in the absence of default	3,462	3,877
Non-cash collateral that has been sold or transferred	-	-

The above items are conducted under terms that are usual and customary to standard securities lending activities, as well as requirements determined by exchanges where the bank acts as intermediary.

In addition, Aegon can receive collateral related to derivative transactions that it enters into. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by Aegon or its counterparty. Transactions requiring Aegon or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. Refer to the credit risk section in note 4 Financial risks for details on collateral received for derivative transactions.

49.4 Assets pledged

Aegon pledges assets that are on its statement of financial position in securities borrowing transactions, in repurchase transactions, in derivative transactions and against long-term borrowings. In addition, in order to trade derivatives on the various exchanges, Aegon posts margin as collateral.

These transactions are conducted under terms that are usual and customary to standard long-term borrowing, derivative and securities borrowing activities, as well as requirements determined by exchanges where the bank acts as intermediary.

Non-cash financial assets that are borrowed or purchased under agreement to resell are not recognized in the statement of financial position.

To the extent that cash collateral is paid, a receivable is recognized for the corresponding amount. If other non-cash financial assets are given as collateral, these are not derecognized.

The following tables present the carrying amount of collateral pledged and the corresponding amounts.

Assets pledged for general account and contingent liabilities	2015	2014
General account (contingent) liabilities	3,729	3,463

Collateral pledged	5,348	4,469
Net exposure	**(1,619)**	**(1,006)**
Non-cash collateral that can be sold or repledged by the counterparty	-	-

Assets pledged for repurchase agreements	**2015**	2014
Cash received on repurchase agreements	1,728	1,758
Collateral pledged (transferred financial assets)	1,724	1,793
Net exposure	**4**	**(35)**

As part of Aegon s mortgage loan funding program in the Netherlands, EUR 6.4 billion (2014: EUR 8.2 billion) has been pledged as security for notes issued (note 39 Borrowings). In addition, in order to trade derivatives on the various exchanges, Aegon posts margin as collateral. The amount of collateral pledged for derivative transactions was EUR 1,166 million (2014: EUR 1,419 million).

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50 Offsetting, enforceable master netting arrangements and similar agreements

The following table provides details relating to the effect or potential effect of netting arrangements, including rights of set-off associated with the entity s recognized financial assets and recognized financial liabilities.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statements of financial position: Financial instruments	Related amounts not set off in the statements of financial position: Cash collateral received (excluding surplus collateral)	Net amount
2015						
Derivatives	10,692	-	10,692	8,458	1,721	514
At December 31	**10,692**	**-**	**10,692**	**8,458**	**1,721**	**514**
2014						
Derivatives	27,221	1	27,220	21,885	4,034	1,300
At December 31	**27,221**	**1**	**27,220**	**21,885**	**4,034**	**1,300**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial	Net amounts of financial liabilities presented in the statement of financial	Related amounts not set off in the statements of financial position: Financial instruments	Related amounts not set off in the statements of financial position: Cash collateral pledged (excluding surplus collateral)	Net amount

		the statement of financial position	position			
2015						
Derivatives	8,336	-	8,336	7,905	190	240
At December 31	**8,336**	**-**	**8,336**	**7,905**	**190**	**240**
2014						
Derivatives	22,638	1	22,637	21,542	198	897
At December 31	**22,638**	**1**	**22,637**	**21,542**	**198**	**897**

Financial assets and liabilities are offset in the statement of financial position when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously.

Aegon mitigates credit risk in derivative contracts by entering into collateral agreements, where practical, and in ISDA master netting agreements for each of the Aegon s legal entities to facilitate Aegon s right to offset credit risk exposure. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by Aegon or its counterparty. Transactions requiring Aegon or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. These transactions are conducted under terms that are usual and customary to standard long-term borrowing, derivative, securities lending and securities borrowing activities, as well as requirements determined by exchanges where the bank acts as intermediary.

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51 Business combinations

Acquisitions

2015

On June 4, 2015 Aegon completed a strategic asset management partnership with La Banque Postale. Under the terms of the agreement, Aegon has acquired a 25% stake in La Banque Postale Asset Management (LBPAM) for a consideration of EUR 117 million.

On September 25, 2015, Aegon announced that it has acquired Mercer s US defined contribution record-keeping business. On December 31, 2015, Aegon completed the acquisition after obtaining regulatory approval. The total purchase price amounted to EUR 70 million (USD 78 million), consisting of EUR 64 million (USD 71 million) cash and EUR 6 million (USD 7 million) contingent consideration.

On December 7, 2015 Aegon announced that it has increased its investment in Aegon Religare Life Insurance Company ARLI from 26 percent to 49 percent. The company has been renamed as Aegon Life Insurance Company Ltd.

2014

There were no material acquisitions during 2014.

2013

On February 8, 2013, Aegon closed the acquisition of 100% of Fidem Life, a life insurance company in Ukraine. Fidem Life was rebranded Aegon Ukraine and is integrated into the governance and management structure of Aegon CEE.

Divestments/Disposals

2015

On March 3, 2015, Aegon completed the sale of its 35% share in La Mondiale Participations following the granting of approval by the French Competition Authority (Autorité de la Concurrence). The agreement to sell Aegon s stake in La Mondiale Participations to La Mondiale for EUR 350 million was announced on November 24, 2014. Proceeds from the sale were added to Aegon s excess capital buffer, and increased the group s Insurance Group Directive (IGD) solvency ratio by over 4 percentage points at the time of the sale.

On July 31, 2015, Aegon completed the sale of its Canadian life insurance business following regulatory approval. The agreement to sell Aegon s Canadian life insurance business for an amount of CAD 600 million (EUR 428 million) was announced on October 16, 2014. The transaction resulted in a book loss of CAD 1,054 million (EUR 751 million) recorded and presented as part of other charges , please refer to Note 17 Other charges. Aegon used the proceeds of this transaction for the redemption of the USD 500 million 4.625% senior bond which was due in December 2015.

The results of the Canadian operations reflect amounts previously recorded in Other Comprehensive Income that were reclassified into the income statement including CAD 178 million (EUR 127 million) release of the foreign currency translation reserve, CAD (72) million (EUR (51) million) release of the net foreign investment hedging reserve and CAD 668 million (EUR 476 million) for the release of the available for sale reserve. The net cash proceeds were CAD 543 million (EUR 387 million) consisting of CAD 600 million (EUR 428 million) cash received and the cash and cash equivalents included in the sale of CAD 57 million (EUR 41 million). Expenses related to the transaction, including cost of sale, amounted to CAD 11 million (EUR 8 million).

On September 1, 2015, Aegon completed the sale of Clark Consulting following regulatory approval. The agreement to sell Clark Consulting for USD 177.5 million (EUR 160 million) was announced on July 10, 2015 and resulted in a gain of USD 8 million (EUR 7 million).

On September 7, 2015, Aegon completed the sale of its 25.1% share in platform provider and discretionary fund manager Seven Investment Management (7IM) for GBP 19 million (EUR 26 million). This transaction has led to a net gain of GBP 7 million (EUR 10 million). 7IM was recorded as an associate in the books of Aegon.

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2014

No divestments were completed in 2014.

2013

On June 12, 2013, Aegon UK announced the sale of national independent financial advisor (IFA) Positive Solutions to Intrinsic Financial Services. The loss on the sale amounted to EUR 22 million. The sale was completed in the third quarter of 2013.

On December 30, 2013, Aegon Czech Republic completed the sale of its local pension business. The consideration amounted to EUR 6 million and resulted in a book loss, in 2013, of EUR 7 million.

52 Group companies

Subsidiaries

The principle subsidiaries of the parent company Aegon N.V. are listed by geographical segment. All are wholly owned, directly or indirectly, unless stated otherwise, and are involved in insurance or reinsurance business, asset management or services related to these activities. The voting power in these subsidiaries held by Aegon is equal to the shareholdings.

Americas

¿ Transamerica Advisors Life Insurance Company, Little Rock, Arkansas (United States);

¿ Transamerica Casualty Insurance Company, Columbus, Ohio (United States);

¿ Transamerica Corporation, Wilmington, Delaware (United States);

¿ Transamerica Financial Life Insurance Company, Inc., Albany, New York (United States);

¿ Transamerica Life Insurance Company, Cedar Rapids, Iowa (United States); and

¿ Transamerica Premier Life Insurance Company, Cedar Rapids, Iowa (United States).

The Netherlands

¿ Aegon Bank N.V., Utrecht;

¿ Aegon Hypotheken B.V., The Hague;

¿ Aegon Levensverzekering N.V., The Hague;

¿ Aegon Schadeverzekering N.V., The Hague;

¿ Aegon Spaarkas N.V., The Hague;

¿ Optas Pensioenen N.V., Rotterdam;

¿ TKP Pensioen B.V., Groningen; and

¿ Unirobe Meeùs Groep B.V., The Hague.

United Kingdom

¿ Origen Financial Services Ltd., London; and

¿ Scottish Equitable plc, Edinburgh.

New Markets

¿ Aegon España S.A., Madrid (Spain) (99.98%);

¿ Aegon Magyarország Általános Biztosító Zártkörűen Működő Részvénytársaság, Budapest (Hungary);

¿ Aegon Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna, Warsaw (Poland);

¿ Private Joint Stock Company Insurance Company Aegon Life Ukraine , Kiev (Ukraine); and

¿ Transamerica Life (Bermuda) Ltd., Hamilton, Bermuda.

The legally required list of participations as set forth in articles 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register in The Hague. Aegon N.V. has issued a statement of liability as meant in article 403 of Book 2 of the Dutch Civil Code for its subsidiary company Aegon Derivatives N.V.

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Joint ventures

The principal joint ventures are listed by geographical segment.

The Netherlands

¿ AMVEST Vastgoed B.V., Utrecht (50%), property management and development.

New Markets

¿ Aegon Industrial Fund Management Co., Ltd, Shanghai (China), (49%);

¿ Aegon Santander Generales Seguros y Reaseguros, S.A., Madrid (Spain), (51%);

¿ Aegon Santander Portugal Vida Companhia de Seguros de Vida S.A., Lisbon (Portugal), (51%);

¿ Aegon Santander Portugal Não Vida Companhia de Seguros S.A., Lisbon (Portugal), (51%);

¿ Aegon Santander Vida Seguros y Reaseguros, S.A., Madrid (Spain (51%);

¿ Aegon Sony Life Insurance Co, Tokyo (Japan), (50%);

¿ Aegon-THTF Life Insurance Company Ltd, Shanghai (China), (50%); and

¿ Liberbank Vida y Pensiones, Seguros y Reaseguros, S.A., Oviedo (Spain), company (50%).

Refer to note 25 Investments in joint ventures for further details on these investments.

Investments in associates

The principal investments in associates are listed by geographical segment.

Americas

¿ Mongeral Aegon, Seguros e Previdencia S.A., Rio de Janeiro (Brazil), (50%).

The Netherlands

¿ N.V. Levensverzekering-Maatschappij De Hoop , The Hague, (33.3%).

United Kingdom

¿ Tenet Group Limited, Leeds, (22%).

New Markets

¿ Aegon Life Insurance Company, Mumbai (India), life insurance company, (49%); and

¿ La Banque Postale Asset Management, Paris (France), (25%).

Refer to note 26 Investments in associates for further details on these investments.

53 Related party transactions

In the normal course of business, Aegon enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of Aegon include, amongst others, its associates, joint ventures, key management personnel and the defined benefit and contribution plans. Transactions between related parties have taken place on an arm s length basis. Transactions between Aegon and its subsidiaries that are deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Related party transactions include, among others, transactions between Aegon N.V. and Vereniging Aegon.

On November 13, 2015, Vereniging Aegon exercised its options rights to purchase in aggregate 760 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by a correction to Aegon s issuance of shares on May 21, 2015, in connection with the Long Term Incentive Plans for senior management.

On May 21, 2015, Vereniging Aegon exercised its options rights to purchase in aggregate 3,686,000 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by issuance of shares on May 21, 2015, in connection with the Long Term Incentive Plans for senior management.

On January 1, 2015, Vereniging Aegon exercised its options rights to purchase in aggregate 9,680 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by issuance of shares on January 1, 2015, in connection with the Long Term Incentive Plans for senior management.

On May 22, 2014, and with effect of May 21, 2014, Vereniging Aegon exercised its options rights to purchase in aggregate 2,320,280 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by Aegon s issuance of shares on May 21, 2014, in connection with the Long Term Incentive Plans for senior management.

On July 5, 2013, and with effect of June 14, 2013, Vereniging Aegon exercised its option rights to purchase in aggregate 12,691,745 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by Aegon s issuance of shares on June 14, 2013, being the final dividend 2012 in the form of stock dividend.

On May 29, 2013, the Articles of Association of Aegon N.V. were amended, which included the conversion of all outstanding 329,773,000 preferred shares A and B with a nominal value of EUR 0.25 each, all owned by Vereniging Aegon, into 120,713,389 common shares and 566,313,694 common shares B with a nominal value of EUR 0.12 each. The financial rights attached to a common share B was determined at 1/40th of the financial rights attached to a common share, (see also the section Major Shareholders).

On May 29, 2013, Aegon N.V. and Vereniging Aegon entered into an amendment of the 1983 Amended Merger Agreement between Aegon N.V. and Vereniging Aegon. Following this 2013 amendment, Vereniging Aegon s call option relates to common shares B. Vereniging Aegon may exercise its call option on common shares B to keep or restore its total stake at 32.6% irrespective of the circumstances that caused the total shareholding to be or become lower than 32.6% (see also the section Major Shareholders).

On May 29, 2013, Aegon N.V. and Vereniging Aegon entered into a Voting Rights Agreement, which ensures that under normal circumstances, i.e. except in the event of a Special Cause, Vereniging Aegon will no longer be allowed to exercise more votes than is proportionate to the financial rights represented by its shares. This means that in absence of a Special Cause, Vereniging Aegon may cast one vote for every common share it holds and only one vote for every 40 common shares B it holds, (see also the section Major Shareholders).

On February 15, 2013, Aegon N.V. and Vereniging Aegon reached an agreement to simplify the capital structure of Aegon N.V. and to exchange all of Aegon s preferred shares for cash and common shares, subject to approval by the Annual General Meeting of Shareholders, which was given on May 15, 2013.

Remuneration of members of the Management Board

The Management Board, which assists the Executive Board in pursuing Aegon s strategic goals, is formed by members of the Executive Board, the CEO s of Aegon USA, Aegon the Netherlands, Aegon UK and Aegon Central & Eastern Europe, and Aegon s Chief Risk Officer. The total remuneration for the members of the Management Board over 2015 was EUR 15.2 million (2014: EUR 14.9 million; 2013: EUR 15.2 million), consisting of EUR 6.3 million (2014: EUR 5.1 million; 2013: EUR 5.0 million) fixed compensation, EUR 4.9 million variable compensation awards (2014: EUR 5.2 million; 2013: EUR 6.3 million), EUR 1.6 million (2014: EUR 2.0 million; 2013: EUR 1.3 million) other benefits and EUR 2.5 million (2014: EUR 2.6 million; 2013: EUR 1.6 million) pension premiums.

In 2013 a special tax-levy (crisis tax), as introduced by the Dutch government, was accrued for members of the Management Board employed in the Netherlands. In 2013 this amounted to EUR 1.0 million. The special tax levy is no longer applicable as from 2014. Expenses as recognized under IFRS in the income statement for variable compensation and pensions differ from the variable compensation awards and pension premiums paid due to the accounting treatment under respectively IFRS 2 and IAS 19. IFRS expenses related to variable compensation amounted to EUR 5.0 million (2014: EUR 5.6 million; 2013: EUR 6.3 million) and EUR 3.4 million (2014: EUR 2.0 million; 2013: EUR 1.7 million) for pensions.

Additional information on the remuneration and share-based compensation of members of the Executive Board and the remuneration of the Supervisory Board is disclosed in the sections below (all amounts in EUR 000, except where indicated otherwise).

Remuneration of members of the Executive Board

The information below reflects the compensation and various related expenses for members of the Executive Board. Under the current remuneration structure, rewards are paid out over a number of years, or in the case of shares, vest over a number of years. This remuneration structure has made it more relevant to present rewards earned during a certain performance year instead of what was received in a certain year.

Fixed compensation

In EUR thousand	2015	2014	2013
Alexander R. Wynaendts	1,154	1,154	1,049
Darryl D. Button 1)	991	753	475
Jan J. Nooitgedagt 2)	-	-	434
Total fixed compensation	**2,145**	**1,907**	**1,958**

1 Mr. Button was appointed as CFO and member of Aegon s Executive Board on May 15, 2013. Fixed compensation is disclosed for the period that Mr. Button has been part of the Executive Board. In his position as CFO and member of Aegon s Executive Board Mr. Button earned in 2015 an annual base salary of USD 1.1 million (2014: USD 1.0 million; 2013: USD 0.6 million). Amounts are based on USD, converted to EUR, based on annual average exchange rates.

2 Mr. Nooitgedagt s fixed compensation is reflective of his time with Aegon until retirement as of August 1, 2013.

Conditional variable compensation awards

In EUR thousand	2015	2014	2013
Alexander R. Wynaendts	923	913	1,032
Darryl D. Button 1)	784	600	468
Jan J. Nooitgedagt 2)	-	-	434
Total conditional variable compensation awards	**1,707**	**1,513**	**1,934**

1 Mr. Button was appointed as CFO and member of Aegon s Executive Board on May 15, 2013. Conditional variable compensation is disclosed for the period that Mr. Button has been part of the Executive Board. Amounts are based on USD, converted to EUR, based on annual average exchange rates.

2 Mr. Nooitgedagt s conditional variable compensation is reflective of his time with Aegon until retirement as of August 1, 2013.

The amounts in the table represent the conditional variable compensation awards earned during the related performance year. Expenses recognized under IFRS accounting treatment in the income statement for conditionally awarded cash and shares differ from the awards. For the performance year 2015 and previous performance years, expenses under IFRS for Mr. Wynaendts amounted to EUR 900 (2014: EUR 958; 2013: EUR 1,026).

For Mr. Button, the expenses under IFRS with regard to conditionally awarded cash and shares recognized in the income statement during the performance year 2015 for his role as CFO and member of Aegon s Executive Board amounted to EUR 683 (2014: EUR 466; 2013: EUR 288). In performance year 2013 and previous performance years Mr. Button has been awarded with variable compensation in his role as CFO of Americas and Head of Corporate Financial Center. The related expenses under IFRS for those awards recognized in 2015 for the period that Mr. Button has been part of the Executive Board amount to EUR 312 (2014: EUR 372; 2013: EUR 500).

In 2013, expenses recognized in the income statement for Mr. Nooitgedagt amounted to EUR 836. Under IFRS, expenses related to conditional variable compensation awards are recognized in full at retirement date. Therefore, expenses under IFRS in 2013 for Mr. Nooitgedagt relate to the conditional variable compensation awards for the performance year 2013 as well as for previous performance years. The vesting conditions and applicable holding periods for the awards of Mr. Nooitgedagt remain nevertheless unchanged. Mr. Nooitgedagt retired on August 1, 2013 and he has been awarded no variable compensation in 2015 or 2014.

2015

Over the performance year 2015, Mr. Wynaendts was awarded EUR 923 in total conditional variable compensation. Mr. Button was awarded EUR 784.

Variable compensation is split 50/50 in a cash payment and an allocation of shares. Of the variable compensation related to performance year 2015, 40% is payable in 2016. Accordingly, Mr. Wynaendts and Mr. Button will receive a cash payment of EUR 185 and EUR 157 respectively. The number of shares to be made available in 2016 relating to performance year 2015 is 30,219 and 23,621 for Mr. Wynaendts and Mr. Button respectively. To the vested shares, with the exception of shares sold to meet income tax obligations, a retention (holding) period is applicable for a future three years, before they are at the disposal of the Executive Board members.

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The remaining part of variable compensation for the performance year 2015 (60%), for Mr. Wynaendts EUR 277 and 45,330 shares and for Mr. Button EUR 235 and 35,433 shares, is to be paid out in equal portions in 2017, 2018 and 2019, subject to ex-post assessments, which may result in downward adjustments and may be subject to additional conditions being met. Any payout will be split 50/50 in a cash payment and an allocation of shares vesting. The vested shares, with the exception of shares sold to meet income tax obligations, are subject to a three year retention (holding) period, before they are at the disposal of the Executive Board members.

2014

Over the performance year 2014, Mr. Wynaendts was awarded EUR 913 in total conditional variable compensation. Mr. Button was awarded EUR 600.

Variable compensation is split 50/50 in a cash payment and an allocation of shares. Of the variable compensation related to performance year 2014, 40% was payable in 2015. Accordingly, Mr. Wynaendts and Mr. Button received a cash payment of EUR 183 and EUR 120 respectively. The number of shares made available in 2015 relating to performance year 2014 was 27,105 and 17,302 for Mr. Wynaendts and Mr. Button respectively. To the vested shares, with the exception of shares sold to meet income tax obligations, a retention (holding) period is applicable for a future three years, before they are at the disposal of the Executive Board members.

The remaining part of variable compensation for the performance year 2014 (60%), for Mr. Wynaendts EUR 274 and 40,656 shares and for Mr. Button EUR 180 and 25,956 shares, is to be paid out in equal portions in 2016, 2017 and 2018, subject to ex-post assessments, which may result in downward adjustments and may be subject to additional conditions being met. Any payout will be split 50/50 in a cash payment and an allocation of shares vesting. The vested shares, with the exception of shares sold to meet income tax obligations, are subject to a three year retention (holding) period, before they are at the disposal of the Executive Board members

2013

During the performance year 2013, Mr. Wynaendts was awarded EUR 1,032 in total conditional variable compensation. Mr. Button was awarded EUR 468 for the period he served as member of the Executive Board.

Variable compensation is split 50/50 in a cash payment and an allocation of shares. Of the variable compensation related to performance year 2013, 40% was payable in 2014. Accordingly, Mr. Wynaendts and Mr. Button received a cash payment of EUR 206 and EUR 94 respectively. The number of shares that was made available in 2014 related to performance year 2013 was 41,961 and 19,146 for Mr. Wynaendts and Mr. Button respectively. The vested shares, with the exception of shares sold to meet income tax obligations, are subject to a three year retention (holding) period before they are at the disposal of the Executive Board members.

The remaining part of variable compensation for the performance year 2013 (60%), for Mr. Wynaendts EUR 309 and 62,943 shares and for Mr. Button EUR 140 and 28,716 shares, is to be paid out in equal portions in 2015, 2016 and 2017, subject to ex-post assessments, which may result in downward adjustments and may be subject to additional conditions being met. Any payout will be split 50/50 in cash payment and an allocation of shares vesting. To the vested shares, with the exception of shares sold to meet income tax obligations, a retention (holding) period is applicable for a further three years, before they are at the disposal of the Executive Board members.

Mr. Nooitgedagt was awarded EUR 434 variable compensation for the period he served as a member of the Executive Board in 2013. Variable compensation is split 50/50 in a cash payment and an allocation of shares. Of the variable compensation related to performance year 2013, 40% was payable in 2014. Accordingly, Mr. Nooitgedagt received a cash payment of EUR 87. The number of shares to be made available in 2014 related to performance year 2013 is 17,650. Of the remaining 60%, EUR 130 and 26,478 shares is to be paid out in future years and subject to ex-post assessments, which may result in downward adjustments. In each of the years 2015, 2016 and 2017, equal portions of the deferred variable compensation over 2013 may be made available. Any payout will be split 50/50 in cash payment and an allocation of shares vesting. The vested shares (with the exception of shares sold to meet income tax obligations) are subject to a three year retention (holding) period before they are at the disposal of Mr. Nooitgedagt.

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The table below illustrates all the conditionally awarded cash and shares of the members of the Executive Board, and the years in which each component will be paid out and/or vest, subject to the conditions as mentioned:

	Conditional granted performance related remuneration	Timing of vesting, subject to targets and conditions						
Shares by reference period		2013	2014	2015	2016	2017	2018	2019
Alexander R. Wynaendts								
2007	9253 6)	-	-	-	9,253	-	-	-
2010-2012	112,040 7)	112,040 7)	-	-	-	-	-	-
2011 1)	51,912	17,304	17,304	17,304	-	-	-	-
2012 2)	162,776	65,111	32,555	32,555	32,555	-	-	-
2013 3)	104,904	-	41,961	20,981	20,981	20,981	-	-
2014 4)	67,761	-	-	27,105	13,552	13,552	13,552	-
2015 5)	75,549	-	-	-	30,219	15,110	15,110	15,110
Total number of shares	**584,195**	**194,455**	**91,820**	**97,945**	**106,560**	**49,643**	**28,662**	**15,110**
Darryl D. Button								

2013[3]	47,862	-	19,146	9,572	9,572	9,572	-	-
2014[4]	43,258	-	-	17,302	8,652	8,652	8,652	-
2015[5]	59,054	-	-	-	23,621	11,811	11,811	11,811
Total number of shares	**150,174**	**-**	**19,146**	**26,874**	**41,845**	**30,035**	**20,463**	**11,811**
Jan J. Nooitgedagt								
2010-2012	82,427[7]	82,427[7]	-	-	-	-	-	-
2011[1]	33,750	11,250	11,250	11,250	-	-	-	-
2012[2]	111,851	44,741	22,370	22,370	22,370	-	-	-
2013[3]	44,128	-	17,650	8,826	8,826	8,826	-	-
Total number of shares	**272,156**	**138,418**	**51,270**	**42,446**	**31,196**	**8,826**	**-**	**-**
Cash (in EUR)								
Alexander R. Wynaendts								
2011	245,385	81,795	81,795	81,795	-	-	-	-
2012	508,840	203,536	101,768	101,768	101,768	-	-	-
2013	515,816	-	206,327	103,163	103,163	103,163	-	-
2014	456,643	-	-	182,656	91,329	91,329	91,329	-
2015	461,305	-	-	-	184,522	92,261	92,261	92,261

Total cash	**2,187,989**	**285,331**	**389,890**	**469,382**	**480,782**	**286,753**	**183,590**	**92,261**
Darryl D. Button								
2013								
	233,834	-	93,533	46,767	46,767	46,767	-	-
2014	300,120	-	-	120,048	60,024	60,024	60,024	-
2015	392,154	-	-	-	156,862	78,431	78,431	78,431
Total cash	**926,108**	**-**	**93,533**	**166,815**	**263,653**	**185,222**	**138,455**	**78,431**
Jan J. Nooitgedagt								
2011								
	159,540	53,180	53,180	53,180	-	-	-	-
2012								
	349,646	139,859	69,929	69,929	69,929	-	-	-
2013	216,980	-	86,792	43,396	43,396	43,396	-	-
Total cash	**726,166**	**193,039**	**209,901**	**166,505**	**113,325**	**43,396**	**-**	**-**

[1] The number of shares is based on a volume weighted average price of EUR 4.727. After vesting a 3 year holding period applies to shares vested.

[2] The number of shares is based on a volume weighted average price of EUR 3.126. After vesting a 3 year holding period applies to shares vested.

[3] The number of shares is based on a volume weighted average price of EUR 4.917. After vesting a 3 year holding period applies to shares vested.

[4] The number of shares is based on a volume weighted average price of EUR 6.739. After vesting a 3 year holding period applies to shares vested.

[5] The number of shares is based on a volume weighted average price of EUR 6.106 After vesting a 3 year holding period applies to shares vested.

[6] During the vesting period, dividend payments on these shares are deposited in blocked savings accounts on behalf of the executive members. For active members of the Executive Board 50% of the shares vested in 2012 and 50% will vest in 2016.

[7] These shares vested in 2013 on basis of actual realized performance and are subject to an additional two year holding period.

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Other benefits

In EUR thousand	**2015**	2014	2013
Alexander R. Wynaendts	151	151	132
Darryl D. Button 1)	528	583	508
Jan J. Nooitgedagt 2)	-	-	40
Total other benefits	679	734	680

1 Mr. Button was appointed as CFO and member of Aegon s Executive Board on May 15, 2013. Pension contributions are disclosed for the period that Mr. Button has been part of the Executive Board.

2 Mr. Nooitgedagt s other benefits are reflective of his time with Aegon until retirement as of August 1, 2013.

Other benefits include non-monetary benefits (e.g. company car), social security contributions by the employer, and tax expenses borne by the Group. For Mr. Button, these benefits also include expenses related to his expatriation from the United States to the Netherlands, borne by the Group.

Pension contributions

In EUR thousand	**2015**	2014	2013
Alexander R. Wynaendts	1,219	1,728	652
Darryl D. Button 1)	215	177	114
Jan J. Nooitgedagt 2)	-	-	106
Total pension contributions	1,434	1,905	872

1 Mr. Button was appointed as CFO and member of Aegon s Executive Board on May 15, 2013. Pension contributions are disclosed for the period that Mr. Button has been part of the Executive Board.

2 Mr. Nooitgedagt s pension contributions are reflective of his time with Aegon until retirement as of August 1, 2013.

The amounts as presented in the table are the pension contributions in the related book year. The 2015 number is determined by significant changes to the Dutch fiscal regime for pension contributions as well as contractual changes to the pension arrangements of Mr. Wynaendts upon his reappointment. The 2014 contribution for Mr. Wynaendts to the Aegon pension funds reflects the increase to his fixed salary as well the current low interest rates. Under IFRS, the service cost as recognized in the income statement related to the defined benefit obligation of Mr. Wynaendts amounted to EUR 1,962 (2014: EUR 951; 2013: EUR 736). Service cost for Mr. Button amounted to EUR 215 (2014: EUR 177; 2013: EUR 114) and for Jan J. Nooitgedagt EUR 44 in 2013.

Total

The total amount of remuneration for Mr. Wynaendts related to 2015 was EUR 3,446 (2014: EUR 3,947; 2013: EUR 3,282), for Mr. Button EUR 2,518 (2014: EUR 2,113; 2013: EUR 1,619) and for Mr. Nooitgedagt EUR nil

(2014: nil; 2013: EUR 1,203). The remuneration of Mr. Button is charged from his home country to The Netherlands. These charges are subject to Dutch VAT, which is an expense for Aegon. The amount of VAT liable over 2015 is EUR 529 (2014: EUR 444, 2013: EUR 329). The special tax-levy (crisis tax), as introduced by the Dutch government for Dutch employees, is no longer applicable as from 2014. The special tax-levy caused an increase of Aegon s total remuneration for Alexander R. Wynaendts of EUR 417 in 2013, for Darryl D. Button EUR 54 in 2013 (disclosed for the period that Mr. Button has been part of the Executive Board) and for Jan J. Nooitgedagt EUR 190 in 2013.
The total remuneration for the members of the Executive Board over 2015 was EUR 6.0 million (2014: EUR 6.1 million; 2013: EUR 5.4 million). Total expenses recognized under IFRS accounting treatment in the income statement for Mr. Wynaendts related to 2015 was EUR 4,167 (2014: EUR 3,214; 2013: EUR 3,360), for Mr. Button EUR 2,946 (2014: EUR 2,750; 2013: EUR 1,939) and for Mr. Nooitgedagt nil (2014: nil; 2013: EUR 1,544). Total IFRS expenses for the members of the Executive Board over 2015 was EUR 7,114 million (2014: EUR 5,964 million; 2013: 6,578 million).

Interests in Aegon N.V. held by active members of the Executive Board

Shares held in Aegon at December 31, 2015 by Mr. Wynaendts and Mr. Button amount to 346,301 and 162,469 (2014: 295,734 and 82,340) respectively. For each of the members of the Executive Board, the shares held in Aegon mentioned above do not exceed 1% of total outstanding share capital at the balance sheet date.

At the balance sheet date, Mr. Wynaendts had mortgage loans with Aegon totaling EUR 249,158 (2014: EUR 735,292) with an interest rate of 4.4%. In 2015 Mr. Wynaendts made repayments totaling to EUR 486,134 relating to his mortgage loans. No other outstanding balances such as loans, guarantees or advanced payments exist.

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Remuneration of active and retired members of the Supervisory Board

In EUR	2015	2014	2013
Robert J. Routs	143,000	134,000	140,000
Irving W. Bailey, II	135,000	122,750	136,250
Robert W. Dineen (as of May 21, 2014)	121,000	70,125	-
Shemaya Levy	101,000	94,125	112,000
Ben J. Noteboom (as of May 20, 2015)	69,250	-	-
Ben van der Veer	115,000	104,125	105,000
Dirk P.M. Verbeek	112,125	92,000	105,000
Corien M. Wortmann-Kool (as of May 21, 2014)	96,000	55,250	-
Dona D. Young (as of May 15, 2013)	121,000	118,000	77,125
Total for active members	**1,013,375**	**790,375**	**675,375**
Antony Burgmans (up to April 1, 2014)	-	15,000	87,000
Karla M.H. Peijs (up to September 30, 2013)	-	-	71,500
Kornelis J. Storm (up to May 21, 2014)	-	33,750	91,000
Leo M. van Wijk (up to May 20, 2015)	38,625	86,000	97,000
Total remuneration	**1,052,000**	**925,125**	**1,021,875**
VAT liable on Supervisory Board remuneration	220,920	194,276	200,981
Total	**1,272,920**	**1,119,401**	**1,222,856**

Aegon s Supervisory Board members are entitled to the following:

- ¿ A base fee for membership of the Supervisory Board. No separate attendance fees are paid to members for attendance at the regular Supervisory Board meetings (2015: 7 meetings; 2014: 7 meetings; 2013: 7 meetings);
- ¿ An attendance fee of EUR 3,000 for each extra Board meeting attended, be it in person or by video and/or telephone conference;
- ¿ A committee fee for members on each of the Supervisory Board s Committees;
- ¿ An attendance fee for each Committee meeting attended, be it in person or through video and/or telephone conference; and
- ¿ An additional fee for attending meetings that require intercontinental travel between the Supervisory Board member s home location and the meeting location.

Not included in the table above is a premium for state health insurance paid on behalf of Dutch Supervisory Board members. There are no outstanding balances such as loans, guarantees or advanced payments. The remuneration for Supervisory Board members is as of 2013 Dutch VAT liability compliant.

Common shares held by Supervisory Board members

Shares held in Aegon at December 31	**2015**	2014
Irving W. Bailey, II	31,389	31,389
Ben J. Noteboom	23,500	-
Ben van der Veer	1,450	1,450
Dirk P.M. Verbeek	1,011	1,011
Dona D. Young	13,260	13,260
Total	**70,610**	**47,110**

Shares held by Supervisory Board members are only disclosed for the period for which they have been part of the Supervisory Board.

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54 Events after the balance sheet date

On January 13, 2016, Aegon announced to repurchase EUR 400 million worth of common shares in 2016, of which a first tranche of EUR 200 million will be repurchased before March 31, 2016. These shares will be repurchased to neutralize the dilutive effect of the cancellation of the preferred shares in 2013. It will be proposed to shareholders at their next Annual General Meeting on May 20, 2016, to cancel any repurchased shares under this program. The shares will be repurchased at or below the daily volume-weighted average price.

On January 18, 2016 Aegon the Netherlands signed an agreement to sell its commercial non-life insurance business, which includes the proxy and co-insurance run-off portfolios, will be sold to Allianz Benelux. This sale is expected to be completed before July 1, 2016. This transaction follows the announcement last year that the commercial line of Aegon the Netherlands was no longer strategically core to the company s non-life business, and that Aegon the Netherlands will continue to invest in income protection and retail non-life insurance. The transaction is still subject to approval by the Dutch Central Bank (De Nederlandsche Bank) and the Dutch Authority for Consumers and Markets (Autoriteit Consument & Markt).

The Hague, the Netherlands, March 25, 2016

Supervisory Board	Executive Board
Robert J. Routs	Alexander R. Wynaendts
Irving W. Bailey, II	Darryl D. Button
Robert W. Dineen	
Shemaya Levy	
Ben J. Noteboom	
Ben van der Veer	
Dirk P.M. Verbeek	
Corien M. Wortmann-Kool	

Dona D. Young

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Income statement of Aegon N.V.

For the year ended December 31

Amounts in EUR million	2015	2014
Net income group companies	750	779
Other income / (loss)	(38)	(22)
Net income / (loss)	**712**	**757**

Statement of financial position of Aegon N.V.

As at December 31

Before profit appropriation, amounts in EUR million	Note	2015	2014
Investments			
Shares in group companies	3	25,239	27,292
Loans to group companies	4	4,529	4,016
Other investments	5	-	95
		29,768	**31,403**
Receivables	6		
Receivables from group companies		591	1,171
Other receivables		63	93
		654	**1,264**
Other assets			
Cash and cash equivalents		309	655
Other	7	111	377
		420	**1,032**
Prepayments and accrued income			
Accrued interest and rent		20	32
Total assets		**30,862**	**33,731**
Shareholders equity			

Share capital	8	328	327
Paid-in surplus	9	8,059	8,270
Revaluation account	9	6,551	8,335
Remeasurement of defined benefit plans of group companies	9	(1,532)	(1,611)
Legal reserves foreign currency translation reserve	9	1,267	(105)
Legal reserves in respect of group companies	9	1,343	2,542
Retained earnings, including treasury shares	9	6,960	5,442
Net income / (loss)	9	712	757
		23,688	**23,957**
Other equity instruments	10	3,800	3,827
Total equity		**27,488**	**27,784**
Subordinated borrowings	11	**759**	**747**
Long-term borrowings	12	**1,458**	**1,827**
Other liabilities	13		
Short term deposits		125	124
Loans from group companies		360	496
Payables to group companies		337	2,201
Deferred tax liability		142	87
Other		165	435
		1,129	**3,343**

Accruals and deferred income	29	30
Total equity and liabilities	**30,862**	**33,731**

Notes to the financial statements

1 General information

Aegon N.V., incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at Aegonplein 50, 2591 TV, The Hague, the Netherlands. Aegon N.V. serves as the holding company for the Aegon Group and has listings of its common shares in Amsterdam and New York.

Aegon N.V. (or the Company) and its subsidiaries (Aegon or the Group) have life insurance and pensions operations in over 25 countries in the Americas, Europe and Asia and are also active in savings and asset management operations, accident and health insurance, general insurance and to a limited extent banking operations. Headquarters are located in The Hague, the Netherlands. The Group employs over 31,500 people worldwide (2014: over 28,000).

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with accounting principles in the Netherlands as embodied in Part 9 of Book 2 of the Netherlands Civil Code. Based on article 2:362.8 of the Netherlands Civil Code, the valuation principles applied are based on International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), as used for the preparation of the consolidated financial statements of the Group.

With regard to the income statement of Aegon N.V., article 402, Part 9 of Book 2 of the Netherlands Civil Code has been applied, allowing a simplified format.

2.2 Foreign exchange translation

Aegon N.V. s financial statements are prepared in euros, which is also Aegon N.V. s functional currency. The euro is also the currency of the primary economic environment in which Aegon N.V. operates. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are translated to the functional currency using the exchange rates prevailing at the date of the transaction.

At the balance sheet date, monetary assets, monetary liabilities and own equity instruments in foreign currencies are translated to the functional currency at the closing rate of exchange prevailing on that date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, while assets carried at fair value are translated at the exchange rate when the fair value was determined.

Exchange differences on monetary items are recognized in the income statement when they arise, except when they are deferred in equity as a result of a qualifying cash flow or net investment hedge. Exchange differences on non-monetary items carried at fair value are recognized in equity or the income statement, consistently with other gains and losses on these items.

2.3 Offsetting of assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when Aegon N.V. has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis or simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterpart.

2.4 Investments

The group companies are stated at their net asset value, determined on the basis of IFRS as applied in the consolidated financial statements of the Group. For details on the accounting policies applied for the group companies refer to the consolidated financial statements.

Other investments are financial assets recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased. They are initially recognized at fair value excluding interest accrued to date plus, in the case of a financial asset not at fair value through profit or loss, any directly attributable incremental transaction costs.

Available-for-sale assets are recorded at fair value with unrealized changes in fair value recognized in equity.

The fair value of an asset is the amount for which it could be exchanged between knowledgeable, willing parties in an arm s length transaction. For quoted financial assets for which there is an active market, the fair value is the bid price at the balance sheet date. In the absence of an active market, fair value is estimated by using present value based or other valuation techniques. Where discounting techniques are applied, the discount rate is based on current market rates applicable to financial instruments with similar characteristics. The valuation techniques that include unobservable inputs can result in a different outcome than the actual transaction price at which the asset was acquired. Such differences are not recognized in the income statement immediately but are deferred. They are released over time to the income statement in line with the change in factors (including time) that market participants would consider in setting a price for the asset. Interest accrued to date is not included in the fair value of the financial asset.

Financial assets that are lent to a third party or that are transferred subject to a repurchase agreement at a fixed price are not derecognized as the Group retains substantially all the risks and rewards of the asset. A liability is recognized for cash collateral received, on which interest is accrued.

A security that has been received under a borrowing or reverse repurchase agreement is not recognized as an asset. A receivable is recognized for any related cash (collateral) paid by Aegon. The difference between sale and repurchase price is treated as investment income. If the Group subsequently sells that security, a liability to repurchase the asset is recognized and initially measured at fair value.

With the exception of cash collateral, assets received as collateral are not separately recognized as an asset until the financial asset they secure defaults. When cash collateral is recognized, a liability is recorded for the same amount.

2.5 Derivatives

All derivatives are recognized on the statement of financial position at fair value. All changes in fair value are recognized in the income statement, unless the derivative has been designated as a hedging instrument in a cash flow hedge or a hedge of a net foreign investment. Derivatives with positive fair values are reported as other assets and derivatives with negative values are reported as other liabilities.

2.6 Cash and cash equivalents

Cash comprises cash at banks and in-hand. Cash equivalents are short-term, highly liquid investments generally with original maturities of three months or less that are readily convertible to known cash amounts, are subject to insignificant risks of changes in value and are held for the purpose of meeting short-term cash requirements. Money market investments that are held for investment purposes (backing insurance liabilities, investment liabilities or equity based on asset liability management considerations) are not included in cash and cash equivalents but are presented as investment or investment for account of policyholders.

2.7 Other assets and receivables

Other assets include fixed assets, derivatives with positive fair values, other receivables and prepaid expenses. Other receivables are recognized at fair value and are subsequently measured at amortized cost.

2.8 Impairment of assets

An asset is impaired if the carrying amount exceeds the amount that would be recovered through its use or sale. Tangible, intangible and financial assets, if not held at fair value through profit or loss, are tested for impairment when there are indications that the asset may be impaired. Irrespective of the indications, goodwill and other intangible assets that are not amortized are tested at least annually. For assets denominated in a foreign currency, a decline in the foreign exchange rates is considered an indication of impairment.

2.9 Equity

Financial instruments that are issued by the Company are classified as equity if they represent a residual interest in the assets of the Company after deducting all of its liabilities and the Company has an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation. In addition to common shares and preferred shares, the Company has issued perpetual securities. Perpetual securities have no final maturity date, repayment is at the discretion of Aegon and for junior perpetual capital securities Aegon has the option to defer coupon payments at its discretion. The perpetual capital securities are classified as equity rather than debt, are measured at par and those that are denominated in US dollars are translated into euro using historical exchange rates.

Non-cumulative subordinated notes are identified as a compound instrument due to the nature of this financial instrument. For these non-cumulative subordinated notes, Aegon has an unconditional right to avoid delivering cash or another financial asset to settle the coupon payments. The redemption of the principal is however not at the discretion of Aegon and therefore Aegon has a contractual obligation to settle the redemption in cash or another financial asset or through the exchange of financial assets and liabilities at potentially unfavorable conditions for Aegon. Compound instruments are separated into liability components and equity components. The liability component for the non-cumulative subordinated notes is equal to the present value of the redemption amount and carried at amortized cost using the effective interest rate method. The unwinding of the discount of this component is recognized in the income statement. The liability component is derecognized when the Group s obligation under the contract expires, is discharged or is cancelled. The equity component is assigned the residual amount after deducting the liability component from the fair value of the instrument as a whole. The equity component in US dollars is translated into euro using historical exchange rates.

Incremental external costs that are directly attributable to the issuing or buying back of own equity instruments are recognized in equity, net of tax. For compound instruments incremental external costs that are directly attributable to the issuing or buying back of the compound instruments are recognized proportionate to the equity component and liability component, net of tax.

Dividends and other distributions to holders of equity instruments are recognized directly in equity, net of tax. A liability for non-cumulative dividends payable is not recognized until the dividends have been declared and approved.

Revaluation account includes unrealized gains and losses on available-for-sales assets and the positive changes in value that have been recognized in net income/(loss) relating to investments (including real estate) and which do not have a frequent market listing.

Legal reserves in respect of group companies include net increases in net asset value of subsidiaries and associates since their first inclusion, less any amounts that can be distributed without legal restrictions.

Treasury shares are own equity instruments reacquired by the Group. They are deducted from shareholders equity, regardless of the objective of the transaction. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the instruments. If sold, the difference between the carrying amount and the proceeds is reflected in retained earnings. The consideration paid or received is recognized directly in shareholders equity. All treasury shares are eliminated in the calculation of earnings per share and dividend per common share.

2.10 Borrowings

A financial instrument issued by the Company is classified as a liability if the contractual obligation must be settled in cash or another financial asset or through the exchange of financial assets and liabilities at potentially unfavorable conditions for the Company.

Borrowings are initially recognized at their fair value including directly attributable transaction costs and are subsequently carried at amortized cost using the effective interest rate method, with the exception of specific borrowings that are designated as at fair value through profit or loss to eliminate, or significantly reduce, an accounting mismatch, or specific borrowings which are carried as at fair value through the profit and loss as part of a fair value hedge relationship. The liability is derecognized when the Company s obligation under the contract expires or is discharged or cancelled.

Borrowings include the liability component of non-cumulative subordinated notes. These notes are identified as a compound instrument due to the nature of this financial instrument. Compound instruments are separated into equity components and liability components. The liability component for the non-cumulative subordinated notes is related to the redemption amount. For further information on accounting policy of the non-cumulative subordinated notes refer to note 2.9.

2.11 Contingent assets and liabilities

Contingent assets are disclosed in the notes if the inflow of economic benefits is probable, but not virtually certain. When the inflow of economic benefits becomes virtually certain, the asset is no longer contingent and its recognition is appropriate.

A provision is recognized for present legal or constructive obligations arising from past events, when it is probable that it will result in an outflow of economic benefits and the amount can be reliably estimated. If the outflow of economic benefits is not probable, a contingent liability is disclosed, unless the possibility of an outflow of economic benefits is remote.

2.12 Events after the balance sheet date

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the balance sheet date.

Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves.

3 Shares in group companies

	2015	2014
At January 1	27,292	19,342
Capital contributions and acquisitions	394	2,034
Divestments and capital repayments	-	(450)
Dividend received	(2,570)	(369)
Net income / (loss) for the financial year	750	779
Revaluations	(626)	5,956
At December 31	**25,239**	**27,292**

For a list of names and locations of the most important group companies, refer to note 52 Group companies of the consolidated financial statements of the Group. The legally required list of participations as set forth in article 379 of Book 2 of the Netherlands Civil Code has been registered with the Commercial Register of The Hague.

4 Loans to group companies

	2015	2014
Loans to group companies long-term		
At January 1	3,874	3,815
	(1,155)	(395)

Additions / (repayments)		
Other changes	418	454
At December 31	**3,137**	**3,874**
Loans to group companies short-term		
At January 1	142	505
Additions / (repayments)	1,268	(372)
Other changes	(18)	9
At December 31	**1,392**	**142**
Total	**4,529**	**4,016**

The other changes in 2015 in Loans to group companies long-term mainly relate to currency exchange rate fluctuations.

5 Other investments

	Money market and other short-term investments FVTPL[1]
At January 1, 2015	95
Additions	-
Disposals	95
At December 31, 2015	-
At January 1, 2014	95
Additions	-
Disposals	-
At December 31, 2014	**95**

1 Fair value through profit or loss.

The money market and other short-term investments fully consisted of investments in money market funds and were disposed of in 2015.

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6 Receivables

Receivables from group companies and other receivables have a maturity of less than one year. Other receivables include an income tax receivable of EUR 63 million (2014: EUR 93 million).

Aegon N.V., together with certain of its subsidiaries, is part of a tax grouping for Dutch corporate income tax purposes. The members of the fiscal entity are jointly and severally liable for any taxes receivable or payable by the Dutch tax grouping.

7 Other assets

Other assets include derivatives with positive fair values of EUR 106 million (2014: EUR 377 million).

8 Share capital

Issued and outstanding capital	2015	2014
Common shares	258	258
Common shares B	71	70
Total share capital	**328**	**327**

Authorized capital	2015	2014
Common shares	720	720
Common shares B	360	360
At December 31	**1,080**	**1,080**

Par value in cents per share	2015	2014
Common shares	12	12
Common shares B	12	12

All issued common shares and common shares B each have a nominal value of EUR 0.12 and are fully paid up. Repayment of capital can only be initiated by the Executive Board, is subject to approval of the Supervisory Board and must be resolved by the General Meeting of Shareholders. Moreover, repayment on common shares B needs approval of the related shareholders. Refer to Other information for further information on dividend rights.

Vereniging Aegon, based in The Hague, the Netherlands, holds all of the issued common shares B.

In 2015, Vereniging Aegon exercised its option rights to purchase in aggregate 3,696,440 common shares B at market value. It did this to prevent dilution caused by Aegon s issuance of shares, in connection with the Long Term Incentive Plans for senior management.

In 2014, Vereniging Aegon exercised its option rights to purchase in aggregate 2,320,280 common shares B at market value. It did this to prevent dilution caused by Aegon s issuance of shares on May 21, 2014, in connection with the Long Term Incentive Plans for senior management.

The following table shows the movement during the year in the number of common shares:

Number of common shares	2015	2014
At January 1	2,145,947,511	2,131,458,863
Shares issued	-	-
Stock dividend	1,089,315	14,488,648
At December 31	2,147,036,826	2,145,947,511

The following table shows the movement during the year in the number of common shares B:

Number of common shares B	2015	2014
At January 1	581,325,720	579,005,440
Shares issued	3,696,440	2,320,280
At December 31	585,022,160	581,325,720

The weighted average number of EUR 0.12 common shares for 2015 was 2,102,813,138 (2014: 2,096,043,713).

The weighted average number of EUR 0.12 common shares B for 2015 was 583,607,720 (2014: 580,391,240).

The shares repurchased by Aegon N.V. during the share-buy-back programs to undo the dilution caused by the distribution of dividend in stock, although included in the issued and outstanding number of shares, are excluded from the calculation of the weighted average number of shares.

Long-term incentive plan, share appreciation rights and share options

For detailed information on the Long Term Incentive Plans, share appreciation rights and share options granted to senior executives and other Aegon employees, refer to note 14 Commissions and expenses to the consolidated financial statements of the Group.

Board remuneration

Detailed information on remuneration of active and retired members of the Executive Board including their share and share option rights, remuneration of active and retired members of the Supervisory Board along with information about shares held in Aegon by the members of the Boards is included in note 53 Related party transactions to the consolidated financial statements of the Group.

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9 Shareholders equity

	Share capital	Paid-in surplus	Revaluation account	Remeasurement of defined benefit plans of group companies	Legal reserves FCTR	Legal reserves group companies	Retained earnings	Treasury shares	Net income/ (loss)	**Total**
At January 1, 2015	327	8,270	8,335	(1,611)	(105)	2,542	5,761	(319)	757	23,957
Net income 2014 retained	-	-	-	-	-	-	757	-	(757)	-
Net income 2015	-	-	-	-	-	-	-	-	712	712
Total net income / (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**757**	**-**	**(45)**	**712**
Foreign currency translation differences and movement in foreign investment hedging reserves	-	-	-	(86)	1,372	-	-	-	-	1,286
Changes in revaluation subsidiaries	-	-	(1,837)	-	-	-	-	-	-	(1,837)
Remeasurement of defined benefit plans of group companies	-	-	-	165	-	-	-	-	-	165
	-	-	53	-	-	(1,199)	1,138	-	-	(8)

Transfer to legal reserve										
Other	-	-	-	-	-	-	10	-	-	10
Other comprehensive income / (loss)	**-**	**-**	**(1,784)**	**79**	**1,372**	**(1,199)**	**1,148**	**-**	**-**	**(384)**
Shares issued	1	-	-	-	-	-	-	-	-	1
Dividend common shares	-	(211)	-	-	-	-	(292)	-	-	(503)
Dividend withholding tax reduction	-	-	-	-	-	-	1	-	-	1
Treasury shares	-	-	-	-	-	-	1	50	-	51
Coupons and premium on convertible core capital securities and coupon on perpetual securities, net of tax	-	-	-	-	-	-	(139)	-	-	(139)
Other	-	-	-	-	-	-	(8)	-	-	(8)
At December 31, 2015	**328**	**8,059**	**6,551**	**(1,532)**	**1,267**	**1,343**	**7,229**	**(269)**	**712**	**23,688**

	Share capital	Paid-in surplus	Revaluation account	Remeasurement of defined benefit plans of group companies	Legal reserves FCTR	Legal reserves group companies	Retained earnings	Treasury shares	Net income/ (loss)	Total
At January 1, 2014	325	8,376	3,276	(706)	(1,806)	2,345	5,188	(290)	986	17,694
Net income 2013 retained	-	-	-	-	-	-	986	-	(986)	-
Net income 2014	-	-	-	-	-	-	-	-	757	757
Total net income / (loss)							**986**		**(229)**	**757**
Foreign currency translation differences and movement in foreign investment hedging reserves	-	-	-	(84)	1,701	-	-	-	-	1,617
Changes in revaluation subsidiaries	-	-	5,286	-	-	-	-	-	-	5,286
Remeasurement of defined benefit plans of group companies	-	-	-	(821)	-	-	-	-	-	(821)
Transfer to legal reserve	-	-	(227)	-	-	197	28	-	-	(2)

Other	-	-	-	-	-	-	(4)	-	-	(4)
Other comprehensive income / (loss)	**-**	**-**	**5,058**	**(905)**	**1,701**	**197**	**24**	**-**	**-**	**6,076**
Dividend common shares	2	(106)	-	-	-	-	(266)	-	-	(370)
Treasury shares	-	-	-	-	-	-	(38)	(29)	-	(67)
Coupons and premium on convertible core capital securities and coupon on perpetual securities, net of tax	-	-	-	-	-	-	(152)	-	-	(152)
Other	-	-	-	-	-	-	19	-	-	19
At December 31, 2014	**327**	**8,270**	**8,335**	**(1,611)**	**(105)**	**2,542**	**5,761**	**(319)**	**757**	**23,957**

The balance of the revaluation account, which includes revaluation reserves for real estate and investments that do not have a frequent market listing, consisted for EUR 7,613 million (2014: EUR 8,858 million) of items with positive revaluation and for EUR 1,062 million of items with negative revaluation (2014: EUR 523 million negative revaluation).

The revaluation account and legal reserves, foreign currency translation reserve and other, can not be freely distributed. In case of negative balances for individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts.

Certain of Aegon s subsidiaries, principally insurance companies, are subject to restrictions on the amounts of funds they may transfer in the form of cash dividends or otherwise to their parent companies. There can be no assurance that these restrictions will not limit or restrict Aegon in its ability to pay dividends in the future.

Optas N.V., an indirect subsidiary of Aegon N.V., held statutory reserves of EUR 1,050 million per December 31, 2014 which were restricted. Aegon announced in April 2014 that it had reached agreement with BPVH a foundation representing Dutch harbor workers and employers on removing restrictions on the capital of the harbor s former pension fund Optas pensioenen N.V., thereby ending a long-lasting dispute. After approval by the court, which was granted in January 2015, restrictions were removed three months after the date of the court ruling, when the appeal period expired. As the restrictions were removed, both the statutory reserve of EUR 1,050 million per December 31, 2014 and the amounts included in the legal reserves were transferred to retained earnings. Included in Aegon N.V. s legal reserves was an amount of EUR 510 million per December 31, 2014 related to Optas N.V. which represented the increase in statutory reserves since the acquisition of Optas N.V. by Aegon. The statutory reserves of Optas N.V. were linked to the acquired negative goodwill related to Optas N.V. at acquisition date.

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On the balance sheet date, Aegon N.V., and its subsidiaries held 44,531,558 of its own common shares (2014: 51,317,190) with a face value of EUR 0.12 each. Most of the shares have been purchased to neutralize the dilution effect of issued share dividend and to hedge share based payment plans for executives and employees. Movements in the number of repurchased own shares held by Aegon N.V. were as follows:

	2015	2014
At January 1	49,536,806	39,836,533
Transactions in 2015:		
Sale: 1 transaction, price EUR 7.24	(7,628,399)	
Sale: 1 transaction, price EUR 6.62	(16,279,933)	
Purchase: transactions, average price EUR 6.63	16,279,933	
Sale: 1 transaction, price EUR 5.40	(19,047,358)	
Purchase: transactions, average price EUR 5.28	20,136,673	
Transactions in 2014:		
Sale: 1 transaction, price EUR 6.33		(4,788,375)
Purchase: transactions, average price EUR 6.43		14,488,648
Sale: 1 transaction, price EUR 6.37		(16,319,939)
Purchase: transactions, average price EUR 6.49		16,319,939
At December 31	**42,997,722**	**49,536,806**

As part of their insurance and investment operations, subsidiaries within the Group also hold Aegon N.V. common shares, both for their own account and for account of policyholders. These shares have been treated as treasury shares and are included at their consideration paid or received.

	2015		2014	
	Number of shares (thousands)	**Total amounts**	Number of shares (thousands)	Total amounts
Held by Aegon N.V.	42,997,722	257	49,536,806	306
Held by subsidiaries	1,533,836	12	1,780,384	13
Total at December 31	**44,531,558**	**269**	**51,317,190**	**319**

The consideration for the related shares is deducted from or added to the retained earnings.

10 Other equity instruments

	Junior perpetual capital securities	Perpetual cumulative subordinated bonds	Share options and incentive plans	Non-cumulative subordinated notes	Total
At January 1, 2015	3,008	454	94	271	3,827
Redemption of junior perpetual capital securities	-	-	-	-	-
Shares granted / Share options cost incurred	-	-	26	-	26
Shares vested / Share options forfeited	-	-	(53)	-	(53)
At December 31, 2015	**3,008**	**454**	**68**	**271**	**3,800**
At January 1, 2014	4,192	454	99	271	5,015
Redemption of junior perpetual capital securities	(1,184)	-	-	-	(1,184)
Shares granted / Share options cost incurred	-	-	29	-	29
Shares vested / Share options forfeited	-	-	(34)	-	(34)
At December 31, 2014	**3,008**	**454**	**94**	**271**	**3,827**

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Junior perpetual capital securities	Coupon rate	Coupon date, as of	Year of next call	2015	2014
USD 500 million	6.50%	Quarterly, December 15	2016	424	424
USD 250 million	floating LIBOR rate [1)]	Quarterly, December 15	2016	212	212
USD 500 million	floating CMS rate [2)]	Quarterly, July 15	2016	402	402
USD 1 billion	6.375%	Quarterly, June 15	2016	821	821
EUR 950 million	floating DSL rate [3)]	Quarterly, July 15	2016	950	950
EUR 200 million	6.0%	Annually, July 21	2016	200	200
At December 31				**3,008**	**3,008**

1 The coupon of the USD 250 million junior perpetual capital securities is reset each quarter based on the then prevailing three-month LIBOR yield plus a spread of 87.5 basis points, with a minimum of 4%.

2 The coupon of the USD 500 million junior perpetual capital securities is reset each quarter based on the then prevailing ten-year US dollar interest rate swap yield plus a spread of ten basis points, with a maximum of 8.5%.

3 The coupon of the EUR 950 million junior perpetual capital securities is reset each quarter based on the then prevailing ten-year Dutch government bond yield plus a spread of ten basis points, with a maximum of 8%.

The interest rate exposure on some of these securities has been swapped to a three-month LIBOR and/or EURIBOR based yield.

The securities have been issued at par. The securities have subordination provisions, rank junior to all other liabilities and senior to shareholder s equity only. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and mandatory coupon payment events. Although the securities have no stated maturity, Aegon has the right to call the securities for redemption at par for the first time on the coupon date in the years as specified, or on any coupon payment date thereafter.

On June 15, 2014, Aegon redeemed junior perpetual capital securities with a coupon of 7.25% issued in 2007. The junior perpetual capital securities were originally issued at par with a carrying value of EUR 745 million. The principal amount of USD 1,050 million was repaid with accrued interest. The cumulative foreign currency result at redemption was recorded directly in retained earnings.

On March 15, 2014, Aegon redeemed junior perpetual capital securities with a coupon of 6.875% issued in 2006. The junior perpetual capital securities were originally issued at par with a carrying value of EUR 438 million. The principal amount of USD 550 million was repaid with accrued interest. The cumulative foreign currency result at redemption was recorded directly in retained earnings.

Perpetual cumulative subordinated bonds	Coupon rate	Coupon date	Year of next call	**2015**	2014
EUR 136 million	5.185%[1),4)]	Annual, October 14	2018	136	136
EUR 203 million	4.260%[2),4)]	Annual, March 4	2021	203	203
EUR 114 million	1.506%[3),4)]	Annual, June 8	2025	114	114
At December 31				**454**	**454**

[1] The coupon of the EUR 136 million bonds was originally set at 7.25% until October 14, 2008. Subsequently, the coupon has been reset at 5.185% until October 14, 2018.

[2] The coupon of the EUR 203 million bonds was originally set at 7.125% until March 4, 2011. Subsequently, the coupon has been reset at 4.26% until March 4, 2021.

[3] The coupon of the EUR 114 million bonds was originally set at 8% until June 8, 2005. Subsequently, the coupon has been reset at 4.156% until 2015 and 1.506% until 2025.

[4] If the bonds are not called on the respective call dates and after consecutive period of ten years, the coupons will be reset at the then prevailing effective yield of ten-year Dutch government securities plus a spread of 85 basis points.

The bonds have the same subordination provisions as dated subordinated debt. In addition, the conditions of the bonds contain provisions for interest deferral.

Although the bonds have no stated maturity, Aegon has the right to call the bonds for redemption at par for the first time on the coupon date in the year of next call.

Non-cumulative subordinated notes	Coupon rate	Coupon date, as of	Year of next call	**2015**	2014
USD 525 million	8%	Quarterly, February 15	2017	271	271
At December 31				**271**	**271**

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On February 7, 2012, Aegon issued USD 525 million in aggregate principal amount of 8.00% non-cumulative subordinated notes, due 2042, in an underwritten public offering in the United States registered with the US Securities and Exchange Commission. The subordinated notes bear interest at a fixed rate of 8.00% and have been priced at 100% of their principal amount. Any cancelled interest payments will not be cumulative.

The securities are subordinated and rank senior to the junior perpetual capital securities, equally with the perpetual cumulative subordinated bonds and fixed floating subordinated notes, and junior to all other liabilities. The conditions of the securities contain certain provisions for optional and required cancellation of interest payments. The securities have a stated maturity of 30 years, however, Aegon has the right to call the securities for redemption at par for the first time on the first coupon date in 2017, or on any coupon payment date thereafter.

These notes are recognized as a compound instrument due to the nature of this financial instrument. Compound instruments are separated into an equity component and a liability component. At December 31, 2015, the equity component amounted to EUR 271 million (2014: EUR 271 million), subordinated borrowings amounted to EUR 65 million (2014: EUR 54 million) and a deferred tax liability amounting to EUR 105 million (2014: EUR 95 million).

Refer to note 11 Subordinated borrowings for details of the component classified as subordinated borrowings.

11 Subordinated borrowings

	Coupon rate	Coupon date	Year of next call	2015	2014
Fixed floating subordinated notes					
EUR 700 million	4%	Annually, April 25	2024	694	693
Non-cumulative subordinated notes					
USD 525 million	8%	Quarterly, February 15	2017	65	54
At December 31				**759**	**747**

On April 25, 2014, Aegon issued EUR 700 million of subordinated notes, first callable on April 25, 2024, and maturing on April 25, 2044. The coupon is fixed at 4% until the first call date and floating thereafter.

These securities are subordinated and rank senior to the junior perpetual capital securities, equally with the perpetual cumulative subordinated bonds, fixed floating subordinated notes and non-cumulative subordinated notes, and junior to all other liabilities. The conditions of the securities contain certain provisions for optional and required deferral of interest payments. There have been no defaults or breaches of conditions during the period.

Subordinated borrowings include a liability of EUR 65 million (2014: EUR 54 million) relating to the USD 525 million non-cumulative subordinated notes issued on February 7, 2012. The liability component of the non-cumulative subordinated notes is related to the redemption amount. For further information on the non-cumulative subordinated notes and their subordination refer to note 10 Other equity instruments.

12 Long-term borrowings

	2015	2014
Remaining terms less than 1 year	-	412
Remaining terms 1 - 5 years	586	587
Remaining terms 5 - 10 years	-	-
Remaining terms over 10 years	872	828
At December 31	**1,458**	**1,827**

The repayment periods of borrowings vary from within one year up to a maximum of 25 years. The interest rates vary from 3.000% to 6.625% per annum. The market value of the long-term borrowings amounted to EUR 1,821 million (2014: EUR 2,297 million).

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13 Other liabilities

Loans from and payables to group companies have a maturity of less than one year. Other includes derivatives with negative fair values of EUR 149 million (2014: EUR 406 million).

Commitments and contingencies

Aegon N.V. entered into a contingent capital letter for an amount of JPY 7.5 billion (EUR 57 million) to support its joint venture Aegon Sony Life Insurance Company meeting local statutory requirements.

Aegon N.V. has guaranteed and is severally liable for the following:

- Due and punctual payment of payables due under letter of credit agreements applied for by Aegon N.V. as co-applicant with its captive insurance companies that are subsidiaries of Transamerica Corporation and Commonwealth General Corporation. At December 31, 2015, the letter of credit arrangements utilized by captives to provide collateral to affiliates amounted to EUR 3,750 million (2014: EUR 2,403 million); as of that date no amounts had been drawn, or were due under these facilities. Other letter of credit arrangements for subsidiaries amounted to EUR 235 million (2014: EUR 114 million); as of that date no amounts had been drawn, or were due under these facilities;
- Due and punctual payment of payables due under letter of credit agreements or guarantees provided for subsidiaries of Transamerica Corporation at December 31, 2015 amounted to EUR 3,467 (2014: EUR 3,099 million) As of that date no amounts had been drawn, or were due under letter of credit facilities. The guarantees partly related to debt amounted to EUR 1,448 million (2014: EUR 1,275 million) and is included in the Operational funding table in note 39 Borrowings of the consolidated financial statements of the Group in the line USD 1.54 billion Variable Funding Surplus Note ;
- Due and punctual payment of payables by the consolidated group companies Transamerica Corporation, Aegon Funding Company LLC and Commonwealth General Corporation with respect to bonds, capital trust pass-through securities and notes issued under commercial paper programs amounted to EUR 615 million (2014: EUR 552 million); and
- Due and punctual payment of any amounts owed to third parties by the consolidated group company Aegon Derivatives N.V. in connection with derivative transactions. Aegon Derivatives N.V. only enters into derivative transactions with counterparties with which ISDA master netting agreements including collateral support annex agreements have been agreed; net (credit) exposure on derivative transactions with these counterparties was therefore limited as of December 31, 2015.

14 Number of employees

Other than Mr. Wynaendts there were no employees employed by Aegon N.V. in 2015 and 2014.

15 Accountants remuneration

	Total	Of which PricewaterhouseCoopers

	remuneration		Accountants N.V. (NL)	
	2015	**2014**	**2015**	**2014**
Audit	20	17	8	5
Other audit	2	1	-	-
Other services	-	-	-	-
Total	**22**	**18**	**8**	**5**

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16 Events after the balance sheet date

On January 13, 2016, Aegon announced to repurchase EUR 400 million worth of common shares in 2016, of which a first tranche of EUR 200 million will be repurchased before March 31, 2016. These shares will be repurchased to neutralize the dilutive effect of the cancellation of the preferred shares in 2013. It will be proposed to shareholders at their next Annual General Meeting on May 20, 2016, to cancel any repurchased shares under this program. The shares will be repurchased at or below the daily volume-weighted average price.

The Hague, the Netherlands, March 25, 2016

Supervisory Board	Executive Board
Robert J. Routs	Alexander R. Wynaendts
Irving W. Bailey, II	Darryl D. Button
Robert W. Dineen	
Shemaya Levy	
Ben J. Noteboom	
Ben van der Veer	
Dirk P.M. Verbeek	
Corien M. Wortmann-Kool	
Dona D. Young	

Other information

Proposal for profit appropriation

Appropriation of profit will be determined in accordance with the articles 31 and 32 of the Articles of Association of Aegon N.V. The relevant provisions read as follows:

1. The General Meeting of Shareholders will adopt the Annual Accounts;
2. If the adopted profit and loss account shows a profit, the Supervisory Board may decide, upon the proposal of the Executive Board, to set aside part of the profit to augment and/or form reserves.
3. The profits remaining after application of 2 above shall be put at the disposal of the General Meeting of Shareholders. The Executive Board, subject to the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders;
4. The Executive Board may, subject to the approval of the Supervisory Board, make one or more interim distributions to the holders of common shares and common shares B;
5. Distributions are made in accordance with the principle set forth in article 4 of the Articles of Association of Aegon N.V. that the financial rights attaching to a common share B are one-fortieth ($1/40^{th}$) of the financial rights attaching to a common share;
6. The Executive Board may, subject to the approval of the Supervisory Board, decide that a distribution on common shares and common shares B shall not take place as a cash payment but as a payment in common shares, or decide that holders of common shares and common shares B shall have the option to receive a distribution as a cash payment and/or as a payment in common shares, out of the profit and/or at the expense of reserves, provided that the Executive Board is designated by the General Meeting to issue shares. Subject to the approval of the Supervisory Board, the Executive Board shall also determine the conditions applicable to the aforementioned choices; and
7. The Company s policy on reserves and dividends shall be determined and can be amended by the Supervisory Board, upon the proposal of the Executive Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

At the Annual General Meeting of Shareholders on May 20, 2016, the Executive Board will, absent unforeseen circumstances, propose a final dividend for 2015 of EUR 0.13 per common share and EUR 0.00325 per common share B. The final dividend will be paid in cash or stocks at the election of the shareholder. The value of the stock dividend will be approximately equal to the cash dividend.

If the proposed dividend is approved by shareholders, Aegon shares will be quoted ex-dividend on May 23, 2016, for the shares listed on the New York Stock Exchange and on May 24, 2016, for shares listed on Euronext. The record date for the dividend will be May 25, 2016. Shareholders can elect to receive a dividend in cash or in shares during the dividend election period, which will run from May 31, 2016 up to and including June 17, 2016. The dividend will be payable as of June 24, 2016.

In order to reflect the prevailing market price of Aegon N.V. common shares fully within the indication provided, the number of dividend coupons that give entitlement to a new common share of EUR 0.12 (nominal value) will be determined on June 17, 2016 after 5.30 p.m. (CET), based on the average share price on Euronext Amsterdam in the five trading days from June 13, 2016 up to and including June 17, 2016.

	2015	2014
Final dividend on common shares	274	253
Earnings to be retained	438	504
Net income attributable to equity holders of Aegon N.V.	**712**	**757**

Major shareholders

General

As of December 31, 2015, Aegon s total authorized share capital consisted of 6,000,000,000 common shares with a par value of EUR 0.12 per share and 3,000,000,000 common shares B with a par value of EUR 0.12 per share. At the same date, there were 2,147,036,826 common shares and 585,022,160 common shares B issued. Of the issued common shares, 42,997,722 common shares were held by Aegon as treasury shares and 1,533,836 treasury shares were held by its subsidiaries.

All of Aegon s common shares and common shares B are fully paid and not subject to calls for additional payments of any kind. All of Aegon s common shares are registered shares. Holders of shares of New York registry hold their common shares in the registered form issued by Aegon s New York transfer agent on Aegon s behalf. Shares of New York registry and shares of Netherlands registry are exchangeable on a one-to-one basis and are entitled to the same rights, except that cash dividends are paid in US dollars on shares of New York registry.

As of December 31, 2015, 249 million common shares were held in the form of New York Registry shares. As of December 31, 2015, there were approximately 18,800 record holders of Aegon s New York Registry shares resident in the United States.

Vereniging Aegon

Vereniging Aegon is the continuation of the former mutual insurer AGO. In 1978, AGO demutualized and Vereniging AGO became the only shareholder of AGO Holding N.V., which was the holding company for its insurance operations. In 1983, AGO Holding N.V. and Ennia N.V. merged into Aegon N.V. Vereniging AGO initially received approximately 49% of the common shares (reduced gradually to less than 40%) and all of the preferred shares in Aegon N.V., giving it voting majority in Aegon N.V. At that time, Vereniging AGO changed its name to Vereniging Aegon.

The objective of Vereniging Aegon is the balanced representation of the interests of Aegon N.V. and all of its stakeholders, including shareholders, Aegon Group companies, insured parties, employees and other relations of the companies.

In accordance with the 1983 Amended Merger Agreement, Vereniging Aegon had certain option rights on preferred shares to prevent dilution of voting power as a result of share issuances by Aegon N.V. This enabled Vereniging Aegon to maintain voting control at the General Meeting of Shareholders of Aegon N.V. In September 2002, Aegon N.V. effected a capital restructuring whereby Vereniging Aegon, among others, sold 206,400,000 common shares to Aegon N.V. for the amount of EUR 2,064,000,000; Vereniging Aegon contributed these as additional paid-in capital on the then existing Aegon N.V. preferred shares. As a result of this capital restructuring, Vereniging Aegon s beneficial ownership interest in Aegon N.V. s common shares decreased from approximately 37% to approximately 12% and its beneficial ownership interest in Aegon N.V. s voting shares decreased from approximately 52% to approximately 33%.

On May 9, 2003, Aegon s shareholders approved certain changes to Aegon s corporate governance structure. Preferred shares with a nominal value of EUR 0.12 were converted into 211,680,000 new class A preferred shares with a nominal value of EUR 0.25, and class B preferred shares were created with a nominal value of EUR 0.25 each. No class B preferred shares were issued at that time. The voting rights pertaining to the preferred shares were adjusted accordingly to 25/12 vote per preferred share. However, in May 2003, Aegon N.V. and Vereniging Aegon entered into a Preferred Shares Voting Agreement, pursuant to which Vereniging Aegon agreed to exercise one vote only per preferred share, except in the event of a Special Cause , as defined below.

In May 2003, Aegon N.V. and Vereniging Aegon amended the option arrangements under the 1983 Amended Merger Agreement so that, in the event of an issuance of shares by Aegon N.V., Vereniging Aegon could purchase as many class B preferred shares as would enable Vereniging Aegon to prevent or correct dilution to below its actual percentage of voting shares, to a maximum of 33%.

On February 15, 2013, Aegon N.V. and Vereniging Aegon entered into an agreement to simplify the capital structure of Aegon and to cancel all of Aegon s preferred shares, of which Vereniging Aegon was the sole owner. The execution of this agreement was subject to the approval of the General Meeting of Shareholders of Aegon N.V. This approval was granted at the Annual General Meeting of Shareholders on May 15, 2013.

The simplified capital structure entailed, but was not limited to, the amendment of the Articles of Association of Aegon N.V., including the conversion of all outstanding 329,773,000 preferred shares A and B, with a nominal value of EUR 0.25 each, into 120,713,389 common shares and 566,313,695 common shares B, with a nominal value of EUR 0.12 each. The financial rights attached to a common share B were determined at 1/40th of the financial rights attached to a common share.

The simplified capital structure also entailed the amendment of the Voting Rights Agreement between Aegon N.V. and Vereniging Aegon, known as the Preferred Shares Voting Agreement before May 2013. As a matter of Dutch corporate law, the shares of both classes offer equal full voting rights, as they have equal nominal values (EUR 0.12). The amended Voting Rights Agreement ensures that under normal circumstances, i.e. except in the event of a Special Cause, Vereniging Aegon will no longer be able to exercise more votes than is proportionate to the financial rights represented by its shares. This means that in the absence of a Special Cause Vereniging Aegon may cast one vote for every common share it holds and one vote only for every 40 common shares B it holds. As Special Cause qualifies the acquisition of a 15% interest in Aegon N.V., a tender offer for Aegon N.V. shares or a proposed business combination by any person or group of persons, whether individually or as a group, other than in a transaction approved by the Executive Board and the Supervisory Board. If, in its sole discretion, Vereniging Aegon determines that a Special Cause has occurred, Vereniging Aegon will notify the General Meeting of Shareholders and retain its right to exercise the full voting power of one vote per common share B for a limited period of six months.

The simplified capital structure also included an amendment to the 1983 Amended Merger Agreement between Aegon N.V. and Vereniging Aegon. Following this 2013 amendment, Vereniging Aegon s call option relates to common shares B. Vereniging Aegon may exercise its call option to keep or restore its total stake at 32.6%, irrespective of the circumstances which cause the total shareholding to be or become lower than 32.6%.

In the years 2003 through 2012, 118,093,000 class B preferred shares were issued under these option rights. In July 2013, Vereniging Aegon exercised its option rights to purchase in aggregate 12,691,745 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance). It did this to correct dilution caused by Aegon s issuance of shares on May 1, 2013 and May 16, 2013 in connection with the Long Term Incentive Plans for senior management and the issuance of shares on June 14, 2013, being the final dividend 2012 in the form of stock dividend. On May 22, 2014, and with effect of May 21, 2014, Vereniging Aegon exercised its options rights to purchase in aggregate 2,320,280 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by Aegon s issuance of shares on May 21, 2014, in connection with the Long Term Incentive Plans for senior management. On January 1, 2015 Vereniging Aegon exercised its options rights to purchase in aggregate 9680 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by Aegon s issuance of shares on January 1, 2015, in connection with the Long Term Incentive Plans for senior management. On May 21, 2015 Vereniging Aegon exercised its options rights to purchase in aggregate 3,686,000 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by Aegon s issuance of shares on May 21, 2015, in connection with the Long Term Incentive Plans for senior management. And on November 13, 2015, and with effect of November 13, 2015, Vereniging Aegon exercised its options rights to purchase in aggregate 760 common shares B at fair value of a common share B (being 1/40th of the market value of a common share in the capital of the Company at the time of issuance) to mitigate dilution caused by a correction to Aegon s issuance of shares on May 21, 2015, in connection with the Long Term Incentive Plans for senior management

Development of shareholding in Aegon N.V.

Number of shares	Common	Common B
At January 1, 2015	292,687,444	581,325,720
Exercise option right common shares B	-	3,696,440
At December 31, 2015	**292,687,444**	**585,022,160**

Accordingly, at December 31, 2015, the voting power of Vereniging Aegon under normal circumstances amounted to approximately 14.5%, based on the number of outstanding and voting shares (excluding issued common shares held in treasury by Aegon N.V.). In the event of a Special Cause, Vereniging Aegon s voting rights will increase, currently to 32.6%, for up to six months.

At December 31, 2015, the General Meeting of Members of Vereniging Aegon consisted of 18 members. The majority of the voting rights is with the 16 members who are not employees or former employees of Aegon N.V. or one of the Aegon Group companies, nor current or former members of the Supervisory Board or the Executive Board of Aegon N.V. The two other members are from the Executive Board of Aegon N.V.

Vereniging Aegon has an Executive Committee consisting of eight members, six of whom are not, nor have ever been, related to Aegon, including the Chairman and the Vice-Chairman. The other two members are also members of the Executive Board of Aegon N.V. Resolutions of the Executive Committee, other than regarding the amendment of the Articles of Association of Vereniging Aegon, are

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made with an absolute majority of the votes. When a vote in the Executive Committee results in a tie, the General Meeting of Members has the deciding vote. Regarding the amendment of the Articles of Association of Vereniging Aegon, a special procedure requires a unanimous proposal from the Executive Committee, thereby including the consent of the representatives of Aegon N.V. at the Executive Committee. This requirement does not apply in the event of a hostile change of control at the General Meeting of Shareholders of Aegon N.V., in which event Vereniging Aegon may amend its Articles of Association without the cooperation of Aegon N.V. Furthermore, the two members of the Executive Board of Aegon N.V., who are also members of the Executive Committee, have no voting rights on several decisions that relate to Aegon N.V., as set out in the Articles of Association of Vereniging Aegon.

Other major shareholders

To Aegon s knowledge based on the filings made with the Netherlands Authority for Financial Markets, the AFM, the US based investment management firm Dodge & Cox holds a capital and voting interest in Aegon of 3%.

Based on its last filing with the Dutch Autoriteit Financiële Markten on July 1, 2013 the Dodge & Cox International Stock Fund stated to hold 83,320,454 common shares and voting rights which represents 3.0% of the capital issued as at December 31, 2015. On February 12, 2016, Dodge & Cox s filing with the United States Securities and Exchange Commission (SEC) shows that Dodge & Cox holds 252,801,195 common shares, representing 9.3% of the issued capital, and has voting rights for 246,721,656 shares, representing 9.0% of the votes as at December 31,2015.

The SEC filing also shows that of this number of shares Dodge & Cox International Stock Fund holds 130,337,763 common shares, which represents 4.8% of the issued capital as at December 31, 2015. The remainder of the common shares registered in name of Dodge & Cox with the SEC are held by Dodge & Cox on behalf of its other clients, including investment companies registered under the Investment Company Act of 1940 and other managed accounts.

The filing of Franklin Resources, Inc. (FRI), a US-based investment management firm, with the SEC on February 3, 2016, shows that FRI holds 135,002,163 common shares, representing 4.9% of the issued capital as at December 31, 2015. The SEC filing also shows that the commons shares are held by various entities to whom they provide asset management services. Each of these entities hold less than 3% of the issued capital as at December 31, 2015.

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Other financial information

Schedules to the financial statements

Schedule I

Summary of investments other than investments in related parties

As at December 31, 2015

Amounts in million EUR	Cost[1)]	Fair value	Book value
Shares:			
Available-for-sale	617	820	820
Fair value through profit or loss	531	640	640
Bonds:			
Available-for-sale and held-to-maturity:			
US government	8,351	9,077	9,077
Dutch government	4,245	5,068	5,068
Other government	14,308	16,587	16,587
Mortgage backed	9,991	10,265	10,265
Asset backed	8,432	8,852	8,852
Corporate	52,585	55,302	55,302
Money market investments	7,141	7,141	7,141
Other	1,120	1,297	1,297
Subtotal	**106,173**	**113,589**	**113,589**
Bonds:			
Fair value through profit or loss	2,257	2,239	2,239
Other investments at fair value through profit or loss	2,931	2,938	2,938
Mortgages	32,899	37,648	32,899
Private loans	2,847	3,165	2,847
Deposits with financial institutions	106	106	106
Policy loans	2,201	2,201	2,201
Receivables out of share lease agreements	1	1	1
Other	209	209	209
Subtotal	**38,263**	**43,330**	**38,263**
Real estate:			
Investments in real estate		1,990	1,990

Total	**165,546**	**160,478**

[1] Cost is defined as original cost for available-for-sale shares and amortized cost for available-for-sale and held-to-maturity bonds

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Schedule II

Condensed financial information of registrant

Statement of financial position of Aegon N.V.

As at December 31

Before profit appropriation, amounts in EUR million	Note	2015	2014
Investments			
Shares in group companies	3	25,239	27,292
Loans to group companies	4	4,529	4,016
Other investments	5	-	95
		29,768	**31,403**
Receivables	**6**		
Receivables from group companies		591	1,171
Other receivables		63	93
		654	**1,264**
Other assets			
Cash and cash equivalents		309	655
Other	7	111	377
		420	**1,032**
Prepayments and accrued income			
Accrued interest and rent		20	32
Total assets		**30,862**	**33,731**
Shareholders equity			
Share capital	8	328	327
Paid-in surplus	9	8,059	8,270
Revaluation account	9	6,551	8,335
Remeasurement of defined benefit plan of group companies	9	(1,532)	(1,611)
Legal reserves foreign currency translation reserve	9	1,267	(105)
Legal reserves in respect of group companies	9	1,343	2,542
Retained earnings, including treasury shares	9	6,960	5,442
Net income / (loss)	9	712	757
		23,688	**23,957**
Other equity instruments	10	3,800	3,827
Total equity		**27,488**	**27,784**

Subordinated borrowings	**11**	**759**	747
Long-term borrowings	**12**	**1,458**	1,827
Other liabilities	**13**		
Short term deposits		125	124
Loans from group companies		360	496
Payables to group companies		337	2,201
Deferred tax liability		142	87
Other		165	435
		1,129	**3,343**
Accruals and deferred income		**29**	30
Total equity and liabilities		**30,862**	**33,731**

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Income statement of Aegon N.V.

For the year ended December 31

Amounts in EUR million	2015	2014	2013
Net income / (loss) group companies	750	779	965
Other income / (loss)	(38)	(22)	21
Net income	**712**	**757**	**986**

Condensed cash flow statement of Aegon N.V.

For the year ended December 31

Amounts in EUR million	2015	2014	2013
Income / (loss) before tax	**688**	**752**	**1,000**
Adjustments	778	679	(677)
Net cash flows from operating activities	**1,466**	**1,431**	**323**
Net cash flows from investing activities	**(5)**	**-**	**-**
Issuance and repurchase of share capital	(213)	(199)	(493)
Dividends paid	(292)	(266)	(323)
Issuance, repurchase and coupons of perpetual securities	(148)	(1,344)	(194)
Issuance, repurchase and coupons of non-cumulative subordinated notes	(38)	(32)	(28)
Issuance and repurchase of borrowings	(1,115)	438	(243)
Net cash flows from financing activities	**(1,806)**	**(1,402)**	**(1,281)**
Net increase / (decrease) in cash and cash equivalents	**(346)**	**29**	**(958)**

Dividends from and capital contributions to business units

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

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

Aegon received EUR 1.5 billion of dividends from its business units during 2013, split between EUR 0.9 billion from the Americas, EUR 0.5 billion from the Netherlands and EUR 0.1 billion from Aegon Asset Management and Central & Eastern Europe. Capital contributions of EUR 0.5 billion were paid to Aegon s operating units, including EUR 0.4 billion to the United Kingdom.

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Schedule III

Supplementary insurance information

Column A Segment	Column B	Column C	Column D	Column E	Column F
Amounts in million EUR	Deferred policy acquisition costs	Future policy benefits	Unearned premiums	Other policy claims and benefits	Premium revenue
2015					
Americas	8,689	177,742	4,977	1,991	9,195
The Netherlands	97	59,779	108	1,316	2,947
United Kingdom	2,414	77,995	12	5	5,697
New Markets	871	12,236	103	101	2,470
Holding and other activities	9	89	2	1	2
Total	**12,080**	**327,841**	**5,202**	**3,414**	**20,311**
2014					
Americas	6,820	160,231	4,365	1,649	8,222
The Netherlands	114	61,458	117	1,275	4,716
United Kingdom	2,378	76,143	9	4	4,916
New Markets	648	10,533	81	101	2,010
Holding and other activities	5	4	-	1	-
Total	**9,964**	**308,369**	**4,572**	**3,029**	**19,864**
2013					
Americas	6,718	142,382	3,704	1,318	7,826
The Netherlands	141	52,627	121	1,247	4,245
United Kingdom	2,256	68,611	-	-	6,537
New Markets	532	8,772	62	103	1,319
Holding and other activities	3	3	-	1	12
Total	**9,650**	**272,396**	**3,886**	**2,669**	**19,939**

The numbers included in Schedule III are based on IFRS and excludes the proportionate share in Aegon s joint ventures and Aegon s associates.

Deferred policy acquisition costs also include deferred costs of reinsurance.

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Amounts in million EUR	Column G Net investment income	Column H Benefits, claims and losses	Column I Amortization of deferred policy acquisition costs	Column J Other operating expenses	Column K Premiums written
2015					
Americas	3,672	8,240	593	3,393	6,643
The Netherlands	2,274	4,641	30	1,039	2,934
United Kingdom	2,327	8,834	187	513	5,223
New Markets	248	928	115	554	2,524
Holding and other activities	4	2	3	57	7
Total	**8,525**	**22,645**	**928**	**5,557**	**17,332**
2014					
Americas	3,309	5,954	448	2,817	5,614
The Netherlands	2,568	3,853	37	956	4,699
United Kingdom	2,073	6,986	189	580	4,488
New Markets	194	786	91	481	2,050
Holding and other activities	4	-	2	54	2
Total	**8,148**	**17,579**	**766**	**4,889**	**16,853**
2013					
Americas	3,365	7,777	440	2,779	5,102
The Netherlands	2,309	3,815	46	957	4,225
United Kingdom	2,053	7,945	207	548	6,135
New Markets	178	666	103	518	1,353
Holding and other activities	4	1	-	57	16
Total	**7,909**	**20,204**	**797**	**4,859**	**16,831**

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Schedule IV

Reinsurance

Amounts in million EUR	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	% of amount assumed to net
For the year ended December 31, 2015					
Life insurance in force	1,008,787	961,485	658,594	705,896	93%
Premiums					
Life insurance	15,357	2,694	1,612	14,275	11%
Non-life insurance	3,332	286	11	3,057	0%
Total premiums	**18,689**	**2,979**	**1,623**	**17,332**	**9%**
For the year ended December 31, 2014					
Life insurance in force	882,862	909,110	626,387	600,139	104%
Premiums					
Life insurance	15,464	2,701	1,432	14,195	10%
Non-life insurance	2,965	310	4	2,658	0%
Total premiums	**18,429**	**3,011**	**1,436**	**16,853**	**9%**
For the year ended December 31, 2013					
Life insurance in force	898,135	896,012	583,733	585,856	100%
Premiums					
Life insurance	15,650	2,756	1,462	14,356	10%
Non-life insurance	2,827	352	-	2,475	0%
Total premiums	**18,477**	**3,108**	**1,462**	**16,831**	**9%**

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Schedule V

Valuation and qualifying accounts

Amounts in million EUR	2015	2014	2013
Balance at January 1	363	352	355
Addition charged to earnings	30	62	47
Amounts written off and other changes	(152)	(51)	(46)
Currency translation	8	-	(4)
Balance at December 31	**249**	**363**	**351**
The provisions can be analyzed as follows:			
Mortgages	56	169	163
Other loans	86	80	77
Receivables	107	115	111
Total	**249**	**363**	**351**

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Auditor s report on the Annual Report on Form 20-F

Report of Independent Registered Public Accounting Firm

To: The Supervisory Board, the Executive Board and Shareholders of Aegon N.V.

In our opinion, the accompanying consolidated statement of financial position and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement, present fairly, in all material respects, the financial position of Aegon N.V. at December 31, 2015 and the results of its operations and its cash flows for each of the two years in the period then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. In addition, in our opinion, the other financial statement schedules on pages 309 to 315, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control Integrated Framework* of 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Annual Report on Internal Control over Financial Reporting on page 119. Our responsibility is to express opinions on these financial statements and financial statement schedules, and on the Company s internal control over financial reporting based on our integrated audit. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements and financial statement schedules included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Accountants N.V.

Amsterdam, the Netherlands

March 25, 2016

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Auditor s report on the Annual Report on Form 20-F

To: The Supervisory Board, the Executive Board and Shareholders of Aegon N.V.

Report of Independent Registered Public Accounting Firm

We have audited the accompanying consolidated income statement and statements of comprehensive income, changes in equity, and cash flow of Aegon N.V. for the year ended December 31, 2013. Our audit also includes the other financial information included on pages 309 to 315. These financial statements and schedules are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of its operations and its cash flows for the year ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

The Company changed its method for consolidation, joint arrangements and employee benefits effective January 1, 2013 and the Company elected to change its method of accounting for the deferral of policy acquisition costs and longevity reserving effective January 1, 2014.

The Hague, the Netherlands, March 19, 2014

except for the changes as mentioned in the last paragraph of this opinion, as to which the date is April 15, 2014

/s/ Ernst & Young Accountants LLP

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Additional information

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Compliance with regulations

Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRA), which was signed into law on 10 August 2012, added a new subsection (r) to Section 13 of the Securities Exchange Act of 1934, as amended, which requires Aegon to disclose whether Aegon N.V. or any of its affiliates has engaged during the calendar year in certain Iran-related activities, including any transaction or dealing with the Government of Iran that is not conducted pursuant to a specific authorisation of the U.S. government.

The non-U.S. based subsidiaries of Aegon N.V. operate in compliance with applicable laws and regulations of the various jurisdictions where they operate, including applicable international laws and regulations.

Aegon maintained a limited number of individual personal pensions which were in-force during 2015 where the payer of the pension benefit is a party subject to relevant U.S. sanctions.

In the first matter, Aegon has a UK resident customer for whom one active Individual Personal Pension is held. The customer is a UK-based employee of an Iranian bank which appears on OFAC s Specially Designated Nationals and Blocked Persons List with the identifiers of [SDGT], [IRAN], and [IFSR], and the Iranian bank makes contributions to the customer s pension. The customer is not a Specially Designated National (SDN) and the Iranian bank does not own, benefit from, or have control over, the pension. All payments from the Iranian bank have been made in UK Pounds from a UK bank account. Her Majesty s Treasury (HMT) have confirmed that this business activity falls within an acceptable exemption. Consequently, the pension remains active although the relationship is under close ongoing review. The monthly premium received during 2015 was GBP 727.95. Additional single premiums of GBP 3,310.50 and GBP 3,432.99 were also received during 2015. At February 10, 2016, the account value was GBP 23,203.21. The related annual net profit arising from this contract, which is difficult to calculate with precision, is estimated to be GBP 2,320.32.

In the second matter, Aegon has four UK resident customers, each of whom has one active Individual Personal Pension. The customers are UK-based employees of a British registered charity that appears on the SDN List with the identifier [SDGT], and the charity makes contributions to the pensions. The customers are not SDNs and the charity does not own, benefit from, or have control over, the pensions. All payments from the charity have been paid in UK Pounds from a UK bank account. The pensions are managed in line with applicable legislation and regulation in the UK and the charity is not subject to sanctions in the UK or EU. Consequently, the pensions remain active although the relationships are under close ongoing review. Individual Personal Pension #1 has a current value of GBP 5,157.78 as at February 10, 2016, and regular monthly contributions of GBP 69.41 are being received into this policy. Individual Personal Pension #2 has a current value of GBP 2,482.34 as at February 10, 2016, and regular monthly contributions of GBP 18.61 (gross) are being received into this policy. Individual Personal Pension #3 has a current value of GBP 135,876.30 as at February 10, 2016, and regular monthly contributions of GBP 527.91 (gross) are being received into this policy. Individual Personal Pension #4 has a current value of GBP 5,810.54 as at February 10, 2016, and no further contributions are being received into this policy. The related annual net profit arising from these four contracts, which is difficult to calculate with precision, is estimated to be GBP 14,932.69.

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Risk factors

Aegon faces a number of risks, some of which may arise from internal factors, such as inadequate compliance systems and operational change management. Others, such as movements in interest rates or unexpected changes in longevity or mortality trends, are external in nature. Aegon s most significant risk is to changes in financial markets, particularly related to movements in interest rates, equity and credit markets. These risks, whether internal or external, may affect the Company s operations, its earnings, its share price, the value of its investments, or the sale of certain products and services. The next two sections describe risks relating to Aegon s businesses and risks relating to Aegon s common shares.

I - Risks relating to Aegon s businesses

The following covers the key risk factors that may affect Aegon s businesses and operations, as well as other risk factors that are particularly relevant to Aegon in the ongoing period of significant economic uncertainty. Additional risks to which Aegon is subject include, but are not limited to, the factors mentioned under Forward-looking statements (page 358 and 359), and the risks of Aegon s businesses described elsewhere in this Annual Report.

Factors additional to those discussed below or elsewhere in this Annual Report may also affect Aegon s businesses and operations adversely. The following risk factors should not be considered a complete list of potential risks that may affect Aegon and its subsidiaries.

Risks related to the global financial markets and general economic conditions

Disruptions in the global financial markets and general economic conditions have affected and continue to affect, and could have a materially adverse effects on Aegon s businesses, results of operations, cash flows and financial condition.

Aegon s results of operations and financial condition may be materially affected from time to time by general economic conditions, such as levels of employment, consumer lending or inflation in the countries in which Aegon operates. Global financial markets have experienced extreme and unprecedented volatility and disruption over the last decade. Bank lending has been recovering over the last couple years.

In addition to the risks described in this section, these conditions may result in reduced demand for Aegon s products as well as impairments and reductions in the value of the assets in Aegon s general account, separate account, and company pension schemes, among other assets. Aegon may also experience a higher incidence of claims and unexpected policyholder behavior such as unfavourable changes in lapse rates. Aegon s policyholders may choose to defer or stop paying insurance premiums, which may impact Aegon s businesses, results of operations, cash flows and financial condition, and Aegon cannot predict definitively whether or when such actions may occur.

Governmental action in the United States, the Netherlands, the United Kingdom, the European Union and elsewhere to address any of the above may impact Aegon s businesses. Aegon cannot predict with certainty the effect that these or other government actions as well as actions by the ECB or the Federal Reserve may have on the financial markets or on Aegon s businesses, results of operations, cash flows and financial condition.

Credit risk

Defaults in Aegon s debt securities, private placements and mortgage loan portfolios held in Aegon s general account, or the failure of certain counterparties, may adversely affect Aegon s profitability and shareholders equity.

Credit risk is the risk of loss resulting from the default by, or failure to meet contractual obligations of issuers and counterparties. For general account products, Aegon typically bears the risk for investment performance equaling the return of principal and interest. Aegon is exposed to credit risk on its general account fixed-income portfolio (debt securities, mortgages and private placements), over-the-counter (OTC) derivatives and reinsurance contracts. In addition, financial institutions acting as a counterparty on derivatives may not fulfil their obligations. Default by issuers and counterparties on their financial obligations may be due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security they provide may prove inadequate to cover their obligations at the time of the default.

Additionally, Aegon is indirectly exposed to credit risk on the investment portfolios underlying separate account liabilities. Changes to credit risk can result in separate account losses, which increase the probability of future loss events. Among others, reduced separate account values would decrease fee income, may increase guarantee related liabilities and may accelerate DPAC amortization.

Aegon s investment portfolio contains, among other investments, Dutch government bonds, US Treasury, agency and state bonds, as well as other government issued securities. Due to the weak economic environment, especially in Europe, Aegon may incur significant investment impairments due to defaults and overall declines in the capital markets. Further excessive defaults or other reductions in the value of these securities and loans may have a materially adverse effect on Aegon s businesses, results of operations, cash flows and financial condition. The fixed income market conditions experienced through 2015 led to recognized impairment gains on debt securities held in general account of EUR 77 million (2014: EUR 20 million gain, 2013: EUR 71 million loss).

Equity market risk

A decline in equity markets may adversely affect Aegon s profitability and shareholders equity, sales of savings and investment products, and the amount of assets under management.

Exposure to equity markets exists in both assets and liabilities. Asset exposure exists through direct equity investment where Aegon bears all or most of the volatility in returns and investment performance risk. Equity market exposure is also present in policyholders accounts for insurance and investment contracts (such as variable annuities, unit-linked products and mutual funds) where funds are invested in equities. Although most of the risk remains with the policyholder, lower investment returns can reduce the asset management fee that Aegon earns on the asset balance in these products and prolonged investment under-performance may cause existing customers to withdraw funds and potential customers not to grant investment mandates. Hedging of exposures may change those effects significantly.

Some of Aegon s insurance and investment contract businesses have minimum return or accumulation guarantees, which requires Aegon to establish reserves to fund these future guaranteed benefits when equity market returns do not meet or exceed these guarantee levels. Aegon s reported results under International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, are also at risk if returns are not sufficient to allow amortization of DPAC, which may impact the reported net income as well as shareholders equity. Volatile or poor market conditions may also significantly reduce the demand for some of Aegon s savings and investment products, which may lead to lower sales and net income. Deteriorating general economic conditions may again result in significant decreases in the value of Aegon s equity investments. The equity market conditions experienced through 2015 led to a recognized impairment loss on equity securities held in general account of EUR 4 million (2014: EUR 5 million loss, 2013: EUR 3 million loss).

Interest rate risk

Interest rate volatility or sustained low interest rate levels may adversely affect Aegon s profitability and shareholders equity.

In periods of rapidly increasing interest rates, policy loans, surrenders and withdrawals may and usually do increase. Premiums in flexible premium policies may decrease as policyholders seek investments with higher perceived returns. This activity may result in cash payments by Aegon requiring the sale of invested assets at a time when the prices of those assets are affected adversely by the increase in market interest rates. This may result in realized investment losses. These cash payments to policyholders also result in a decrease in total invested assets and net income. Early withdrawals may also require accelerated amortization of DPAC, which in turn reduces net income. Hedging against interest rate movements may change these effects significantly.

During periods of sustained low interest rates, as experienced in recent years, Aegon may not be able to preserve margins as a result of minimum interest rate guarantees and minimum guaranteed crediting rates provided in policies. Also, investment earnings may be lower because the interest earnings on new fixed-income investments are likely to have declined with the market interest rates. A prolonged low interest rate environment may also result in a lengthening of maturities of the policyholder liabilities from initial estimates, primarily due to lower policy lapses.

In-force life insurance and annuity policies may be relatively more attractive to consumers due to built-in minimum interest rate guarantees, resulting in increased premium payments on products with flexible premium features and a higher percentage of insurance policies remaining in force year-to-year. The majority of assets backing the insurance liabilities are invested in fixed-income securities. Aegon manages its investments and derivative portfolio, considering a variety of factors, including the relationship between the expected duration of its assets and liabilities. However, if interest rates remain at current levels or decline further, the yield earned upon reinvesting interest payments from current investments, or from their sale or maturation, may decline. Reinvestment at lower yields may reduce the spread between interest earned on investments and interest credited to some of Aegon s products and accordingly net income may decline. In addition, borrowers may prepay or redeem fixed maturity investments or mortgage loans in

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Aegon s investment portfolio in order to borrow at lower rates. Aegon can lower crediting rates on certain products to offset the decrease in spread. However, its ability to lower these rates may be limited by contractually guaranteed minimum rates or competition.

In general, if interest rates rise, there will be unrealized losses on assets carried at fair value that will be recorded in other comprehensive income (available-for-sale investments) or as negative income (investments at fair value through profit or loss) under IFRS. This is inconsistent with the IFRS accounting on much of Aegon s liabilities, where corresponding economic gains from higher interest rates do not affect shareholders equity or income in the shorter term. Over time, the short-term reduction in shareholder equity and income due to rising interest rates would be offset in later years, all else being equal.

Base interest rates set by central banks and government treasuries remain at or near the historically low or even negative levels as a response to the worldwide recession and attempts to stimulate growth. Depending on economic developments going forward, interest rates at the shorter end of the curve may remain at low or even negative levels for a prolonged period. In such an environment, an anchored expectation of low inflation or deflation could also further push down the longer end of the interest rate curve which could have significant implications for Aegon s operations and financial results.

The profitability of Aegon s spread-based businesses depends in large part upon the ability to manage interest rate risk, credit spread risk and other risks inherent in the investment portfolio. Aegon may not be able to successfully manage interest rate risk, credit spread risk and other risks in the investment portfolio or the potential negative impact of those risks. Investment income from general account fixed-income investments for the years 2015, 2014 and 2013 was EUR 6.1 billion, EUR 5.6 billion and EUR 5.6 billion respectively. The value of the related general account fixed-income investment portfolio at the end of the years 2015, 2014 and 2013 was EUR 157 billion, EUR 151 billion and EUR 132 billion, respectively.

The sensitivity of Aegon s net income and shareholders equity to a change in interest rates is provided in note 4 Financial risks to the consolidated financial statements, section Interest rate risk .

Currency exchange rate risk

Fluctuations in currency exchange rates may affect Aegon s reported results of operations.

As an international group, Aegon is subject to foreign currency translation risk. Foreign currency exposure also exists when policies are denominated in currencies other than Aegon s functional currency. Currency risk in the investment portfolios backing insurance and investment liabilities are managed using asset liability matching principles. Assets allocated to equity are kept in local currencies to the extent shareholders equity is required to satisfy regulatory and Aegon s self-imposed capital requirements. Therefore, currency exchange rate fluctuations may affect the level of Aegon s consolidated shareholders equity as a result of translation of the equity of Aegon s subsidiaries into euro, Aegon s reporting currency. Aegon holds the remainder of its capital base (capital securities, subordinated and senior debt) in various currencies in amounts that are targeted to correspond to the book value of Aegon s business units. This balancing is intended to mitigate currency translation impacts on equity and leverage ratios. Aegon may also hedge the expected dividends from its principal business units that maintain their equity in currencies other than the euro.

To the extent these expected dividends are not hedged or actual dividends vary from expected, Aegon s net income and shareholders equity may fluctuate. As Aegon has significant business segments in the Americas and in the United Kingdom, the principal sources of exposure from currency fluctuations are from the differences between the US dollar and the euro and between the UK pound and the euro. Aegon may experience significant changes in net income and shareholders equity because of these fluctuations.

The exchange rates between Aegon s primary operating currencies (US dollar, euro and UK pound) continued to fluctuate during 2015. In 2015, the US dollar ranged by 15% against the euro, finishing around 10% up from 2014. The UK pound fluctuated by around 7% against the euro ending the year with a 5% increase from 2014.

For Aegon Americas, which primarily conducts its business in US dollars, total revenues and net loss in 2015 amounted to EUR 14.6 billion and EUR 246 million, respectively. For Aegon UK, which primarily conducts its business in UK pounds, total revenues and net income in 2015 amounted to EUR 8.1 billion and EUR 218 million, respectively. On a consolidated basis, these revenues represented 72% of the total revenues for the year 2015. The net loss on consolidated basis for Aegon Americas and Aegon UK amounted to EUR 28 million. Additionally, Aegon borrows in various currencies to hedge the currency exposure arising from its operations. As of December 31, 2015, Aegon has borrowed or swapped amounts in proportion to the currency mix of capital in units, which was denominated approximately 56% in US dollars, 27% in euro and 17% in UK pounds.

Liquidity risk

Illiquidity of certain investment assets may prevent Aegon from selling investments at fair prices in a timely manner.

Liquidity risk is inherent in much of Aegon s businesses. Each asset purchased and liability sold has unique liquidity characteristics. Some liabilities can be surrendered, while some assets, such as privately placed loans, mortgage loans, real estate and limited partnership interests, are to some degree illiquid. Aegon continued to maintain its reserves of cash and liquid assets in 2015. In depressed markets, Aegon may be unable to sell or buy significant volumes of assets at quoted prices.

Any security Aegon issues in significant volume may be issued at higher financing costs if funding conditions are impaired, as they have been from time to time in recent years. The requirement to issue securities can be driven by a variety of factors, for instance Aegon may need liquidity for operating expenses, debt servicing and the maintenance of capital levels of insurance subsidiaries. Although Aegon manages its liquidity position for extreme events, including greatly reduced liquidity in capital markets, if these conditions were to persist for an extended period of time, Aegon may need to sell assets substantially below prices at which they are currently recorded to meet its insurance obligations.

In 2015, approximately 39% of Aegon s general account investments were not highly liquid.

Aegon makes use of (syndicated) credit facilities to support repayment of amounts outstanding under Aegon s commercial paper programs and to serve as additional sources of liquidity. An inability to access these credit facilities, for example due to non-compliance with conditions for borrowing or the default of a facility provider under stressed market circumstances, could have an adverse effect on Aegon s ability to meet liquidity needs and to comply with contractual and other requirements.

Many of Aegon s derivatives transactions require Aegon to pledge collateral against declines in the fair value of these contracts. Volatile financial markets may significantly increase requirements to pledge collateral and adversely affect our liquidity position. Further, a downgrade of Aegon s credit ratings may also result in additional collateral requirements and affect our liquidity, or even enable counterparties to terminate such derivative transactions.

Underwriting risk

Differences between actual claims experience and underwriting and reserve assumptions may require liabilities to be increased.

There is a risk that the pricing of our products is not set right if the assumptions used for pricing do not materialize. Aegon s earnings depend significantly upon the extent to which actual claims experience is consistent with the assumptions used in setting the prices for Aegon s products and establishing the technical liabilities for expected claims. If actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, Aegon s income would be reduced. Furthermore, if less favorable claims experience became sustained, Aegon may be required to increase liabilities for other related products, which may reduce Aegon s income. In addition, certain acquisition costs related to the sale of new policies and the purchase of policies already in force have been recorded as assets on the balance sheet and are being amortized into income over time. If the assumptions relating to the future profitability of these policies (such as future claims, investment income and expenses) are not realized, the amortization of these costs may be accelerated and may require write-offs due to an expectation of unrecoverability. This may have a materially adverse effect on Aegon s results of operations and financial condition.

Sources of underwriting risk include the exercise of policyholder options such as lapses, policy claims (such as mortality and morbidity) and expenses. In general, Aegon is at risk if policy lapses increase, as sometimes Aegon is unable to fully recover up-front sales expenses despite the presence of commission recoveries or surrender charges and fees. In addition, some policies have embedded options which at times are more valuable to the client if they stay (lower lapses) or leave (higher lapses), which may result in losses to Aegon s businesses. Aegon sells certain types of policies that are at risk if mortality or morbidity increases, such as term life insurance and accident insurance. Aegon also sells certain other types of policies, such as annuity products, that are at risk if mortality decreases (longevity risk). For example, certain current annuity products, as well as products sold in previous years, have seen their profitability deteriorate as longevity assumptions have been revised upward. If the trend toward increased longevity persists, Aegon s annuity products may continue to experience adverse effects due to longer expected benefit payment periods. Aegon is also at risk if expenses are higher than assumed.

The sensitivity of Aegon s net income and shareholders equity to changes in various underwriting risks is provided in Note 36 Insurance contracts to the consolidated financial statements.

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Aegon may be unable to manage Aegon s risks successfully through derivatives.

Aegon is exposed to currency fluctuations, changes in the fair value of Aegon s investments, the impact of interest rate, equity markets and credit spread changes, and changes in mortality and longevity. Aegon uses common financial derivative instruments, such as swaps, options, futures and forward contracts to hedge some of the exposures related to both investments backing insurance products and company borrowings. This is a more pronounced risk to Aegon in view of the stresses suffered by financial institutions and the volatility of interest rate, credit and equity markets. Aegon may not be able to manage the risks associated with these activities successfully through the use of derivatives. In addition, a counterparty may fail to honor the terms of its derivatives contracts with Aegon. Aegon s inability to manage risks successfully through derivatives, a counterparty s failure to honor Aegon s obligations or the systemic risk that failure is transmitted from counterparty to counterparty may each have a material adverse effect on Aegon s businesses, results of operations and financial condition.

Aegon s ability to manage risks through derivatives may be negatively affected by the Dodd-Frank Act and legislative initiatives of the European Commission (EMIR and MIFIR), which provide for regulation of OTC derivatives markets. These regulations include mandatory trading of certain types of OTC derivative transactions on regulated trading venues and mandatory clearing of certain types of transactions through a central clearing organization. These regulations may limit Aegon s ability to customize derivative transactions for its needs. As a result, Aegon may experience additional collateral requirements and costs associated with derivative transactions.

Modeling risk

Inaccuracies in econometric, financial or actuarial models, or differing interpretations of underlying methodologies, assumptions and estimates, could have a significant adverse effect on Aegon s business, results of operations and financial condition.

Aegon uses econometric, financial and actuarial models to measure and manage multiple types of risk, to price products and to establish and assess key valuations and report financial results. All these functions are critical to Aegon s operations. If these models, their underlying methodologies, assumptions and estimates, or their implementation and monitoring prove to be inaccurate, this could have a significant adverse effect on Aegon s business, financial condition and results. Moreover, these models rely on assumptions, estimates and projections that are inherently uncertain, and actual experience may deviate significantly from modelled results.

Other risks

Valuation of Aegon s investments, allowances and impairments is subjective, and discrepant valuations may adversely affect Aegon s results of operations and financial condition.

The valuation of many of Aegon s financial instruments is based on methodologies, estimations and assumptions that are subject to different interpretations and may result in changes to investment valuations that may have a materially adverse effect on Aegon s results of operations and financial condition. In addition, the determination of the amount of allowances and impairments taken on certain investments and other assets is subjective and based on assumptions, estimations and judgments that may not reflect or correspond to our actual experience any of which may materially impact Aegon s results of operations or financial position.

Among other things, changes in assumptions, estimation or judgments or in actual experience may require Aegon to accelerate the amortization of DPAC and value of business acquired, establish a valuation allowance against deferred income tax assets, or to recognize impairment of other assets, any of which may materially adversely affect Aegon s results and financial condition.

Certain of our products have guarantees that may adversely affect our results, financial condition or liquidity.

Certain products, particularly our variable annuity products, include guarantees of minimum surrender values or income streams for stated periods or for life, which may be in excess of account values. These guarantees are designed, among other things, to protect policyholders against downturns in equity markets and interest rates. As a result, a drop in equity markets, an increase in equity volatility, or lower interest rates could result in an increase in the valuation of Aegon s liabilities associated with these products. An increase in these liabilities may decrease our net income. Aegon uses a variety of hedging and risk management strategies to mitigate these risks. However, these strategies may not be fully effective and hedging instruments may not fully offset the costs of guarantees or may otherwise be insufficient in relation to our obligations. Estimates and assumptions Aegon makes in connection with hedging activities may fail to fully reflect or correspond to the actual (longer term) exposure in respect of guarantees. Further, unexpected policyholder behavior may cause our hedging to be less effective. The above factors could have a material adverse effect on our results of operations, financial condition or liquidity.

Aegon may be required to increase its statutory reserves and/or hold higher amounts of statutory capital for some of its products, which will decrease Aegon s returns on these products unless Aegon increases its prices.

There may be increased regulatory requirements, resulting in more stringent supervision of insurers by regulatory authorities in the jurisdictions in which Aegon s subsidiaries are domiciled and operate. Aegon cannot predict specific proposals that might be adopted, or what impact, if any, such proposals or, if enacted, such laws, may have on its businesses, results of operations, or financial condition. The European Union (which has already adopted Solvency II), the National Association of Insurance Commissioners (NAIC) in the US or US state regulators may adopt revisions to applicable risk based capital formulas, local regulators in other jurisdictions in which Aegon s subsidiaries operate may increase their capital requirements, or rating agencies may incorporate higher capital thresholds into their quantitative analyses, thus requiring additional capital for Aegon s insurance subsidiaries.

An important example of increased regulatory requirements for insurers originates from the European Commission s Solvency II Directive, which became effective on January 1, 2016, and which imposes, among other things, substantially greater quantitative and qualitative capital requirements on some of Aegon s businesses and at the Group level, as well as supervisory and disclosure requirements, and may impact the structure, business strategies, and profitability of Aegon s insurance subsidiaries and of the Group. Some of Aegon s competitors, who are headquartered outside the European economic area may not be subject to Solvency II requirements and may thereby be better able to compete against Aegon, particularly in Aegon s businesses in the United States and Asia. In particular, the manner in which Aegon s United States and Asia insurance businesses are taken into account in the Solvency II group solvency calculation, may have a significant impact on the group s capital position. In that context, the opinion published by EIOPA on January 27, 2016 regarding the application of a combination of accounting methods for the group solvency calculation has offered important additional guidance to Aegon that has helped to determine its group solvency position under Solvency II. Although Aegon currently does not have any indications to that effect, it cannot be excluded that, as is generally the case with respect to the interpretation of regulatory requirements, in future this guidance may change, which may have, depending on the nature of the change, a significant effect on the outcome of the group solvency calculation.

Furthermore, the NAIC Model Regulation entitled Valuation of Life Insurance Policies, commonly known as Regulation XXX, requires insurers in the United States to establish additional statutory reserves for term life insurance policies with long-term premium guarantees. In addition, Actuarial Guideline XXXVIII, commonly known as AG38, intended to clarify the regulation on valuation of life insurance policies, requires insurers to establish additional statutory reserves for certain universal life insurance policies with secondary guarantees. Virtually all of Aegon s newly issued term and universal life insurance products in the United States are now affected by Regulation XXX and AG38, respectively.

In response to the NAIC regulations, Aegon has implemented reinsurance and capital management actions to mitigate their impact. However, for a variety of reasons, Aegon may not be able to implement actions to mitigate the impact of Regulation XXX and AG38 on future sales of term or universal life insurance products, potentially resulting in an adverse impact on these products and Aegon s market position in the life insurance market. In addition, the NAIC is reviewing internal captive reinsurance, the vehicle used in many capital management actions.

Aegon utilizes affiliated captive insurance companies to manage risks of various insurance policies, including universal life with secondary guarantees, level term life insurance and variable annuity policies. Through these structures, Aegon finances certain required regulatory reserves at a lower cost. To the extent that state insurance departments restrict Aegon s use of captives and regulatory reserve requirements remain unchanged this could increase costs, limit the ability to write these products in the future or lead to increased prices to consumers on those products. The NAIC continues to consider changes to corporate governance and insurers use of captives. Due to the uncertainty of the proposals it is not possible to provide an estimate of the effects at this time.

As a further example, Aegon and the Aegon Group may be impacted by further changes to the capital adequacy requirements it is subject to as a result of the development of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), which is a set of international regulatory standards focusing on the effective group-wide supervision of internationally active insurance groups, and particular requirements or standards that may be imposed on global systemically important insurers

(G-SIIs) in the future. As of November 3, 2015 Aegon is classified as a G-SII. This qualification is reviewed by the Financial Stability Board yearly. If Aegon remains a G-SII, it may be required as per January 2019, to maintain additional capital in the form of Higher Loss Absorbing Capacity (HLA), in addition to a Basic Capital Requirement (BCR), which is currently under development at international level by the International Association of Insurance Supervisors (IAIS). Only after the calibration of the BCR and HLA has been completed, it will be certain whether or not these requirements will result in more binding capital constraints than existing requirements, including Solvency II. In this respect, the development of ComFrame as well as the requirements or standards applicable to G-SIIs could lead to enhanced capital requirements applicable to internationally active insurance groups and/or G-SIIs that may require us to constrain our ability to pay dividends, repurchase our own shares or engage in other transactions that affect our capital and/or could adversely affect our ability to compete with other insurers that are not subject to those capital requirements. Furthermore, such requirements may constrain Aegon s ability to provide guarantees, may increase the cost to Aegon of offering certain products, which could require Aegon to raise prices on those products, reduce the amount of risk Aegon takes on or stop offering certain products. Furthermore, Aegon may consider structural and other business alternatives in light of our G-SII designation, the impact of which on shareholders cannot be predicted.

For some of Aegon s products, market performance impacts the level of statutory reserves and statutory capital Aegon is required to hold, which may have an adverse effect on returns on capital associated with these products. Capacity for reserve funding available in the marketplace is currently limited as a result of market conditions generally. Aegon s ability to efficiently manage capital and economic reserve levels may be impacted, thereby affecting profitability and return on capital.

Aegon may not be able to comply fully with, or obtain appropriate exemptions from, the wide variety of laws and regulations applicable to insurance companies, holding companies, groups of insurance companies and/or other financial undertakings and/or financial conglomerates. Failure to comply with or to obtain appropriate exemptions under any applicable laws may result in restrictions on Aegon s ability to do business in one or more of the jurisdictions in which Aegon operates and may result in fines and other sanctions, which may have a materially adverse effect on Aegon s businesses, financial position or results of operations.

Some countries impose restrictions on particular underwriting criteria, such as gender, or use of genetic test results, for determination of premiums and benefits of insurance products. To date, Aegon has not observed negative financial or business impact due to these restrictions. However, future restrictions could adversely impact Aegon s operations or financial results. Further developments in underwriting, such as automation and use of additional data, may also be affected by future regulatory developments regarding privacy and use of personal data.

A downgrade in Aegon s ratings may increase policy surrenders and withdrawals, adversely affect relationships with distributors, and negatively affect Aegon s results.

Claims-paying ability and financial strength ratings are factors in establishing the competitive position of insurers. A rating downgrade (or the potential for such a downgrade) of Aegon or any of its rated insurance subsidiaries may, among other things, materially increase the number of policy surrenders and withdrawals by policyholders of cash values from their policies. These withdrawals may require the sale of invested assets, including illiquid assets, at a price that may result in realized investment losses. These cash payments to policyholders would result in a decrease in total invested assets and a decrease in net income. Among other things, early withdrawals may also cause Aegon to accelerate amortization of deferred policy acquisition costs (DPAC), reducing net income.

Aegon has experienced downgrades and negative changes to its outlook in the past, and may experience downgrades and negative changes in the future. For example, during 2012, Fitch put a negative outlook on its long-term issuer default rating for Aegon N.V. and its insurer financial strength ratings for Aegon USA. Since 2015, Standard and Poor s put a negative outlook on its insurer financial strength rating for Scottish Equitable (Aegon UK). A downgrade or potential downgrade, including changes in outlook, may result in higher funding costs and/or affect the availability of funding in the capital markets. In addition, a downgrade may adversely affect relationships with broker-dealers, banks, agents, wholesalers and other distributors of Aegon s products and services, which may negatively impact new sales and adversely affect Aegon s ability to compete. A downgrade of Aegon s credit ratings may also further affect our liquidity position through increased collateral requirements for our hedging and derivative transactions, and may affect our ability to obtain reinsurance contracts at reasonable prices or at all. This would have a materially adverse effect on Aegon s businesses, results of operations and financial condition.

Aegon cannot predict what actions rating agencies may take, or what actions Aegon may take in response to the actions of rating agencies. As with other companies in the financial services industry, Aegon s ratings may be downgraded at any time and without notice by any rating agency.

Changes in government regulations in the countries in which Aegon operates may affect profitability.

Aegon s regulated businesses, such as insurance, banking and asset management, are subject to comprehensive regulation and supervision. The primary purpose of such regulation is to protect clients (i.e. policyholders), not holders of Aegon securities. Changes in existing laws and regulations may affect the way in which Aegon conducts its businesses, profitability of its businesses and the products offered. Additionally, the laws or regulations adopted or amended from time to time may be more restrictive or may result in higher costs than currently the case, such as with regard to the calculation of capital needs, treatment of own funds, rules or guidance with respect to the modelling of insurance, investment and other risks. The financial crisis of 2008 has resulted in, and may continue to result in further changes to existing laws, regulations and regulatory frameworks applicable to Aegon s businesses in the countries in which it operates.

For example, in July 2010, the US Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which provides for comprehensive changes to the regulation of financial services in the United States by granting existing and newly-created government agencies and bodies (for example the Federal Reserve Board, Commodity Futures Trading Commission, Securities and Exchange Commission and the newly-created Financial Stability Oversight Council) authority to promulgate new financial regulations applicable to bank and non-bank financial institutions. The regulatory changes include or may include capital standards and prudential standards for non-bank companies deemed to be systemically important financial institutions (SIFIs) that are more stringent than the standards applicable to non-SIFIs. Aegon has not been designated a SIFI in the United States. In addition, US State financial services regulators may develop capital, accounting and solvency regulatory standards for internationally active insurance groups (IAIGs).

In November 2010, the G20 endorsed a policy framework to address the systemic and moral hazard risks associated with SIFIs, and initially in particular global SIFIs (G-SIFIs). On July 18, 2013, the International Association of Insurance Supervisors (IAIS) published a methodology for identifying global systemically important insurers (G-SIIs), and a set of policy measures that will apply to them. The Financial Stability Board (FSB) has endorsed the methodology and these policy measures. The policy measures include recovery and resolution planning requirements, liquidity and systemic risk management planning and enhanced group-wide supervision, including direct powers over holding companies and higher loss absorbency requirements (HLA). The HLA builds on the IAIS Basic Capital Requirements (BCR) and addresses additional capital requirements for G-SIIs reflecting their systemic importance in the international financial system. Additionally, certain aspects of the HLA relate to requirements applicable to other regulated financial sectors for which capital rules already exist. HLA requirements will need to be met by the highest quality capital. In November 2013, the FSB has identified an initial list of 9 G-SIIs to which the policy measures above should apply. The group of G-SIIs is updated annually and published by the FSB each November based on new data, most recently on November 3, 2015. At that time Aegon was added to this list and as a consequence will also become subject to the policy measures described above. The HLA requirements will apply to Aegon, assuming it will continue to be a G-SII when HLA requirements enter into force as per January 2019. The development of the BCR is the first step and the development of the HLA is the second step in the IAIS project to develop group-wide global capital standards. The third step is the development of a risk based group-wide global Insurance Capital Standard (ICS), due to be completed by the end of 2016 and to be applied to IAIGs, including G-SIIs from 2019 after refinement and final calibration in 2017 and 2018. The development of the ICS will be informed by the work on the BCR. When finalized, the ICS will replace the BCR as foundation of the HLA. The IAIS indicates that, because of the interlinkage between the BCR and HLA, the calibration may be modified depending on the HLA requirements. The IAIS currently expects that the HLA will initially be based on the BCR, but will be later based on the ICS. The exact timing of the transition from BCR to ICS will depend on the adoption of the ICS by the IAIS (currently scheduled October 2018) and time needed to develop and implement the framework in the relevant jurisdictions. The internationally developed BCR and HLA currently are calculated using different (criteria and) methodologies than EU Solvency II capital requirements. Only after the calibration of the BCR and HLA has been completed will Aegon be able to determine whether or not these requirements will result in more binding capital constraints than existing requirements, including Solvency II.

An important effect of the Dodd-Frank Act on Aegon USA will be the derivatives reform aspect of the Dodd-Frank Act, which aims to increase transparency of derivatives use and reduce systemic risk. Aegon USA entities are considered to fall into Category 2 under the regulations and are therefore required to clear derivative transactions in accordance with the phase-in regulations. In addition, Aegon USA has new reporting, initial margin and variation margin obligations under the Dodd-Frank Act and its regulations. However, Aegon cannot predict how the regulations will affect the financial markets generally or how the regulations will affect Aegon s business, financial condition or results of operations.

In the United States, the Patient Protection and Affordable Care Act (PPACA) was enacted in 2011 and upheld, with the exception of the Medicaid expansion mandate, by the US Supreme Court in 2012. PPACA significantly changes the regulation of health insurance in the United States, including in certain respects the regulation of supplemental health insurance products. The extent to which employers or individuals may discontinue their purchase of supplemental health insurance products as a result of these changes may significantly impact Aegon USA s supplemental health insurance products business. Given ongoing litigation in the United States with regards to PPACA, the impact to Aegon remains uncertain.

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Solvency II has become effective in EU member states as per January 1, 2016. Due to the fact that the Solvency II framework is new, the interpretation of various elements of the Solvency II framework is not yet fully clear or may change as a result of the way insurers as well as supervisory authorities interpret the new rules. This may also affect the way Aegon implements the Solvency II framework, including Aegon s financial position under Solvency II. Pursuant to Solvency II, Aegon is required to calculate a solvency ratio (own funds divided by the required solvency, the latter referred to as the Group SCR), for the Aegon Group at the level of Aegon which should be at least equal to 100%. Under Solvency I, EU supervisors usually required insurance and reinsurance undertakings to maintain a substantial percentage of own funds above the statutory minimum requirements. Under Solvency II, Aegon expects that DNB will leave the decision as to whether to hold a buffer of own funds in excess of the Group SCR or the SCR as the case may be to the Aegon Group, and to the insurance and reinsurance undertakings in the Aegon Group. As the prudential supervisor, DNB will nonetheless monitor Aegon s capital management policies. Aegon applies its own capital management policies that determine the Company s risk tolerances on the basis of self-imposed criteria. These policies may result in Aegon, at its own election, but supervised by DNB, maintaining a buffer of own funds in addition to those required in according to Solvency II requirements. Pursuant to these self-imposed criteria, Aegon currently aims to hold a buffer in excess of the 100% minimum Group Solvency Ratio of 40 to 70%, in accordance with Aegon s Group Capital Management Policy. The calculation of the Group Solvency Ratio in accordance with Solvency II is further described in the section Regulation and Supervision.

The United States Department of Labor (DOL) has issued a Conflict of Interest or Fiduciary proposal that substantially broadens the definition of fiduciary with respect to retirement benefit programs. The proposed rule would, with limited exemptions and carve-outs, subject agents and brokers to a best interest/fiduciary standard.

If implemented without significant changes, the proposed rule could have a material adverse impact from a prospective sales perspective both as to Aegon Americas retirement plan and annuity businesses, and could create other challenges to the operating model of these businesses. A final DOL rule is expected early 2016, although delayed effective or applicability dates will, and any legal challenges may, further delay final implementation. Until a final rule is issued, it is not possible to quantify the impact of the proposal on Aegon Americas business or the challenges that it may present.

Changes in pension and employee benefit regulation, social security regulation, financial services regulation, taxation and the regulation of securities products and transactions may adversely affect Aegon s ability to sell new policies or claims exposure on existing policies. For example, in Hungary, the mandatory pension business has been nationalized and therefore Aegon in Hungary has liquidated its mandatory pension business. Similarly, in December 2013, the Polish parliament approved legislation to overhaul the existing state pension system, which was a reason for Aegon to write down its intangible assets.

Other initiatives, such as by the International Association of Insurance Supervisors, may create regulations that would increase capital needs and other requirements that would not be applicable to all carriers and create an uneven competitive playing field.

In general, changes in laws and regulations may materially increase Aegon s direct and indirect compliance costs and other ongoing business expenses and have a materially adverse effect on Aegon s businesses, results of operations or financial condition.

The possible abandonment of the euro currency by one or more members of the European Monetary Union may affect Aegon s results of operations in the future.

It is possible that the euro may be abandoned as a currency in the future by countries that have already adopted its use. This may lead to the re-introduction of individual currencies in one or more European Monetary Union member states, or in more extreme circumstances, the dissolution of the European Monetary Union. It is not possible to predict with certainty the effect on the European and global economies of a potential dissolution of the European Monetary Union or the exit of one or more European Union member states from the European Monetary Union. Any such event may have a materially adverse effect on Aegon s future financial condition and results of operations.

The United Kingdom (UK) leaving the European Union (Brexit) may affect Aegon s results and financial condition.

It is possible that the planned UK referendum (to be held on June 23, 2016) results in the UK exiting the European Union. The implications of such a Brexit are uncertain, with respect to the European integration process, the relationship between the UK and the European Union, and the impact on economies and businesses. Aegon could be adversely impacted by related market developments such as increased exchange rate movements of the GBP versus the Euro and higher financial market volatility in general due to increased uncertainty any of which could reduce the value or results of Aegon s operations in the United Kingdom. Aegon could also be adversely impacted should a Brexit result in the UK moving away from agreed and implemented EU legislation like, but not limited to, Solvency II regulations.

Risks related to the Dutch Intervention Act

In June 2012, the Dutch Intervention Act (Wet bijzondere maatregelen financiële ondernemingen) came into force in the Netherlands, with retroactive effect from 20 January 2012. The Dutch Intervention Act grants far-reaching new powers to the Dutch Central Bank (De Nederlandsche Bank N.V., DNB) and the Dutch Minister of Finance to intervene in situations where an institution, including a financial group such as Aegon, faces financial difficulties or where there is a serious and immediate risk to the stability of the Dutch financial system caused by an institution in difficulty. The Dutch Intervention Act has been amended in respect of, inter alia, banks as a result of the entry into force of the EU Directive on the recovery and resolution of credit institutions and investments firms, which was approved by the European Parliament on 15 April 2014 and of which the final text was published in the Official Journal of the European Union on 12 June 2014 (the Bank Recovery and Resolution Directive). The Bank Recovery and Resolution Directive also contains provisions that apply to mixed financial holding companies such as Aegon N.V., including the right of bail-in of creditors. Under the Dutch Intervention Act, substantial powers have been granted to DNB and the Dutch Minister of Finance enabling them to deal with ailing Dutch insurance companies as well as holding companies of insurance companies and financial conglomerates prior to insolvency. The measures allow them to commence proceedings which may lead to (a) the transfer of all or part of the business of an ailing insurance company to a private sector purchaser, (b) the transfer of all or part of the business of an ailing insurance company to a bridge entity , (c) the transfer of the shares in an ailing insurance company to a private sector purchaser or a bridge entity , (d) immediate interventions by the Dutch Minister of Finance concerning an ailing insurance company, and (e) public ownership (nationalisation) of (i) all or part of the business of an ailing insurance company or (ii) all or part of the shares or other securities issued by an ailing insurance company or its holding company. The Dutch Intervention Act also contains measures that limit the ability of counterparties to invoke contractual rights (such as contractual rights to terminate or to invoke a right of set-off or to require security to be posted) if the right to exercise such rights is triggered by intervention of DNB or the Dutch Minister of Finance based on the Dutch Intervention Act or by a circumstance which is the consequence of such intervention. There is a risk that the exercise of powers by DNB or the Dutch Minister of Finance under the Dutch Intervention Act could have a material adverse effect on the performance by the failing institution, including Aegon, of its obligations (of payment or otherwise) under contracts of any form, including the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations issued by the failing institution. Furthermore, the terms of contracts, including debt obligations may be varied (e.g. the variation of maturity of a debt instrument). The Dutch Intervention Act and the Bank Recovery and Resolution Directive aim to ensure that financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

Legal and arbitration proceedings and regulatory investigations and actions may adversely affect Aegon s business, results of operations and financial position.

Aegon faces significant risks of litigation and regulatory investigations and actions in connection with Aegon s activities as an insurer, securities issuer, employer, investment adviser, investor and taxpayer, among others.

Insurance companies are routinely the subject of litigation, investigation and regulatory activity by various governmental and enforcement authorities, individual claimants and policyholder advocate groups, involving wide-ranging subjects such as transparency of disclosure issues and the charges included in products, employment or third party relationships, adequacy of internal operational controls and processes, environmental matters, anti-competition, privacy, information security and intellectual property infringement. For example, unclaimed property administrators and state insurance regulators performed examinations of the life insurance industry in the United States, including certain of Aegon s subsidiaries. This included multi-state examinations. Additionally, some states conducted separate examinations or instituted separate enforcement actions under their unclaimed property laws and related claims practices. As other insurers in the United States have done, Aegon Americas initially established reserves to this matter in 2011, which have been partially released on a quarterly basis as policy level reconciliation efforts are completed, with a reserve of approximately EUR 16 million remaining at year end 2015. Like various other major insurers in the United States, Aegon subsidiaries in the United States entered into resolutions with insurance regulators regarding claims settlement practices. While Aegon believes the reserves it has established for these unclaimed property matters are adequate to cover expected obligations, there can be no assurances that actual exposures will not exceed reserve amounts or that additional sources of liability related to these examinations or other unclaimed property-related matters will not arise in the future. For more than a decade there has been an increase in litigation across the industry, together with new legislation, regulations, and regulatory initiatives, all aimed at curbing alleged improper annuity sales to seniors. As many of the estimated 78 million baby boomers in the United States are reaching the age of 60, the industry will likely see an increase in senior issues presented in various legal arenas.

In addition, insurance companies are generally the subject of litigation, inquiries, investigations and regulatory activity concerning common industry practices such as the disclosure of costs, both costs incurred upon inception of the policy as well as over the duration thereof, commissions, premiums and other issues relating to the transparency of disclosure concerning certain products and services including the risks thereof, in particular when costs and charges apply for or take effect over a longer duration, as is the case for many of Aegon s products. The costs assessed to a particular product class may be changed over time within specified limits, and these changes may lead to policy owner or regulatory review. Some inquiries lead to investigations, which remain open, or could result in fines, corrective actions or restitution. In certain instances, Aegon subsidiaries modified business practices in response to those inquiries, investigations or findings. For example, in 2014 the UK Financial Conduct Authority fined Aegon GBP 8.3 million for past sales practices related to accident insurance products sold by an affinity marketing unit that was active in several European countries and as to which Aegon elected to cease writing new business. In addition, many of Aegon s products offer returns that are determined or that are affected by, among other things, fluctuations in equity markets as well as interest rate movements. These returns may prove to be volatile and occasionally disappointing. Disputes may also arise about the adequacy of internal controls, the level of appropriateness, disclosure, use and operation of modelling (quantitative or otherwise), investment allocations or other product features. From time to time this results in complaints to Aegon or to regulatory bodies, in regulatory inquiries and investigations as well as in disputes that lead to litigation. Inquiries and investigations, regardless of their merit, may result in orders and settlements involving monetary payments and changes to the way Aegon does business.

Legal proceedings may take years to conclude. Parties are generally allowed to institute appeal from a decision in first instance. A decision on appeal may qualify for appeal to a supreme court. Also, Dutch law, for example, at present does not provide for a statutory basis for a plaintiff to claim damages on behalf of a class. Only once a plaintiff, in its capacity as member of a class, has obtained a ruling on the merits of a case, it can claim damages on an individual basis. Alternatively, negotiations between the defendant and customer interest groups may lead to a form of collective monetary settlement. This settlement can then be declared binding by the court and applied to the entire class. However, the Dutch Minister of Justice issued a draft legislative proposal in 2014 to provide for a statutory basis for plaintiffs to claim damages on behalf of a class, which proposal is currently being considered by the various interested parties.

Aegon cannot predict at this time the effect that litigation, investigations, and actions will have on the insurance industry or Aegon s business. Lawsuits, including class actions and regulatory actions, may be difficult to assess or quantify, and may seek recovery of very large and/or indeterminable amounts, including bad faith, punitive and treble damages, and their existence and magnitude may remain unknown for substantial periods of time. Claimants may allege damages that are not quantifiable or supportable and may bear little relationship to their actual economic losses, or amounts they ultimately receive, if any. Besides potential monetary obligations, private litigation, regulatory action, legislative changes and developments in public opinion may require Aegon to alter the way it does business, which would have a material adverse effect on Aegon s results of operations and prospects.

Aegon and other US industry participants have been named in lawsuits alleging, among other things, that asset based fees charged for investment products offered on 401(k) platforms were higher than those generally available in the market. In the Netherlands, certain current and former customers, and groups representing customers have initiated litigation, and certain groups are encouraging others to bring lawsuits against Aegon and other insurers regarding the appropriateness of premiums and policy costs, in respect of certain products including securities leasing products and unit-linked products (so called beleggingsverzekeringen , including the KoersPlan product). Since 2005, unit-linked products in particular started to become the subject of public debate. Allegations started to emerge that products and services hadn t been transparent, were too costly or delivered a result different from what was agreed to. Customer interest groups were formed specifically in this context. Also, regulators as well as the Dutch Parliament have paid attention to this matter since, principally aimed at achieving an equitable resolution for customers.

Aegon has defended and Aegon intends to continue defending itself vigorously when Aegon believes claims are without merit. Aegon has also sought and intends to continue to seek to settle certain claims, including via policy modifications, in appropriate circumstances. Aegon refers to the settlement Aegon reached in 2009 with Stichting Verliespolis and Stichting Woekerpolis in The Netherlands, two major customer interest groups. In 2012, Aegon accelerated certain product improvements that reduce future costs and that increase policy value for its customers with unit-linked insurance policies. With these measures, Aegon committed to the best of class principles identified by the Dutch Ministry of Finance for certain existing unit-linked products. These principles were the result of an industry-wide review by the Ministry of the various agreements reached between individual insurance companies and customer interest groups in relation to unit-linked insurance policies. The Ministry made a strong appeal to all industry participants to apply these principles. As a result of this acceleration, Aegon took a one-off charge of EUR 265 million before tax in 2012. In addition, Aegon decided to reduce future policy costs for the large majority of its unit-linked portfolio. At the time of that acceleration, that decision was expected to decrease income before tax over the remaining duration of the policies by approximately EUR 125 million in aggregate, based on the present value at the time of the decision. While parties such as the Ombudsman Financiële Dienstverlening (the Netherlands financial services industry ombudsman) supported the arrangements reached with customer interest groups, the public debate over the adequacy generally of these and other arrangements, as well as discussions in the Dutch Parliament, continue and may lead to re-examination and adjustment of the settlements made. It is not yet possible to determine the direction or outcome of these matters, including what actions, if any, Aegon may take in response thereto, due to commercial necessity or future rulings or, for example, at the instigation of regulatory authorities, or the impact that any such actions may have on Aegon s business, results of operations and financial position. For example, the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten or AFM) issued a request to the insurance industry to contact certain customers to determine whether unit-linked products sold in the past, actually perform as originally contemplated. Aegon has actively responded to that request by contacting customers to assess the performance of these products in the context of the then current objectives of that customer and to solicit an informed decision by those customers whether or not to continue with, make changes to or terminate these products (activeren van klanten). This process is actively monitored by the AFM, including the percentage of customers contacted. Sanctions may be imposed if the AFM determines that an insurer did not conduct this process adequately as well as timely. The Dutch Parliament introduced specific legislation in this respect and closely monitors the process. Any changes in legislation, regulatory requirements or perceptions of commercial necessity may have a materially adverse effect on Aegon s businesses, results of operations and financial condition.

In general, individual customers as well as policyholder advocate groups and their representatives, continue to focus on the level of fees and other charges included in products sold by the insurance industry (including Aegon), as well as the transparency of disclosure regarding such fees and charges and other product features and risks. In 2013, the Dutch Supreme Court denied Aegon s appeal from a ruling of the Court of Appeal with respect to a specific Aegon unit-linked product, the KoersPlan product. Between 1989 and 1998, Aegon has issued, sold or advised on approximately 600,000 KoersPlan policies. In 2011, the Court of Appeal had ruled that Aegon should have more clearly informed its customers about the amount of premium which the company charged in relation to the death benefit embedded in those products. Prior to the ruling Aegon had already taken steps to improve its communications with customers as well as adjusting the amounts charged to KoersPlan customers. As a result of the Dutch Supreme Court s denial of appeal, Aegon compensated the approximately 35,000 holders of KoersPlan products who were plaintiffs in the litigation and took a charge of EUR 25 million in 2013 in connection therewith. In 2014, Aegon announced that it would voluntarily compensate holders of KoersPlan products that were not plaintiffs in the litigation. The compensation amounts to the difference, if any, between the amount of premium charged by Aegon for a comparable risk in stand-alone death benefit coverage over the same period, and the premium (if higher) actually charged by Aegon in connection with the KoersPlan product. This voluntary product improvement was supported by the consumer interest group that initiated the court action over the KoersPlan product, Stichting Koersplandewegkwijt. This improvement was extended to all tontine saving plan products (Spaarkassen). However, another interest group, Stichting Woekerpolisproces, announced in 2014 that it expected in future to file a claim in court against Aegon, alleging that the compensation is too low and should be paid not only to all KoersPlan policyholders, but also to all holders of other products sold by Aegon with a death benefit (and corresponding premium payment obligation). It is not yet possible to determine what actions, if any, Aegon may take in connection with any such expectations, or demands or claims, due to commercial necessity or future rulings or, for example, at the instigation of regulatory authorities, or the impact that any such actions may have on Aegon s business, results of operations and financial position.

Aegon expects this to remain an industry issue for the foreseeable future. In 2013, the Klachteninstituut Financiële Dienstverlening (KIFID), rendered an interim decision against another insurance company in The Netherlands. KIFID is an independent body that offers an alternative forum for customers to file complaints or claims over financial services. Its decisions may be appealed to the courts. In its interim decision, KIFID found that the consumer had not been adequately informed of the so-called initial costs embedded within its unit linked policy, nor of the leverage component thereof, and challenged the contractual basis for the charges. There are claims pending with KIFID filed by customers over Aegon products and that arguably include similar allegations. If KIFID were to finally decide unfavorably and that decision were to be upheld by a court, there can be no assurances that ultimately the aggregate exposure to Aegon of such adverse decisions would not have a material adverse effect on Aegon s results of operations or financial position if the principles underlying any such decision were to be applied also to Aegon products.

In March 2014, consumer interest group Vereniging Woekerpolis.nl filed a claim against Aegon in court. The claim related to a range of unit-linked products that Aegon sold in the past, including products over which Aegon was involved in litigation in the past, like the KoersPlan product. While the number of products to which the claim may relate was reduced by the court in its interlocutory ruling of October 28, 2015, it still concerns the majority of Aegon s unit-linked portfolio. The claim challenges a variety of elements of these products, on multiple legal grounds, including allegations made in earlier court cases. There can be no assurance that the claim from Vereniging Woekerpolis.nl may not ultimately have a material adverse effect on Aegon s results of operations or financial position.

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In April 2015, the European Court of Justice ruled on preliminary questions raised in a court case pending before the District Court in Rotterdam against another insurance company in The Netherlands. The main preliminary question considered by the European Court of Justice was whether European law permits the application of information requirements based on general principles of Dutch law that potentially extend beyond information requirements as explicitly prescribed by local laws and regulations in force at the time the policy was written. The European Court ruled that member states may impose on insurers obligations of transparency of disclosure in addition to those existing under European law, provided that those additional obligations are sufficiently clear and concrete as well as known to an insurer in advance. The European Court has left it to the national court to decide in specific cases whether the obligations under Dutch law meet those principles. It is possible that a judgment, although it would address a question of legal principle only and would be rendered in a case against another insurer, may ultimately be used by plaintiffs against Aegon or to support potential claims against Aegon. Future claims based on emerging legal theories could have a material adverse effect on Aegon s businesses, results of operations and financial condition.

Holders of unit-linked policies filed claims in civil court against Aegon in Poland over the fees payable by a customer at the time of the initial purchase for certain products or retrospectively due on surrender for other products. While fees were explicitly disclosed to policyholders in policy documentation at the time of investment, the plaintiffs allege they are too high or that there is no contractual basis to charge fees altogether. In October 2014, the Polish Office of Competition and Consumer Protection fined Aegon for an amount of EUR 5.6 million in relation to its communication around early surrender fees. While this fine was not directly related to the civil claims, for reasons of commercial necessity as well as at the instigation of the regulatory authorities, Aegon decided to modify the early surrender fee structure. Aegon recorded a charge of EUR 23 million in the fourth quarter of 2014 in connection therewith. In December 2015, Aegon reached a settlement with the Polish Office of Competition and Consumer Protection on reducing the fees payable by a customer at the time of the initial purchase, and took a related charge of EUR 10.5 million. There can be no assurances that ultimately the exposure to Aegon in connection with allegations such as those underlying the claims in Poland, would not have a material adverse effect on Aegon s results of operations or financial position.

Certain of the products Aegon sells are complex and involve significant investment risks that may be assumed by Aegon s customers. Aegon receives, from time to time, claims from certain current and former customers, and groups representing customers, in respect of certain products. Certain claims remain under review and may lead to disputes in the future. Aegon has in the past agreed to make payments, in some cases substantial, or adjustments to policy terms to settle those claims or disputes if Aegon believed it was appropriate to do so. While Aegon intends to defend itself vigorously against any claims that Aegon does not believe have merit, there can be no assurance that any claims brought against Aegon by its customers will not have a materially adverse effect on Aegon s businesses, results of operations and financial position.

Aegon s risk management policies and processes may leave the company exposed to unidentified or unanticipated risk events, adversely affecting our businesses, results and financial condition.

Aegon has devoted significant resources to the implementation and maintenance of a comprehensive enterprise risk management framework in all aspects of the business. Notwithstanding, our risk measurements do make use of historic and public data that may be inaccurate or may not predict future exposures. Further, operational and legal risks involve high volumes of transactions and are affected by frequent changes in our businesses and their environments, and the risk management framework may not evolve at the same pace. As a result, there is a chance that risks present in our business strategies and initiatives may not be fully identified, monitored and managed.

State statutes and regulators may limit the aggregate amount of dividends payable by Aegon s subsidiaries and Aegon N.V., thereby limiting Aegon s ability to make payments on debt obligations.

Aegon s ability to make payments on debt obligations and pay some operating expenses is dependent upon the receipt of dividends from subsidiaries. Some of these subsidiaries have regulatory restrictions that can limit the payment of dividends. In addition, local regulators, acting to represent the interests of local policyholders, are taking an increasingly restrictive stance with respect to permitting dividend payments, which may affect Aegon s ability to satisfy its debt obligations or pay its operating expenses.

Changes in accounting standards may affect Aegon s reported results, shareholders equity and dividend.

Since 2005, Aegon s financial statements have been prepared and presented in accordance with IFRS. Any future changes in these accounting standards may have a significant impact on Aegon s reported results, financial condition and shareholders equity. This includes the level and volatility of reported results and shareholders equity. New accounting standards that are likely to have a significant impact on Aegon s reported results, financial condition and shareholders equity include but are not limited to IFRS 9 Financial Instruments and IFRS 4 Insurance contracts. On July 24, 2014, the IASB issued the fourth and final version of its new standard on financial instruments accounting - IFRS 9 Financial Instruments. The new IFRS 9 standard has a mandatory effective date of January 1, 2018 but subsequent discussions at the IASB have resulted in a possible temporary deferral for insurers. On December 9, 2015, the IASB published an Exposure Draft: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. It provides an overview of the main proposals that have been published for public comment by the IASB of which the main objective is to address the temporary accounting consequences of the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard. Implementation of IFRS 9 may have a significant impact on Aegon s reported results, financial condition and shareholder s equity. Further details on IFRS 9 are provided in note 2.1.2 Future adoption of new IFRS accounting standards of the consolidated financial statements.

During 2015, the IASB continued deliberations on its Exposure Draft Insurance Contracts that was published by the IASB in June 2013. The IASB s project to replace IFRS 4 Insurance Contracts is at an advanced stage and a final standard may be published by the IASB before the end of 2016 or beginning of 2017. However, the mandatory date will not become effective before 2021. The proposed changes in the accounting for insurance contracts will have a significant impact on Aegon.

Tax law changes may adversely affect Aegon s profitability, as well as the sale and ownership of Aegon s products.

Aegon is subject to the substance and interpretation of tax laws in all countries in which Aegon operates or invests. Tax risk is the risk associated with changes in tax laws, or the interpretation of tax laws, later jurisprudence or case law, or the introduction of new taxes or tax laws. This tax risk also includes the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities. Failure to manage tax risks may lead to increased tax charges, including financial or operating penalties. This tax risk may have a direct materially adverse effect on Aegon s profits and financial condition.

Further, most insurance products enjoy certain tax advantages, particularly in the United States and the Netherlands, which permit the tax deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products under certain conditions and within certain limits. Taxes on this inside build-up of earnings may not be payable at all and, if payable, generally are due only when the earnings are actually paid.

The US Congress has, from time to time, considered possible legislation that may make Aegon s products less attractive to consumers, including legislation that would reduce or eliminate the deferral of taxation on the accretion of value within certain annuities and life insurance products. This may have an impact on insurance products and sales in the United States.

The US Government, as well as state and local governments, also considers from time to time tax law changes that may increase the amount of taxes that Aegon pays. For example, the Obama Administration has proposed in its annual budget for each of the past five years to change the methodology to determine the dividends received deduction (DRD) related to variable life insurance and variable annuity contracts. Congress has not, however acted on these proposals. The DRD reduces the amount of dividend income subject to tax and is a significant component of the difference between Aegon s effective tax rate and the federal statutory tax rate of 35%. A change in the DRD, including the possible elimination of this deduction, may reduce Aegon s consolidated net income.

Any changes in tax laws, interpretation of tax laws, later jurisprudence or case law, or the introduction of new taxes or tax laws in all countries in which Aegon operates or invests, which affects Aegon s products, may have a materially adverse effect on Aegon s businesses, results of operations and financial condition.

Competitive factors may adversely affect Aegon s market share.

Competition in Aegon s business segments is based on service, product features, price, commission structure, financial strength, claims paying ability, ratings and name recognition. Aegon faces intense competition from a large number of other insurers, as well as non-insurance financial services companies such as banks, broker-dealers and asset managers, for individual customers, employers, other group customers, agents and other distributors of insurance and investment products. Consolidation in the global financial services industry can enhance the competitive position of some of Aegon s competitors by broadening the range of their products and services, and increasing their distribution channels and their access to capital. In addition, development of alternative distribution channels for certain types of insurance and securities products, including through the internet, may result in increasing competition as well as pressure on margins for certain types of products. Traditional distribution channels are also challenged by the ban on sales-based commissions in some countries. These competitive pressures may result in increased pricing pressures on a number of products and services, particularly as competitors seek to win market share. This may harm Aegon s ability to maintain or increase profitability.

The adverse market and economic conditions that began in the second half of 2007 and significantly worsened in 2008 and into 2009, with recovery beginning in late 2009 and in 2010, followed in 2011-2015 by further periods of volatility and weakness, particularly in the eurozone, can be expected to result in changes in the competitive landscape. While many markets have started to recover, interest rates remain at or near all time lows, and have even gone negative in some countries. The financial distress experienced by some financial services industry participants as a result of weak economic conditions and newly imposed regulation may lead to acquisition opportunities. Aegon s ability or that of Aegon s competitors to pursue such opportunities may be limited due to lower earnings, reserve increases, capital requirements or a lack of access to debt capital markets and other sources of financing. Such conditions may also lead to changes by Aegon or Aegon s competitors in product offerings and product pricing that may affect Aegon and Aegon s relative sales volumes, market shares and profitability. Additionally, the competitive landscape in which Aegon operates may be further affected by government-sponsored programs or actions taken in response to the severe dislocations in financial markets which occurred in 2008 and 2009, as well as the European sovereign debt crisis.

Aegon may experience difficulties in distributing and marketing products through our current and future distribution channels.

Although Aegon distributes its products through a wide variety of distribution channels, Aegon s ability to market its products could be affected if key relationships would be interrupted. Distributors may elect to reduce or terminate their distribution relationship with Aegon due to adverse developments in our business. Further, key distribution partners may also merge, change their business models in ways that affect how our products are sold, or new distribution channels could emerge and adversely impact the effectiveness of our current distribution efforts.

When Aegon s products are distributed through unaffiliated firms, Aegon may not always be able to monitor or control the manner of their distribution despite our significant training and compliance programs. If our products would be distributed by such firms in an inappropriate manner, or to customers for whom they are unsuitable, Aegon may suffer reputational and other harm to our business.

The default of a major market participant may disrupt the markets and may affect our business, financial condition, liquidity, operations and prospects.

The failure of a sufficiently large and influential financial institution, or other market participant including a sovereign issuer, may disrupt securities markets or clearance and settlement systems in Aegon s markets. This may cause market declines or volatility. Such a failure may lead to a chain of defaults that may adversely affect Aegon and Aegon s contract counterparties. In addition, such a failure may impact future product sales as a potential result of reduced confidence in the insurance industry. The default of on or more large international financial institutions, which may result in disruption or termination of their cash, custodial or and administrative services, may also have a material adverse impact on Aegon s ability to run effective treasury and asset management operations.

Even the perceived lack of creditworthiness of a sovereign or financial institution (or a default by any such entity) may lead to market-wide liquidity problems and losses or defaults by Aegon or by other institutions. This risk is sometimes referred to as systemic risk and may adversely affect financial intermediaries, such as clearing members or futures commissions merchants, clearing houses, banks, securities firms and exchanges with whom Aegon interacts on a daily basis and financial instruments of sovereigns in which Aegon invests. Systemic risk could have a material adverse effect on our ability to raise new funding and on our business, financial condition, results of operations, liquidity and/or prospects. In addition, such distress or failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

Aegon may be unable to retain personnel who are key to the business.

As a global financial services enterprise with a decentralized management structure, Aegon relies, to a considerable extent, on the quality of local management in the various countries in which Aegon operates. The success of Aegon s operations is dependent, among other things, on Aegon s ability to attract and retain highly qualified professional personnel. Competition for key personnel in most countries in which Aegon operates is intense. Aegon s ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is very much dependent on the competitiveness of the compensation package for employees in the market in which it competes. As a part of the governmental response in Europe and, to a certain extent, the United States to the financial crisis in 2008, there have been various legislative initiatives that have sought to give guidance or regulate the structure of remuneration for personnel, in particular senior management, with a focus on performance-related remuneration and limiting severance payments. With differences in interpretation of these regulations by local regulators on how the guidelines need to be applied, as well as to the question of whether they apply to insurance industries at all, these restrictions create an uncertain playing field and may adversely affect Aegon s ability to compete for qualified employees, as well as Aegon s ability to exchange employees between regions.

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Reinsurers to whom Aegon has ceded risk may fail to meet their obligations.

Aegon s insurance subsidiaries cede premiums to other insurers under various agreements that cover individual risks, group risks or defined blocks of business, on a co-insurance, yearly renewable term, excess or catastrophe excess basis. The purpose of these reinsurance agreements is to spread the risk and minimize the effect of losses. The amount of each risk retained depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse for the ceded amount in the event a covered claim is paid. However, Aegon s insurance subsidiaries remain liable to their policyholders for ceded insurance if any reinsurer fails to meet the obligations assumed by it. A bankruptcy or insolvency or inability of any of Aegon s reinsurance counterparties to satisfy its obligations may have a materially adverse effect on Aegon s financial position and results of operations. Refer to Schedule IV of this Annual Report for a table showing life insurance in force amounts on a direct, assumed and ceded basis for 2012, 2013 and 2014.

In accordance with industry practices, Aegon reinsures a portion of its life insurance exposure with unaffiliated insurance companies under traditional indemnity reinsurance arrangements. In 2015, approximately 58% of Aegon s total direct and assumed (for which Aegon acts as a reinsurer for others) life insurance in force was ceded to other insurers. The major reinsurance counterparties for Aegon USA are affiliates of SCOR SE (SCOR), Munich Re, RGA and Swiss Re. The major reinsurers of Aegon UK are Swiss Re, Munich Re, Pacific Re and XL Re. The non-life reinsurance for Aegon the Netherlands is diversified across several providers including Lloyds market syndicates. The major reinsurers of Aegon Hungary for non-life are Swiss Re, Munich Re and Hannover Re and for life insurance Munich Re and RGA. Aegon Spain s major reinsurers are General Re, RGA, National Re and SCOR. Aegon China s major reinsurers are Hannover Re, Munich Re and China Re, and Aegon India s major reinsurer is RGA.

Reinsurance may not be available, affordable or adequate to protect Aegon against losses.

As part of Aegon s overall risk and capacity management strategy, Aegon purchases reinsurance for certain risks underwritten by Aegon s various business segments. Market conditions beyond Aegon s control determine the availability and cost of the reinsurance protection Aegon purchases. Accordingly, Aegon may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which may adversely affect Aegon s ability to write future business.

Aegon may have difficulty managing its expanding operations, and Aegon may not be successful in acquiring new businesses or divesting existing operations.

In recent years, Aegon has made a number of acquisitions and divestitures around the world and it is possible that Aegon may make further acquisitions and divestitures in the future. Growth by acquisition involves risks that may adversely affect Aegon s operating results and financial condition. These include: the potential diversion of financial and management resources from existing operations; difficulties in assimilating the operations, technologies, products and personnel of the acquired company; significant delays in completing the integration of acquired companies; the potential loss of key employees or customers of the acquired company; potential losses from unanticipated litigation, and tax and accounting issues. In addition, expansion into new and emerging markets may involve heightened political, legal and regulatory risks, such as discriminatory regulation, nationalization or expropriation of assets, price controls and exchange controls.

Aegon s acquisitions may result in additional indebtedness, costs, contingent liabilities and impairment expenses related to goodwill and other intangible assets. In addition, they may divert management s attention and other resources. Divestitures of existing operations may result in Aegon assuming or retaining certain contingent liabilities. All of these may adversely affect Aegon s businesses, results of operations and financial condition. Future acquisitions may also have a dilutive effect on the ownership and voting percentages of existing shareholders. There can be no assurance that Aegon will successfully identify suitable acquisition candidates or that Aegon will properly value acquisitions made. Aegon is unable to predict whether or when any prospective acquisition candidate will become available, or the likelihood that any acquisition will be completed once negotiations have commenced.

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Catastrophic events, which are unpredictable by nature, may result in material losses and abruptly and significantly interrupt Aegon s business activities.

Aegon s operating results and financial position may be adversely affected by volatile natural and man-made disasters such as hurricanes, windstorms, earthquakes, terrorism, riots, fires and explosions, pandemic disease and other catastrophes. Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure. Generally, Aegon seeks to reduce its exposure to these events through individual risk selection, monitoring risk accumulation, and purchasing reinsurance. However, such events may lead to considerable financial losses to Aegon s businesses. Furthermore, natural disasters, terrorism and fires may disrupt Aegon s operations and result in significant loss of property, key personnel and information about Aegon and its clients. If its business continuity plans have not included effective contingencies for such events, Aegon may experience business disruption and damage to corporate reputation and financial condition for a substantial period of time.

Aegon regularly develops new financial products to remain competitive in its markets and to meet the expectations of its clients. If clients do not achieve expected returns on those products, Aegon may be confronted with legal claims, advocate groups and negative publicity.

Aegon may face claims from customers, both individual claimants as well as policyholder advocate groups, and negative publicity if Aegon s products result in losses or fail to result in expected gains, regardless of the suitability of products for customers or the adequacy of the disclosure provided to customers by Aegon and by the intermediaries who distribute Aegon s products. New products that are less well understood and that have less of a historical performance track record may be more likely to be the subject of such claims. Any such claims may have a materially adverse effect on Aegon s results of operations, corporate reputation and financial condition.

Aegon may not be able to protect its intellectual property and may be subject to infringement claims.

Aegon relies on a combination of contractual rights with third parties and copyright, trademark, patent and trade secret laws to establish and protect Aegon s intellectual property. Third parties may infringe on or misappropriate Aegon s intellectual property, and it is possible that third parties may claim that Aegon has infringed on or misappropriated their intellectual property rights. Any resulting proceedings in which Aegon would have to enforce and protect its intellectual property, or defend itself against a claim of infringement of a third-party s intellectual property, may require significant effort and resources and may not prove successful. As a result of any proceeding in which Aegon would have to enforce and protect its intellectual property, Aegon may lose intellectual property protection, which may have a materially adverse effect on Aegon s businesses, results of operation, financial condition and Aegon s ability to compete. As a result of any proceeding in which Aegon would have to defend itself against a claim of infringement of a third-party s intellectual property, Aegon may be required to pay damages and provide injunctive relief, which may have a materially adverse effect on Aegon s businesses, results of operations and financial condition.

Inadequate or failed processes or systems, human factors or external events may adversely affect Aegon s profitability, reputation or operational effectiveness.

Operational risk is inherent in Aegon s businesses and may manifest itself in many ways, including business interruption, poor vendor performance, information systems malfunctions or failures, regulatory breaches, processing errors, modelling errors, and/or internal and external fraud. These events may result in financial loss, harm Aegon s reputation, or hinder Aegon s operational effectiveness. Further, employee error and misconduct may be difficult to prevent under all circumstances and may result in significant losses.

Aegon s management maintains a well-controlled environment and sound policies and practices to control these risks and keep operational risk at appropriate levels. Notwithstanding these control measures, however, operational risk is part of the business environment in which Aegon operates, and is inherent in Aegon s size and complexity, as well as Aegon s geographic diversity, and the scope of the businesses Aegon operates. Aegon s risk management activities cannot anticipate every circumstance, and economic and financial outcome, or the specifics and timing of such outcomes. Furthermore, if the contractual arrangements put in place with any third-party service providers are terminated, including contractual arrangements with providers of information technology, administrative or investment management services, Aegon may not be able to find an alternative provider on a timely basis or on equivalent terms. Aegon may incur significant losses due to these types of risks.

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Aegon s operations support complex transactions and are highly dependent on the proper functioning of information technology and communication systems. Any failure of Aegon s information technology or communications systems may result in a material adverse effect on Aegon s results of operations and corporate reputation.

While systems and processes are designed to support complex transactions and avoid systems failure, fraud, information security failures, processing errors and breaches of regulation, any failure may lead to a materially adverse effect on Aegon s results of operations and corporate reputation. In addition, Aegon must commit significant resources to maintain and enhance its existing systems in order to keep pace with industry standards and customer preferences. If Aegon fails to keep up-to-date information systems, Aegon may not be able to rely on information for product pricing, risk management and underwriting decisions. In addition, even though back-up and recovery systems and contingency plans are in place, Aegon cannot assure investors that interruptions, failures or breaches in security of these processes and systems will not occur, or if they do occur, that they can be adequately addressed. The occurrence of any of these events may have a materially adverse effect on Aegon s businesses, results of operations and financial condition.

A computer system failure or security breach may disrupt Aegon s business, damage Aegon s reputation and adversely affect Aegon s results of operations, financial condition and cash flows.

Changes towards more sophisticated internet technologies, the introduction of new products and services, changing customer needs and evolving applicable standards increase the dependency on internet, secure systems and related technology. Introducing new technologies, computer system failures, cyber-crime attacks or security breaches may disrupt Aegon s business, damage Aegon s reputation and adversely affect Aegon s results of operations, financial condition and cash flows.

Aegon retains confidential information on its computer systems, including customer information and proprietary business information. Any compromise to the security of Aegon s computer systems that results in the disclosure of personally identifiable customer information may damage Aegon s reputation, expose Aegon to litigation, increase regulatory scrutiny, and require Aegon to incur significant technical, legal and other expenses.

Judgments of US courts are not enforceable against Aegon in Dutch courts.

There is no treaty between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Judgments of US courts, including those predicated on the civil liability provisions of the US federal securities laws, may not be enforceable in Dutch courts. Therefore, Aegon s investors that obtain a judgment against Aegon in the United States may not be able to require Aegon to pay the amount of the judgment unless a competent court in the Netherlands gives binding effect to the judgment. It may, however, be possible for a US investor to bring an original action in a Dutch court to enforce liabilities against Aegon, Aegon s affiliates, directors, officers or any expert named therein who resides outside the United States, based upon the US federal securities laws.

II - Risks relating to Aegon s common shares

Aegon s share price could be volatile and could drop unexpectedly, and investors may not be able to resell Aegon s common shares at or above the price paid.

The price at which Aegon s common shares trade is influenced by many factors, some of which are specific to Aegon and Aegon s operations, and some of which are related to the insurance industry and equity markets in general. As a result of these factors, investors may not be able to resell their common shares at or above the price paid for them. In particular, the following factors, in addition to other risk factors described in this section, may have a material impact on the market price of Aegon s common shares:

- ¿ Investor perception of Aegon as a company;
- ¿ Actual or anticipated fluctuations in Aegon s revenues or operating results;
- ¿ Announcements of intended acquisitions, disposals or financings, or speculation about such acquisitions, disposals or financings;
- ¿ Changes in Aegon s dividend policy, which may result from changes in Aegon s cash flow and capital position;
- ¿ Sales of blocks of Aegon s shares by significant shareholders, including Vereniging Aegon;
- ¿ A downgrade or rumored downgrade of Aegon s credit or financial strength ratings, including placement on credit watch;
- ¿ Potential litigation involving Aegon or the insurance industry in general;
- ¿ Changes in financial estimates and recommendations by securities research analysts;
- ¿ Fluctuations in capital markets, including foreign exchange rates, interest rates and equity markets;
- ¿ The performance of other companies in the insurance sector;

- ¿ Regulatory developments in the United States, the Netherlands, the United Kingdom, and other countries in which Aegon operates;
- ¿ International political and economic conditions, including the effects of terrorist attacks, military operations and other developments stemming from such events, and the uncertainty related to these developments;
- ¿ News or analyst reports related to markets or industries in which Aegon operates; and
- ¿ General insurance market conditions.

The high and low prices of Aegon s common shares on Euronext Amsterdam were EUR 7.70 and EUR 4.87 respectively in 2015, and EUR 6.96 and EUR 5.75 respectively in 2014. The high and low sales prices of Aegon s common shares on NYSE New York were USD 8.35 and USD 5.41 respectively in 2015, and USD 9.46 and USD 7.27 respectively in 2014. All share prices are closing prices.

Aegon and its significant shareholders may offer additional common shares in the future, and these and other sales may adversely affect the market price of the outstanding common shares.

Aegon may decide to offer additional common shares in the future, for example, to strengthen Aegon s capital position in response to regulatory changes or to support an acquisition.

In connection with its refinancing in September 2002, Vereniging Aegon entered into an equity repurchase facility and a back-up credit facility. On February 9, 2010, both facilities were replaced by a three year term and revolving facilities agreement with a consortium of banks. In 2013, Vereniging Aegon entered into a new three year term and revolving facilities agreement with the same consortium of banks, replacing the three year term and revolving facilities agreement entered into in 2010. Under this agreement, Aegon s common shares in the possession of Vereniging Aegon are pledged to the consortium of banks. If Vereniging Aegon were to default under the facilities agreement in force at that time, the lenders may dispose of Aegon s common shares held by them as collateral in order to satisfy amounts outstanding.

An additional offering of common shares by Aegon, the restructuring of Aegon s share capital, the sales of common shares by significant shareholders or by lenders to Vereniging Aegon, or the public perception that an offering or such sales may occur, may have an adverse effect on the market price of Aegon s common shares.

As of December 31, 2015, there were 2,147,036,826 common shares and 585,022,160 common shares B issued. Of these, Vereniging Aegon held 292,687,444 common shares and all issued common shares B. All of Aegon s outstanding common shares are freely tradable, and all shareholders, including large shareholders such as Vereniging Aegon, are free to resell their common shares at any time.

Vereniging Aegon, Aegon s major shareholder, holds a large percentage of the voting shares and therefore has significant influence over Aegon s corporate actions.

Prior to September 2002, Vereniging Aegon beneficially owned approximately 52% of the voting shares and thus held voting control over Aegon. In September 2002, Vereniging Aegon reduced its beneficial ownership to approximately 33% of the voting shares (excluding issued common shares held in treasury by Aegon). In 2003, Aegon and Vereniging Aegon amended the 1983 Merger Agreement, resulting in a right for Vereniging Aegon, upon issuance of shares by Aegon, to purchase as many class B preferred shares existing at that time as would enable it to prevent or offset a dilution to below its actual voting power percentage of 33%. In 2013, Aegon N.V. and Vereniging Aegon entered into an agreement to simplify the capital structure of Aegon and to cancel all of Aegon s preferred shares, of which Vereniging Aegon was the sole owner. The execution of this agreement was approved by the General Meeting of Shareholders of Aegon N.V. on May 15, 2013. For details on the simplification of the corporate structure, please see the section Major shareholders at pages 306-308.

The simplified capital structure included an amendment to the 1983 Amended Merger Agreement between Aegon N.V. and Vereniging Aegon. Following this 2013 amendment, Vereniging Aegon s call option relates to common shares B. Vereniging Aegon may exercise its call option to keep or restore its total stake at 32.6%, irrespective of the circumstances which cause the total shareholding to be or become lower than 32.6%.

The simplification of the capital structure also entailed the amendment of the Voting Rights Agreement between Aegon N.V. and Vereniging Aegon. As a matter of Dutch corporate law, the shares of both classes offer equal full voting rights, as they have equal nominal values (EUR 0.12). The financial rights attached to a common share B is 1/40th of the financial rights attached to a common share. The amended Voting Rights Agreement ensures that under normal circumstances, i.e. except in the event of a Special Cause, Vereniging Aegon will no longer be able to exercise more votes than is proportionate to the financial rights represented by its shares.

This means that in the absence of a Special Cause Vereniging Aegon may cast one vote for every common share it holds and one vote only for every 40 common shares B. A Special Cause includes the acquisition of a 15% interest in Aegon N.V., a tender offer for Aegon N.V. shares or a proposed business combination by any person or group or persons, whether individually or as a group, other than in a transaction approved by the Executive Board and the Supervisory Board. Accordingly, at December 31, 2015, the voting power of Vereniging Aegon under normal circumstances amounted to approximately 14.5%, based on the number of outstanding and voting shares (excluding issued common shares held in treasury by Aegon N.V.). In the event of a Special Cause, Vereniging Aegon s voting rights will increase to 32.6% for up to six months.

Consequently, Vereniging Aegon may have substantial influence on the outcome of corporate actions requiring shareholder approval, including:

- Adopting amendments to the Articles of Association;
- Adopting the Annual Accounts;
- Approving a consolidation or liquidation;
- Approving a tender offer, merger, sale of all or substantially all of the assets, or other business combination; and
- In particular, during the periods when Vereniging Aegon is entitled to exercise its increased voting rights, it will generally have sufficient voting power to veto certain decisions presented to the General Meeting of Shareholders, including any proposal relating to the following matters:
  - Rejecting binding Supervisory Board nominations for membership to the Supervisory Board and Executive Board;
  - Appointing an Executive Board or Supervisory Board member other than pursuant to Supervisory Board nomination; and
  - Suspending or removing an Executive Board or Supervisory Board member other than pursuant to a Supervisory Board proposal.

Currency fluctuations may adversely affect the trading prices of Aegon s common shares and the value of any cash distributions made.

Since Aegon s common shares listed on Euronext Amsterdam are quoted in euros and Aegon s common shares listed on NYSE New York are quoted in US dollars, fluctuations in exchange rates between the euro and the US dollar may affect the value of Aegon s common shares. In addition, Aegon declares cash dividends in euros, but pays cash dividends, if any, on Aegon s shares of New York registry in US dollars based on an exchange rate set the business day following the shareholder meeting approving the dividend. As a result, fluctuations in exchange rates may affect the US dollar value of any cash dividends paid.

Convertible securities (or other securities that permit or require Aegon to satisfy its obligations by issuing common shares) that Aegon may issue could influence the market price for Aegon s common shares.

In the future, Aegon may issue convertible securities or other securities that permit or require Aegon to satisfy obligations by issuing common shares. Those securities would likely influence, and be influenced by, the market for Aegon s common shares.

For example, the price of Aegon s common shares may become more volatile and may be depressed by investors anticipation of the potential resale in the market of substantial amounts of Aegon s common shares received at maturity. Aegon s common shares may also be depressed by the acceleration of any convertible securities (or other such securities) that Aegon has issued by investors who view such convertible securities (or other such securities) as a more attractive means of participation in Aegon s equity. Negative results may also be produced by hedging or arbitrage trading activity that may develop involving such convertible securities (or other such securities) and Aegon s common shares. Any such developments may negatively affect the value of Aegon s common shares.

Property, plant and equipment

In the United States, Aegon owns many of the buildings that the Company uses in the normal course of its business, primarily as offices. Aegon owns 16 offices located throughout the United States with a total square footage of 2 million. Aegon also leases space for various offices located throughout the United States under long-term leases with a total square footage of 1 million. Aegon s principal offices are located in Little Rock, AR; Los Angeles, CA; Denver, CO; Cedar Rapids, IA; St. Petersburg, FL; Atlanta, GA; Louisville, KY; Baltimore, MD; Harrison, NY; Exton, PA; and Plano, TX.

Other principal offices owned by Aegon are located in The Hague, the Netherlands; Budapest, Hungary; and Madrid, Spain. Aegon owns its headquarters and leases other offices in the Netherlands (Leeuwarden) and the United Kingdom under long-term leases. Aegon believes that its properties are adequate to meet its current needs.

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Employees and labor relations

At the end of 2015, Aegon had 31,530 employees and 8,433 agents. Approximately 40% are employed in the Americas, 15% in the Netherlands, 7% in the United Kingdom and 37% in New Markets. Note that employees of the Holding are included in the Netherlands.

All of Aegon s employees in the Netherlands, other than senior management, are covered by the collective labor agreement of Aegon NL. Aegon, the unions and the Dutch Central Works Council are working closely together in the co-creation steering group to come to new agreements. The current collective agreement has a duration of three years. Aegon has experienced no significant strike, work stoppage or labor dispute in recent years.

Under Dutch law, members of the Central Works Council responsible for Aegon in the Netherlands are elected by Aegon the Netherlands employees. The Central Works Council has certain defined powers at the level of the Dutch subsidiary company Aegon Nederland N.V., including the right to make non-binding recommendations for appointments to its Supervisory Board and the right to enter objections against proposals for appointments to that Supervisory Board.

The number of employees per geographical area:

	2015	2014	2013
Americas	12,701	12,865	12,256
The Netherlands	4,802	4,700	4,584
United Kingdom	2,260	2,420	2,400
New Markets	11,767	8,617	7,651
	31,530	**28,602**	**26,891**
Of which agent	8,433	5,713	4,753
Of which Aegon s share of employees in joint ventures and associates	1,983	1,614	1,462

See note 14 Commissions and expenses of the Notes to the consolidated financial statements of this Annual Report for a description of share-based payments to employees.

Dividend policy

Under Dutch law and Aegon s Articles of Association, holders of Aegon s common shares are entitled to dividends paid out of the profits remaining, if any, after the creation of a reserve account. Aegon s Executive Board may determine the dividend payment date and the dividend record date for the common shares, which may vary for the various kinds of registered shares. Aegon s Executive Board, with the approval of Aegon s Supervisory Board, may also determine the currency or currencies in which the dividends will be paid. Aegon may make one or more interim distributions to the holders of common shares.

Aegon aims to pay out a sustainable dividend to allow equity investors to share in Aegon s performance, which can grow over time if Aegon s performance so allows. After investment in new business to generate organic growth, capital generation in Aegon s operating subsidiaries is available for distribution to the holding company, while maintaining a capital and liquidity position in the operating subsidiaries in line with Aegon s capital management and liquidity risk policies.

Aegon uses cash flows from its operating subsidiaries to pay holding expenses, including funding costs. The remaining cash flow is available to execute Aegon s strategy and to fund dividends on its shares, subject to maintaining holding company targeted capital. Depending on circumstances, future prospects and other considerations, Aegon s Executive Board may elect to deviate from this target. Aegon s Executive Board will also take capital position, financial flexibility, leverage ratios and strategic considerations into account when declaring or proposing dividends on common shares.

Under normal circumstances, Aegon would expect to declare an interim dividend when announcing Aegon s second quarter results and to propose a final dividend at the Annual General Meeting of Shareholders for approval. Dividends would normally be paid in cash or stock at the election of the shareholder. The relative value of cash and stock dividends may vary. Stock dividends paid may, subject to capital management and other considerations, be repurchased in order to limit dilution.

When determining whether to declare or propose a dividend, Aegon s Executive Board has to balance prudence versus offering an attractive return to shareholders, for example in adverse economic and/or financial market conditions. Also, Aegon s operating subsidiaries are subject to local insurance regulations which could restrict dividends to be paid to the Company. There is no requirement or assurance that Aegon will declare and pay any dividends.

Holders of common shares historically have been permitted to elect to receive dividends, if any, in cash or in common shares. For dividends, which holders may elect to receive in either cash or common shares, the value of the stock alternative may differ slightly from the value of the cash option. Aegon pays cash dividends on shares of New York registry in US dollars through Citibank, N.A., Aegon s NYSE paying agent, based on the foreign exchange reference rate (as published each working day at 2.15 p.m. (CET) by the European Central Bank) on the business day following the announcement of the interim dividend or on the second business day following the shareholder meeting approving the relevant final dividend.

The offer and listing

The principal market for Aegon s common shares is Euronext Amsterdam. Aegon s common shares are also listed on NYSE New York.

The table below sets forth, for the calendar periods indicated, the high and low sales prices of Aegon s common shares on Euronext Amsterdam and NYSE New York as reported by Bloomberg and is based on closing prices.

	Euronext Amsterdam (EUR)		NYSE New York (USD)	
	High	Low	High	Low
2011	5.68	2.68	7.92	3.62
2012	4.89	4.07	6.47	5.22
2013	6.86	4.23	9.48	5.76
2014	6.96	5.75	9.46	7.27
2015	7.70	4.87	8.35	5.41
2013				
First quarter	5.17	4.46	6.85	5.81
Second quarter	5.38	4.23	7.08	5.76
Third quarter	6.00	5.31	7.96	6.90
Fourth quarter	6.86	5.57	9.48	7.53
2014				
First quarter	6.96	6.23	9.46	8.39
Second quarter	6.77	6.13	9.32	8.44
Third quarter	6.64	5.75	9.02	7.68
Fourth quarter	6.61	5.83	8.27	7.27
2015				
First quarter	7.70	5.87	8.35	6.97
Second quarter	7.64	6.37	8.22	7.24

Third quarter	7.22	4.87	7.93	5.51
Fourth quarter	5.93	4.92	6.38	5.41
September 2015	5.66	4.87	6.32	5.51
October 2015	5.62	4.97	6.32	5.61
November 2015	5.93	4.99	6.38	5.41
December 2015	5.85	4.92	6.18	5.41
2016				
January 2016	5.65	4.74	6.00	5.15
February 2016	5.24	4.04	5.66	4.59
March 2016 (through March 9, 2016)	4.97	4.59	5.47	5.11

On Euronext Amsterdam only Euronext registered shares may be traded, and on NYSE New York only New York Registry Shares may be traded.

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Additional company information

Memorandum and Articles of Association

Aegon is registered under number 27076669 in the Commercial Register of the Chamber of Commerce and Industries for Haaglanden, The Hague, the Netherlands.

Certain provisions of Aegon s current Articles of Association are discussed below.

Objects and purposes

- ¿ The objects of Aegon are to incorporate, acquire and alienate shares and interests in, to finance and grant security for commitments of, to enter into general business relationships with, and to manage and grant services to legal entities and other entities, in particular those involved in the insurance business, and to do all that is connected therewith or which may be conducive thereto, all to be interpreted in the broadest sense; and
- ¿ In achieving the aforesaid objects due regard shall be taken, within the scope of sound business operations, to provide fair safeguards for the interests of all the parties directly or indirectly involved in Aegon.

Provisions related to directors

For information with respect to provisions in the Articles of Association relating to members of the Supervisory Board and Executive Board, refer to the Governance section (see pages 95-116).

Description of Aegon s capital stock

Aegon has two types of shares: common shares (par value EUR 0.12) and common shares B (par value EUR 0.12).

Common characteristics of the common shares and common shares B

- ¿ All shares are in registered form;
- ¿ All shares have dividend rights except for those shares (if any) held by Aegon as treasury stock. Dividends which have not been claimed within five years lapse to Aegon;
- ¿ Each currently outstanding share is entitled to one vote except for shares held by Aegon as treasury stock. There are no upward restrictions;
- ¿ However, under normal circumstances, i.e. except in the event of a Special Cause, based on the Voting Rights Agreement[1], Vereniging Aegon will no longer be able to exercise more votes than is proportionate to the financial rights represented by its shares. This means that in the absence of a Special Cause[1], Vereniging Aegon may cast one vote for every common share it holds and one vote only for every 40 common shares B it holds. As Special Cause qualifies the acquisition of a 15% interest in Aegon N.V., a tender offer for Aegon N.V. shares or a proposed business combination by any person or group of persons, whether individually or as a group, other than in a transaction approved by the Executive Board and the Supervisory Board. If, in its sole discretion, Vereniging Aegon determines that a Special Cause has occurred, Vereniging Aegon will notify the General Meeting of Shareholders and retain its right to exercise the full voting power of one vote per common share B for a limited period of six months;
- ¿ All shares have the right to participate in Aegon s net profits. Net profits is the amount of profits after contributions, if any, to a reserve account;

- In the event of liquidation, all shares have the right to participate in any remaining balance after settlement of all debts;
- The General Meeting of Shareholders may, at the proposal of the Executive Board, as approved by the Supervisory Board, resolve to reduce the outstanding capital either by (i) repurchasing shares and subsequently canceling them, or (ii) by reducing their nominal share value;
- There are no sinking fund provisions;
- All issued shares are fully paid-up; so there is no liability for further capital calls; and
- There are no provisions discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares.

1 The Voting Rights Agreement is published on Aegon s corporate website.

Differences between common shares and common shares B

- ¿ The common shares are listed; the common shares B are not listed;
- ¿ The financial rights attaching to a common share B are one-fortieth (1/40th) of the financial rights attaching to a common share; and
- ¿ A repayment on common shares B needs approval of the holders of common shares B.

Actions necessary to change the rights of shareholders

A change to the rights of shareholders would require an amendment to the Articles of Association. The General Meeting of Shareholders (Annual General Meeting or extraordinary General Meeting) may only pass a resolution to amend the Articles of Association pursuant to a proposal of the Executive Board with the approval of the Supervisory Board. The resolution requires a majority of the votes cast at the meeting in order to pass. The actual changes to the text of the Articles of Association will be executed by a civil law notary.

Furthermore, a resolution of the General Meeting of Shareholders to amend the Articles of Association which has the effect of reducing the rights attributable to holders of a specific class shall be subject to the approval of the meeting of holders of such class.

Conditions under which meetings are held

Annual General Meetings and extraordinary General Meetings of Shareholders shall be convened by public notice. Notice must be given no later than 42 days prior to the date of the meeting. The notice must contain a summary agenda and indicate the place where the complete agenda together with the documents pertaining to the agenda may be obtained. The agenda is also sent to shareholders registered with the Company Register. New York Registry shareholders or their brokers receive a proxy solicitation notice.

For admittance to and voting at the meeting, shareholders must produce evidence of their shareholding as of the record date. The Dutch law determines that the record date is 28 days prior to the General Meeting of Shareholders. Shareholders must notify Aegon of their intention to attend the meeting.

Limitation on the right to own securities

There are no limitations, either under the laws of the Netherlands or in Aegon s Articles of Association, on the rights of non-residents of the Netherlands to hold or vote Aegon common shares or common shares B.

Provisions that would have the effect of delaying a change of control

A resolution of the General Meeting of Shareholders to suspend or dismiss a member of the Executive Board or a member of the Supervisory Board, other than pursuant to a proposal by the Supervisory Board, shall require at least two-thirds of the votes cast representing more than one-half of the issued capital.

In the event a Special Cause occurs (such as the acquisition of 15% of Aegon s voting shares, a tender offer for Aegon s shares or a proposed business combination by any person or group of persons, whether individually or as a group, other than in a transaction approved by the Executive Board and Supervisory Board), Vereniging Aegon will be entitled to exercise its full voting rights of one vote per each common share B for up to six months per Special Cause, thus increasing its current voting rights to 32.64%.

Threshold above which shareholder ownership must be disclosed

There are no such provisions in the Articles of Association. Dutch law requires public disclosure to an Authority for Financial Markets with respect to the ownership of listed shares when the following thresholds are met: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Material differences between Dutch law and US law with respect to the items above

Reference is made to the paragraph Differences in company law practices for domestic companies included in the Corporate Governance section of this Annual Report (see page 117).

Special conditions governing changes in the capital

There are no conditions more stringent than what is required by law.

Material contracts

There are no material contracts.

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Exchange controls

There are no legislative or other legal provisions currently in force in the Netherlands or arising under Aegon s Articles of Association restricting remittances to holders of Aegon s securities that are not resident in the Netherlands. Cash dividends payable in euros on Aegon s common shares may be officially transferred from the Netherlands and converted into any other convertible currency.

Taxation

i Certain Netherlands tax consequences for holders of shares

The following section outlines certain material Netherlands tax consequences of the acquisition, holding, redemption and disposal of Aegon common shares, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. This section is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in Aegon common shares.

This section is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date hereof, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This section does not address the Netherlands tax consequences for:

i. Investment institutions *(fiscale beleggingsinstellingen)*;
ii. Pension funds, exempt investment institutions *(vrijgestelde beleggingsinstellingen)* or other entities that are exempt from Netherlands corporate income tax;
iii. Corporate holders of Aegon common shares, the shareholding of which qualifies for the participation exemption *(deelnemingsvrijstelling)* of the Netherlands corporate income tax act 1969 *(Wet op de vennootschapsbelasting 1969)*. Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital; Holders of Aegon common shares holding a substantial interest *(aanmerkelijk belang)* or deemed substantial interest *(fictief aanmerkelijk belang)* in Aegon and holders of Aegon common shares of whom a certain related person holds a substantial interest in Aegon. Generally speaking, a substantial interest in Aegon arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total of capital issued by Aegon or of 5% or more of the issued capital of a certain class of Aegon shares, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in Aegon;
iv. Persons to whom the beneficial interest in Aegon common shares is attributed based on the separated private assets *(afgezonderd particulier vermogen)* provisions of the Netherlands income tax act 2001 *(Wet inkomstenbelasting 2001)*;
v. Entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, to which permanent establishment or permanent representative the Aegon common shares are attributable;
vi.

Holders of Aegon common shares which are not considered the beneficial owner *(uiteindelijk gerechtigde)* of these shares or of the benefits derived from or realised in respect of the Aegon common shares; and

vii. Individuals to whom Aegon common shares or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this section refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Dividend tax

Withholding requirement

Aegon is required to withhold 15% Netherlands dividend tax in respect of dividends paid on its common shares. In the Netherlands Dividend Tax Act 1965 *(Wet op de dividendbelasting 1965)*, dividends are defined as the proceeds from shares, which include:

i. Proceeds in cash or in kind including direct or indirect distributions of profit;
ii. Liquidation proceeds, proceeds on redemption of Aegon common shares and, as a rule, the consideration for the repurchase of its own common shares by Aegon in excess of the average paid-in capital recognised for Netherlands dividend tax purposes, unless a particular statutory exemption applies;
iii. The par value of new common shares issued to a holder of Aegon common shares or an increase of the par value of Aegon common shares, except when the (increase in the) par value of Aegon common shares is funded out of its paid-in capital as recognized for Netherlands dividend tax purposes; and
iv. Partial repayments of paid-in capital recognised for Netherlands dividend tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless Aegon s General Meeting of Shareholders has resolved in advance to make such repayment and provided that the nominal value of Aegon common shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association.

Residents of the Netherlands

If a holder of Aegon common shares is a resident of the Netherlands, or deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, dividend tax which is withheld with respect to proceeds from Aegon common shares will generally be creditable for Netherlands corporate income tax or Netherlands income tax purposes.

Non-residents of the Netherlands

If a holder of Aegon common shares is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Netherlands dividend tax. A refund of the Netherlands dividend tax is available to entities resident in another EU member state, Norway, Iceland, or Liechtenstein if (i) these entities are not subject to corporate income tax there and (ii) these entities would not be subject to Netherlands corporate income tax, if these entities would be tax resident in the Netherlands for corporate income tax purposes and (iii) these entities are not comparable to investment institutions *(fiscale beleggingsinstellingen)* or exempt investment institutions *(vrijgestelde beleggingsinstellingen)*. Furthermore, a similar refund of Netherlands dividend tax may be available to entities resident in other countries, under the additional condition that (i) the Aegon common shares are considered portfolio investments and (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

US-residents

Residents of the United States that qualify for, and comply with the procedures for claiming benefits under, the Convention between the Kingdom of the Netherlands and the United States of America for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income 1992 (*the US/NL Income Tax Treaty*) may, under various specified conditions, be eligible for a reduction of Netherlands dividend withholding tax rate from 15% to 5% if the resident of the United States is a company which holds directly at least 10% voting power in Aegon. The US/NL Income Tax Treaty provides, subject to certain conditions, for a complete exemption from, or refund of, Netherlands dividend withholding tax for dividends received by exempt pension trusts and exempt organizations, as defined therein.

Beneficial owner

A recipient of proceeds from Aegon common shares will not be entitled to any exemption, reduction, refund or credit of Netherlands dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

- That the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would: - as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or - in comparison to the recipient paying the consideration, to a lesser extent be entitled to a reduction or refund of dividend tax; and

¿ That such person or legal entity has, directly or indirectly, retained or acquired an interest in Aegon common shares or in profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Netherlands withholding tax upon redistribution of foreign dividends

Aegon must transfer to the Dutch tax authorities all Netherlands dividend withholding tax it withholds on dividends it distributed with respect to the Aegon common shares. Provided certain conditions are met, Aegon may apply a reduction with respect to the withholding tax that it has to pay over to the Dutch tax authorities. This reduction can be applied if Aegon distributes dividends that stem from dividends Aegon itself has received from certain qualifying non-Netherlands subsidiaries, provided these dividends received by Aegon are exempt from Dutch corporate income tax and were subject to withholding tax of at least 5% upon distribution to Aegon. The reduction is applied to the Netherlands dividend tax that Aegon must pay to the Netherlands tax authorities and not to the amount of the Netherlands dividend tax that Aegon must withhold. The reduction is equal to the lesser of:

i. 3% of the amount of the dividends distributed by Aegon that are subject to withholding tax; and

ii. 3% of the gross amount of the dividends received during a certain period from the qualifying non-Netherlands subsidiaries.

The amount of the above mentioned reduction of the withholding tax will be reduced on a pro rata basis to the extent that Aegon distributes dividends to entities that are entitled to a refund of the Netherlands dividend tax. This reduction does not apply in respect of dividends paid to entities that own less than 5% of the nominal paid-up capital of Aegon.

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Corporate and individual income tax

Residents of the Netherlands

If a holder of Aegon common shares is a resident or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which Aegon common shares are attributable, income derived from Aegon common shares and gains realized upon the redemption or disposal of Aegon common shares are generally taxable in the Netherlands (at up to a maximum rate of 25%) under the Netherlands corporate income tax act 1969 *(Wet op de vennootschapsbelasting 1969)*.

If an individual is a resident or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from Aegon common shares and gains realized upon the redemption or disposal of Aegon common shares are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands income tax act 2001 *(Wet inkomstenbelasting 2001)* if:

i. The individual is an entrepreneur *(ondernemer)* and has an enterprise to which Aegon common shares are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise *(medegerechtigde)*, to which enterprise Aegon common shares are attributable; or
ii. Such income or gains qualify as income from miscellaneous activities *(resultaat uit overige werkzaamheden)*, which include but are not limited to the performance of activities with respect to Aegon common shares that exceed regular, active portfolio management *(normaal, actief vermogensbeheer)*.

If neither condition (i) nor condition (ii) above applies to an individual that holds Aegon common shares, such individual must determine taxable income with regard to Aegon common shares on the basis of a deemed return on income from savings and investments *(sparen en beleggen)*, rather than on the basis of income actually received or gains actually realized. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual s yield basis *(rendementsgrondslag)* at the beginning of the calendar year, insofar as the individual s yield basis exceeds a certain threshold. The individual s yield basis is determined as the fair market value of certain qualifying assets held by the holder of Aegon common shares less the fair market value of certain qualifying liabilities on January 1. The fair market value of Aegon common shares will be included as an asset in the individual s yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is neither a resident nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not subject to Netherlands income tax in respect of income derived from Aegon common shares and gains realized upon the redemption or disposal of Aegon common shares, except if:

i. The person is not an individual and (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative Aegon common shares are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise Aegon common shares are attributable. This income and these gains are subject to Netherlands corporate income tax at up to a maximum rate of 25%;

ii. The person is an individual that (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative Aegon common shares are attributable, or (2) realises income or gains with respect to Aegon common shares that qualify as income from miscellaneous activities *(resultaat uit overige werkzaamheden)* in the Netherlands which includes activities with respect to Aegon common shares that exceed regular, active portfolio management *(normaal, actief vermogensbeheer)*, or (3) is (other than by way of securities) entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise Aegon common shares are attributable. Income and gains derived from Aegon common shares as specified under (1) and (2) by an individual are subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under Residents of the Netherlands). The fair market value of the share in the profits of the enterprise (which includes Aegon common shares) will be part of the individual s Netherlands yield basis.

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Gift and inheritance tax

Residents of the Netherlands

Generally, gift tax *(schenkbelasting)* or inheritance tax *(erfbelasting)* will be due in the Netherlands in respect of the acquisition of Aegon common shares by way of a gift by, or on behalf of, or on the death of, a holder of Aegon common shares that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands Gift and Inheritance Tax Act 1956 *(Successiewet 1956)* at the time of the gift or his or her death. A gift made under a condition precedent is for the purposes of Netherlands Gift and Inheritance Tax Act 1956 deemed to be made at the time the condition precedent is fulfilled and is subject to gift tax if the donor is, or is deemed to be a resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and makes a gift within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Non-residents of the Netherlands

No gift or inheritance tax will arise in the Netherlands in respect of the acquisition of Aegon common shares by way of a gift by, or as a result of, the death of, a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands Gift and Inheritance Tax Act 1956, However, inheritance tax will be due in the case of a gift of Aegon common shares by, or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956, but such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

The proposed financial transactions tax

The European Commission has published a proposal for a Directive for a common financial transactions tax (FTT) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has stated that it will not participate.

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in Aegon common shares (including secondary market transactions) in certain circumstances.

Under the current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Aegon common shares where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, established in a participating Member State in a broad range of circumstances, including (1) by transacting with a person established in a participating Member State or (2) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States and is subject to legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Aegon common shares are advised to seek their own professional advice in relation to the FTT.

Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of Aegon common shares or in respect of a cash payment made under Aegon common shares, or in respect of a transfer of Aegon common shares.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder of Aegon common shares in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Aegon common shares.

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ii Taxation in the United States

This section describes certain US Federal income tax consequences to beneficial holders of common shares that are held as capital assets. This section does not address all US Federal income tax matters that may be relevant to a particular holder. Each investor should consult their tax advisor with respect to the tax consequences of an investment in the common shares. This section does not address tax considerations for holders of common shares subject to special tax rules including, without limitation, the following:

- ¿ Financial institutions;
- ¿ Insurance companies;
- ¿ Dealers or traders in securities or currencies;
- ¿ Tax-exempt entities; and
- ¿ Regulated investment companies;
- ¿ Persons that will hold the common shares as part of a hedging or conversion transaction or as a position in a straddle or as part of a synthetic security or other integrated transaction for US Federal income tax purposes;
- ¿ Holders that own (or are deemed to own for US Federal income tax purposes) 10% or more of the voting shares of Aegon;
- ¿ Partnerships or pass-through entities or persons who hold common shares through partnerships or other pass-through entities; and
- ¿ Holders that have a functional currency other than the US dollar.

Further, this section does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of common shares. This section also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the Federal income tax laws of the US Federal government.

This section is based on the US Internal Revenue Code of 1986, as amended, US Treasury regulations and judicial and administrative interpretations, in each case as in effect and available on the date of this Annual Report. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

For the purposes of this section, a US holder is a beneficial owner of common shares that is, for US Federal income tax purposes:

- ¿ A citizen or individual resident of the United States;
- ¿ A corporation created or organized in or under the laws of the United States or any state of the United States (including the District of Columbia);
- ¿ An estate, the income of which is subject to US Federal income taxation regardless of its source; or
- ¿ A trust, if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of the substantial decisions of such trust.

A non-US holder is a beneficial owner of common shares that is not a US holder.

Tax consequences to US holders

Distributions

The gross amount of any distribution (including any amounts withheld in respect of Dutch withholding tax) actually or constructively received by a US holder with respect to common shares will be taxable to the US holder as a dividend to the extent of Aegon s current and accumulated earnings and profits as determined under US Federal income tax principles. Such dividends will not qualify for the dividends received deduction otherwise allowable to corporations. Distributions in excess of current and accumulated earnings and profits are treated under US tax law as non-taxable return of capital to the extent of the US holder s adjusted tax basis in the common shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the US holder as capital gain from the sale or exchange of property. However, Aegon does not maintain calculations of its earnings and profits under US Federal income tax principles. Therefore, US holders of Aegon shares will generally be taxed on all distributions as dividends, even if some portion of the distributions might otherwise be treated as a non-taxable return of capital or as capital gain if the amount of US earnings and profits was known. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution.

Certain qualified dividend income received by individual US holders is taxed at a maximum income tax rate of 20% under current law. Only dividends received from US corporations or from a qualified foreign corporation and on shares held by an individual US holder for a minimum holding period (generally, 61 days during the 121-day period beginning 60 days before the ex-dividend date) can qualify for this reduced rate. Aegon is eligible for benefits under the comprehensive income tax treaty between the Netherlands and the US; therefore, Aegon should be considered a qualified foreign corporation for this purpose. Accordingly, dividends paid by Aegon to individual US holders on shares held for the minimum holding period may qualify for a reduced income tax rate. Each US holder should consult their tax advisor regarding the applicable tax rate.

In addition, US holders receiving dividends may be subject to a net investment income tax (NIIT). The NIIT is a 3.8% tax on the lesser of net investment income or the amount of modified adjusted gross income (MAGI) that is over a threshold amount based on filing status (USD 250,000 for married taxpayers filing jointly). Each US holder should consult their tax advisor regarding applicability of the NIIT.

Distributions paid in currency other than US dollars (a foreign currency), including the amount of any withholding tax thereon, must be included in the gross income of a US holder in an amount equal to the US dollar value of the foreign currency calculated by reference to the exchange rate in effect on the date of receipt. This is the case regardless of whether the foreign currency is converted into US dollars. If the foreign currency is converted into US dollars on the date of receipt, a US holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend. If the foreign currency received in the distribution is not converted into US dollars on the date of receipt, a US holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will be treated as ordinary income or loss.

Dividends received by a US holder with respect to common shares will be treated as foreign source income for foreign tax credit limitation purposes. Subject to certain conditions and limitations, any Dutch income tax withheld on dividends may be deducted from taxable income or credited against a US holder s Federal income tax liability. The limitation on foreign taxes eligible for the US foreign tax credit is calculated separately with respect to passive category income and general category income . Dividends distributed by Aegon generally will constitute passive category income , or, in the case of certain US holders, financial services income , which is treated as general category income. Each US holder should consult their tax advisor regarding the availability of the foreign tax credit under their particular circumstances.

The amount of the qualified dividend income paid by Aegon to a US holder that is subject to the reduced dividend income tax rate and that is taken into account for purposes of calculating the US holder s US foreign tax credit limitation must be reduced by the rate differential portion of such dividend (which, assuming a US holder is in the highest income tax bracket, would generally require a reduction of the dividend amount by approximately 49.49% under current law). Each US holder should consult their tax advisor regarding the implications of the rules relating to qualified dividend income on the calculation of US foreign tax credits under their particular circumstances.

In general, upon making a distribution to shareholders, Aegon is required to remit all Dutch dividend withholding taxes to the Dutch tax authorities. The full amount of the taxes so withheld should (subject to certain limitations and conditions) be eligible for the US holder s foreign tax deduction or credit as described above. Investors are urged to consult their tax advisors regarding the general creditability or deductibility of Dutch withholding taxes.

Aegon generally affords shareholders an option to receive dividend distributions in cash or in stock. A distribution of additional common shares to US holders with respect to their common shares that is made pursuant to such an election will generally be taxable in the same manner as a cash dividend under the rules described above.

Sale or other disposition of shares

Upon the sale or exchange of common shares, a US holder will generally recognize gain or loss for US Federal income tax purposes on the difference between the US dollar value of the amount realized from such sale or exchange and the tax basis in those common shares. This gain or loss will be a capital gain or loss and will generally be treated as from sources within the United States. Investors should consult their tax advisors with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that have held the common shares for more than one year) and capital losses (the deductibility of which is subject to limitations).

In addition, US holders with capital gains may be subject to a NIIT. The NIIT is a 3.8% tax on the lesser of net investment income or the amount of modified adjusted gross income (MAGI) that is over a threshold amount based on filing status (USD 250,000 for married taxpayers filing jointly). Each US holder should consult their tax advisor regarding applicability of the NIIT.

If a US holder receives foreign currency upon a sale or exchange of common shares, gain or loss, if any, recognized on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into US dollars on the date received by the US holder, the US holder generally should not be required to recognize any gain or loss on such conversion.

Passive foreign investment company considerations

Based on the nature of Aegon s gross income, the average value of Aegon s gross assets, and the active conduct of Aegon s insurance business, Aegon does not believe that it could be classified as a Passive Foreign Investment Company (PFIC). If Aegon were treated as a PFIC in any year during which a US holder owns common shares, certain adverse tax consequences could apply. Investors should consult their tax advisors with respect to any PFIC considerations.

Tax consequences to non-US holders

A non-US holder generally will not be subject to US Federal income tax on dividends received on common shares or on any gain realized on the sale or exchange of common shares unless the gain is connected with a trade or business that the non-US holder conducts in the United States or unless the non-US holder is an individual, such holder was present in the United States for at least 183 days during the year in which such holder disposes of the common shares, and certain other conditions are satisfied. Non-US holders should consult their tax advisors with respect to the US Federal income tax consequences of dividends received on, and any gain realized from the sale or exchange of, the common shares.

Backup withholding and information reporting

Backup withholding and information reporting requirements may apply to certain payments on the common shares and to proceeds of a sale or redemption of the common shares to US holders made within the United States. Aegon, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding if a US holder fails to furnish the US holder s taxpayer identification number, fails to certify that such US holder is not subject to backup withholding, or fails to otherwise comply with the applicable requirements of the backup withholding rules. Certain US holders are not subject to the backup withholding and information reporting requirements.

Non-US holders that provide the required tax certifications of exempt or foreign status will generally be exempt from US information reporting requirements and backup withholding. However, sales proceeds a non-US holder receives on a sale of common shares through a broker may be subject to information reporting and backup withholding if the non-US holder is not eligible for an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US holder or a non-US holder generally may be claimed as a credit against such holder s US Federal income tax liability provided that the required information is furnished to the US Internal Revenue Service (IRS). Investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. Non-US holders should consult their tax advisors concerning the applicability of the information reporting and backup withholding rules.

Individual US holders may be required to report to the IRS certain information with respect to their beneficial ownership of certain foreign financial assets, such as the common shares, if the aggregate value of such assets exceeds USD 50,000 and the assets are not held through a US financial institution. US holders who fail to report required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of the information reporting rules to their particular circumstances.

Principal accountant fees and services

PricewaterhouseCoopers Accountants N.V. (PwC) has served as Aegon s independent public accountant for the year ended December 31, 2015 and 2014. For 2013, for which audited financial statements appear in this Annual Report, Ernst & Young Accountants (EY) has served as Aegon s independent public accountant.

The following table presents the aggregate fees for services rendered by PwC in 2015, 2014 and EY in 2013.

Fees independent public accountant

In million EUR	**2015**	2014	2013
Audit fees	20	17	19
Audit-related fees	2	1	2
All other fees	-	-	1
	22	**18**	**22**

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Audit fees consist of fees billed for the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the independent auditor to be able to form an opinion on Aegon s consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. They also include fees billed for other audit services, which are those services that only the external auditor reasonably can provide, and include statutory audits or financial audits for subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

Audit-related fees consist of fees billed for audit-related services including assurance and related services that are reasonably related to the performance of the audit or review of Aegon s financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among others, assurance services to report on internal controls for third parties, due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting or disclosure matters not classified as Audit services ; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of employee benefit plans; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements.

All other fees include fees billed for permissible non-audit services that Aegon believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC s rules on auditor independence.

Audit Committee pre-approval policies and procedures

Aegon s Audit Committee is responsible, among other matters, for the oversight of the external auditor. The Audit Committee has adopted a policy regarding pre-approval of audit and permissible non-audit services provided by Aegon s independent auditors (the Pre-approval Policy).

Under the Pre-approval Policy, proposed services either:

- ¿ May be pre-approved by the Audit Committee without consideration of specific case-by-case services (general pre-approval); or
- ¿ Require the specific pre-approval of the Audit Committee (specific pre-approval). Appendices to the Pre-approval Policy (that are adopted each year) set out the audit, audit-related, tax and other services that have received general pre-approval of the Audit Committee. All other audit, audit-related, tax and other services must receive specific pre-approval from the Audit Committee.

For the period 2013 to 2015, all services provided to Aegon by its independent public accountant were pre-approved by the Audit Committee in accordance with the Pre-approval Policy.

Changes in registrant s certifying accountants

As announced at the Annual General Meeting of Shareholders in 2012, the audit of Aegon s accounts from 2014 was put to tender in 2012. In February 2013, after a thorough process the Audit Committee and the Supervisory Board decided to propose to shareholders to appoint PwC as the Company s independent auditor for the annual accounts of 2014 through 2016. These proposals were approved at the Annual General Meeting of Shareholders on May 15, 2013.

The reports of EY on the Company s financial statements for 2013, for which audited financial information appear in this Annual Report, did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

In connection with the audits of the Company s financial statements for 2013, there were no disagreements with EY on any matters of accounting principles or practices, financial statement disclosure, or auditing scope and procedures which, if not resolved to the satisfaction of EY, would have caused EY to make reference to the matter in their report.

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Purchases of equity securities by the issuer and affiliated purchasers

Period	Total number of shares purchased[1)]	Average price paid per share in EUR	Total number of shares purchased as part of publicly announced plans or programs[2)]	Maximum number of shares that may yet be purchased under the plans or programs at end of month[2)]
January 1 - 31, 2015	4,777	-	-	-
February 1 - 28, 2015	7,179	-	-	-
March 1 - 31, 2015	4,239	-	-	-
April 1 - 30, 2015	4,537	-	-	-
May 1 - 31, 2015	6,780	-	-	-
June 1 - 30, 2015	8,067,934	6.64	8,062,402	8,062,402
July 1 - 31, 2015	8,221,919	6.63	8,062,402	-
August 1 - 31, 2015	5,827	-	-	-
September 1 - 30, 2015	11,584,630	5.19	11,578,544	8,558,129
October 1 - 31, 2015	8,562,716	5.41	8,558,129	-
November 1 - 30, 2015	5,640	-	-	-
December 1 - 31, 2015	4,285	-	-	-
Total	**36,480,463**		**36,261,477**	**16,620,531**

1 The shares have been purchased as part of a share purchase program, to neutralize the dilution effect of issued stock dividends and agent-related incentive programs. Excluding Aegon shares purchased by index funds controlled by Aegon. Such purchases are made to the extent necessary to maintain a basket of securities within the relevant fund reflecting the underlying index.

2 On June 17, 2015, a repurchase program to neutralize the dilutive effect of the 2014 final dividend paid in shares was announced. As a consequence approximately 16.3 million shares have been repurchased between June 17 and July 14, 2015. Subsequently, on September 15, 2015, a repurchase program to neutralize the dilutive effect of the 2015 interim dividend paid in shares was announced. As a consequence approximately 20.1 million shares have been repurchased between September 16 and October 13, 2015.

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Glossary

Acquisition date is the date on which the acquirer effectively obtains control of the acquiree. In most cases this includes at least the transfer of risks and rewards related to the acquired business or assets/liabilities.

Actuarial funding enables a life insurance company to reduce the size of the unit reserves it holds for unit-linked business to reflect some or all of the unit-linked charges it expects to receive in the future from the units nominally allocated. Actuarial funding is used on those contracts that have surrender penalties and the Company will hold a minimum of the surrender value at all times.

Actuarial gains and losses relate to the accounting for post-employment benefit plans. They comprise the effects of experience adjustments and changes in assumptions used to determine the cost of a plan.

Alt-A mortgages relates to a type of US residential mortgage which are securitized home equity loans. Typical Alt-A borrower has a credit score high enough to obtain an: A standing. Alt-A mortgages are primarily backed by loans with fixed interest rates for the entire term of the loan.

Amortized cost is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Asset-Backed Securities (ABS) are securities whose value and income payments are derived from and collateralized (or backed) by a specified pool of underlying assets.

Assets held by long-term employee benefit funds are part of plan assets. These are assets (other than non-transferable financial instruments issued by the reporting entity) that:

- ¿ Are held by an entity that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and
- ¿ Are available to be used only to pay or fund employee benefits and are not available to the reporting entity s own creditors.

Bifurcation is the measurement and presentation of embedded derivatives separate from the host contracts, as if they were stand-alone derivative financial instruments.

Binomial option pricing model uses a binomial lattice that represents possible paths that might be followed by the underlying asset s price over the life of the option, for a given number of time steps between valuation date and option expiration. Each node in the lattice represents a possible price of the underlying asset, at a particular point in time. The valuation process is iterative; it starts at each final node and then works backwards through the lattice to the first node, which is the valuation date, where the calculated result is the value of the option.

Business combination is the bringing together of separate entities or operations of entities into one reporting entity. This can be realized through a purchase transaction or by means of a merger. A business combination involving entities (or operations of entities) under common control is a business combination in which all of the combining entities (or operations of entities) ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory.

Capital funding includes debt securities that are issued for general corporate purposes and for capitalizing our business units. Capital funding is part of the Company s total capitalization that is used for financing our subsidiaries and the cash held at the holding company.

Capitalization is the recognition of a cost as part of the cost of an asset on the statement of financial position.

Cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cedant is the policyholder under a reinsurance contract.

Claims settlement expenses are costs incurred in settling a claim. These costs include internal administration and payout costs, but also such items as attorney s fees and investigation expenses.

Collateral is an asset pledged by a borrower to secure a loan and is subject to seizure in the case of default.

Collateralized Debt Obligation (CDO) isa type of asset-backed security which provides investors exposure to the credit risk of a pool of fixed income assets.

Collateralized Loan Obligation (CLO) is a type of CDO which is backed primarily by leveraged loans.

Commercial Mortgage-Backed Securities (CMBS) is a type of mortgage-backed security that is secured by the loan on a commercial property.

Compound financial instruments are financial instruments that, from the issuer s perspective, contain both a liability and an equity element.

Constructive obligation is an obligation that derives from an entity s actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities, and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Currency exchange rate risk is a market risk, namely the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Debt securities are interest-paying bonds, debentures, notes, or money market instruments that are issued by governments or corporations. Debt securities are issued with a promise of repayment on a certain date at a specified rate of interest.

Deferred tax assets are amounts of income taxes recoverable in future periods in respect of deductible temporary differences; the carryforward of unused tax losses; and the carryforward of unused tax credits.

Deferred tax liabilities are amounts of income taxes payable in future periods in respect of taxable temporary differences.

Defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Deferred Policy Acquisition Cost (DPAC) - are the variable costs related to the acquisition or renewal of insurance contracts and investment contracts with discretionary participation features.

Deposit accounting method includes amounts charged and paid to customers directly into the financial liability and not through the income statement as premium income and claims.

Derecognition is the removal of a previously recognized asset or financial liability from an entity s statement of financial position.

Derivatives are financial instruments whose value changes in response to an underlying variable, that require little or no net initial investment and are settled at a future date.

Discretionary participation feature is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

¿ That are likely to be a significant portion of the total contractual benefits;
¿ Whose amount or timing is contractually at the discretion of the issuer; and
That are contractually based on:

¿ The performance of a specified pool of contracts or a specified type of contract;
¿ Realized and/or unrealized investment returns on a specified pool of assets held by the issuer; or
¿ The profit or loss of the Company, fund or other entity that issues the contract.

Effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

Embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a derivative.

Equity instruments are financial instruments issued by the Group that are classified as equity if they evidence a residual interest in the assets of the Group after deducting all of its liabilities.

Equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor s share of net assets of the investee. The profit or loss of the investor includes the investor s share of the profit or loss of the investee.

Equity volatility is the relative rate at which the price of equity changes.

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Exchange differences are differences resulting from translating a given number of units of one currency into another currency at different exchange rates.

Fee-based earnings refers to the excess of fees earned over expenses. This is typically associated with pensions business, asset management business, distribution business, variable annuities and unit linked products.

Finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset.

Financial asset is any asset that is:

- Cash;
- An equity instrument of another entity;
- A contractual right to receive cash or another financial asset from another entity or to exchange financial instruments with another party under conditions that are potentially favorable; or
- A contract that will or may be settled in the entity s own equity instruments; and is
- A non-derivative for which the entity is or may be obliged to receive a variable number of the entity s own equity instruments; or
- A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity s own equity instruments.

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity s own equity instruments; and is
- A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity s own equity instruments; or
- A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity s own equity instruments.

Financial risks are risks of a possible future change in one or more of the following variables: a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable, that the variable is not specific to a party to the contract.

Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Foreign currency is a currency other than the functional currency of an entity within the Group.

Foreign operation is an entity that is a subsidiary, associate, joint venture or branch of a reporting entity within the Group, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Functional currency is the currency of the primary economic environment in which an entity within the Group operates.

General account investments are investments of which the financial risks are not borne by the policyholder.

Goodwill is the amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognized as an asset in a business combination.

Guaranteed benefits are payments or other benefits to which a particular policyholder or investor has an unconditional right that is not subject to the contractual discretion of the issuer.

Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of a financial instrument.

Insurance asset is an insurer s contractual right under an insurance contract.

Insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Insurance liability is an insurer s contractual obligation under an insurance contract.

Insurance risk is a risk, other than financial risk, transferred from the holder of a contract to the issuer.

Interest rate risk is a market risk, namely the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Joint control is the contractually agreed sharing of control over an economic activity, which exists when the strategic and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

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Liability adequacy testing is an assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred policy acquisition costs or related intangible assets decreased) based on a review of future cash flows.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Master netting agreement is an agreement providing for an entity that undertakes a number of financial instrument transactions with a single counterparty to make a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any contract.

Negative amortization mortgages are loans whereby the payment made by the borrower may be less than the accrued interest due and the difference is added to the loan balance. When the accrued balance of the loan reaches the negative amortization limit (typically 110% to 125% of the original loan amount), the loan recalibrates to a fully amortizing level and a new minimum payment amount is determined.

Non-controlling interests are that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

Monoline insurer is an insurance company which issues types of insurance for securities and bonds to cover the interest and principal when an issuer defaults.

Onerous contracts are contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Operational funding includes debt securities that are issued for the financing of dedicated pools of assets. These assets are either legally segregated or tracked as separate portfolios.

Operating expenses are all expenses associated with selling and administrative activities (excluding commissions) after reallocation of claim handling expenses to benefits paid.

Past service cost is the increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits.

Plan assets are assets held by a long-term employee benefit fund and qualifying insurance policies.

Policy acquisition costs are the expenses incurred in soliciting and placing new business as well as renewal of existing business. It includes agent s commissions, underwriting expenses, medical and credit report fees, marketing expenses and all other direct and indirect expenses of the departments involved in such activities.

Policyholder is a party that has a right to compensation under an insurance contract if an insured event occurs.

Presentation currency is the currency in which the financial statements are presented.

Price risk is a market risk, namely the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Private loan is a non-derivative financial asset with a fixed interest rate and a maturity date, which is not bought in an active market but negotiated between the two parties involved. Private loans are not embodied in securities. When a private loan takes the form of a private placement of bonds or other investments directly to an institutional investor like an insurance company, it has more the character of a bond loan and such financial instruments are classified as available-for-sale investments rather than as loans and receivables.

Projected unit credit method is an actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Qualifying insurance policies are a component of plan assets. These are insurance policies issued by an insurer that is not a related party of the reporting entity, if the proceeds of the policies:

¿ Can be used only to pay or fund employee benefits under a defined benefit plan; and
¿ Are not available to the reporting entity s own creditors.

Real estate investments foreclosed are real estate investments purchased through foreclosure on the mortgage. Such purchases are not accounted for as mortgages, but as real estate investments until they can be sold at a better price than at the foreclosure. Meanwhile they yield a rental income.

Realizable value is the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

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Recognition is the process of incorporating in the statement of financial position or income statement an item that meets the definition of an element and satisfies the following criteria for recognition:

¿ It is probable that any future economic benefit associated with the item will flow to or from the entity; and
¿ The item has a cost or value that can be measured with reliability.

Reinsurance assets are a cedant s net contractual rights under a reinsurance contract.

Reinsurance contract is an insurance contract issued by one insurer to compensate another insurer for losses on one or more contracts issued by the cedant.

Renewal of a contract is when a policyholder takes whatever action is required, typically payment of a premium, in order to maintain benefits under the contract.

Repurchase agreement is a sale of securities with an agreement to buy back the securities at a specified time and price.

Residential Mortgage Backed Security (RMBS) is an asset-backed security that is secured by a mortgage or collection of mortgages.

Return on plan assets is the investment income derived from plan assets, together with realized and unrealized gains and losses on the plan assets less any costs of administering the plan and less any tax payable by the plan itself.

Reverse repurchase agreement is a purchase of securities with the agreement to resell them at a later specified date and price.

Security lending involves a loan of a security from one party to another.

Settlement date is the date that a financial asset is delivered to the entity that purchased it.

Solvency II is the fundamental reform of European insurance solvency and risk governance legislation.

Sovereign exposures relates to government issued securities including Dutch Government bonds and US Treasury, agency and state bonds.

Spot exchange rate is the exchange rate for immediate delivery.

Spread is the difference between the current bid and the current ask or offered price of a given security.

Spread earnings is the difference between the interest earned on investments and the interest credited to policyholders. This is typically associated with traditional type business.

Stochastic modeling is a statistical process that uses probability and random variables to predict a range of probable investment performances.

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base that will reverse over time.

Trade date is the date that an entity commits itself to purchase or sell an asset.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Trust Pass-Through securities are securities through which the holders participate in a trust. The assets of these trusts consist of debentures issued by an Aegon Group company.

Unlocking of DPAC and VOBA refers to the process of updating the DPAC or the VOBA amortization schedule to reflect changes between the past and current expectations of key assumptions used in the projection of future gross profits.

Value of Business Acquired (VOBA) the difference between the fair value and the carrying amount of the insurance liabilities recognized when a portfolio of insurance contracts is acquired (directly from another insurance company or as part of a business combination).

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Disclaimer

Cautionary note regarding non-IFRS measures

This document includes the following non-IFRS financial measures: underlying earnings before tax, income tax and income before tax. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon s joint ventures and associated companies. The reconciliation of these measures to the most comparable IFRS measure is provided in note 5 Segment information of this report. Aegon believes that these non-IFRS measures, together with the IFRS information, provide meaningful information about the underlying operating results of Aegon s business including insight into the financial measures that senior management uses in managing the business.

Currency exchange rates

This document contains certain information about Aegon s results, financial condition and revenue generating investments presented in USD for the Americas and GBP for the United Kingdom, because those businesses operate and are managed primarily in those currencies. None of this information is a substitute for or superior to financial information about Aegon presented in EUR, which is the currency of Aegon s primary financial statements.

Forward-looking statements

The statements contained in this document that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, is confident, will, and similar expressions as they relate to Aegon. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Aegon undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in Aegon s fixed income investment portfolios;
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
  - The effects of declining creditworthiness of certain private sector securities and the resulting decline in the value of sovereign exposure that Aegon holds;
- Changes in the performance of Aegon s investment portfolio and decline in ratings of Aegon s counterparties;
- Consequences of a potential (partial) break-up of the euro or the potential exit of the United Kingdom from the European Union;
- The frequency and severity of insured loss events;
- Changes affecting longevity, mortality, morbidity, persistence and other factors that may impact the profitability of Aegon s insurance products;

- ¿ Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- ¿ Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- ¿ Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- ¿ Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- ¿ Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- ¿ Changes in laws and regulations, particularly those affecting Aegon s operations ability to hire and retain key personnel, the products Aegon sells, and the attractiveness of certain products to its consumers;
- ¿ Regulatory changes relating to the pensions, investment, and insurance industries in the jurisdictions in which Aegon operates;
- ¿ Standard setting initiatives of supranational standard setting bodies such as the Financial Stability Board and the International Association of Insurance Supervisors or changes to such standards that may have an impact on regional (such as EU), national or US federal or state level financial regulation or the application thereof to Aegon, including the designation of Aegon by the Financial Stability Board as a Global Systemically Important Insurer (G-SII);
- ¿ Changes in customer behavior and public opinion in general related to, among other things, the type of products also Aegon sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- ¿ Acts of God, acts of terrorism, acts of war and pandemics;
- ¿ Changes in the policies of central banks and/or governments;

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- ¿ Lowering of one or more of Aegon s debt ratings issued by recognized rating organizations and the adverse impact such action may have on Aegon s ability to raise capital and on its liquidity and financial condition;
- ¿ Lowering of one or more of insurer financial strength ratings of Aegon s insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability and liquidity of its insurance subsidiaries;
- ¿ The effect of the European Union s Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
- ¿ Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- ¿ As Aegon s operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt Aegon s business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- ¿ Customer responsiveness to both new products and distribution channels;Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon s products;
- ¿ Changes in accounting regulations and policies or a change by Aegon in applying such regulations and policies, voluntarily or otherwise, which may affect Aegon s reported results and shareholders equity;
- ¿ The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon s ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- ¿ Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon s business; and
- ¿ Aegon s failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess capital and leverage ratio management initiatives.

Further details of potential risks and uncertainties affecting Aegon are described in its filings with the Netherlands Authority for the Financial Markets and the US Securities and Exchange Commission, including the Annual Report. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, Aegon expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Aegon s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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Colophon

Consultancy and design	DartGroup, Amsterdam (NL)
Editing and production	Aegon Corporate Communications (NL)
Typesetting	DartGroup, Amsterdam (NL)

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Documents on display

Aegon files annual reports with and furnishes other information to the Securities and Exchange Commission. You may read and copy any document filed with or furnished to the SEC by Aegon at the SEC s public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Aegon s SEC filings are also available to the public through the SEC s web site at www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room in Washington D.C. and in other locations.

The SEC allows Aegon to incorporate by reference information into this Annual Report on Form 20-F, which means that:

- Incorporated documents are considered part of this Annual Report on Form 20-F; and
- Aegon can disclose important information to you by referring you to those documents.

Those documents contain important information about Aegon and its financial condition. You may obtain copies of those documents in the manner described above. You may also request a copy of those documents (excluding exhibits) at no cost by contacting us (refer to page 360).

Exhibits

Index to Exhibits

1	Articles of Association. (1)
4.1	1983 Amended Merger Agreement. (2)
4.2	Voting Rights Agreement.(3)
4.3	Employment Agreement between D.D. Button and Aegon N.V. (4)
4.4	Board Agreement between A.R. Wynaendts and Aegon N.V.
4.5	Aegon N.V. Long-term Incentive Plan Rules (5)
4.7	Aegon Group Executive Board Variable Compensation Plan Rules 2013 (6)
4.8	Aegon Group Executive Board Variable Compensation Plan Rules 2014 (7)
4.9	Aegon Group Executive Board Variable Compensation Plan Rules 2015
7	Ratio of earnings to fixed charges.
8	List of Subsidiaries of Aegon N.V. - Incorporation by reference to Note 52 of this Annual Report.
12.1	Certification of the Chief Executive Officer pursuant to Rule 13A-14 or 15D-14 of the Securities Exchange Act of 1934.
12.2	Certification of the Chief Financial Officer pursuant to Rule 13A-14 or 15D-14 of the Securities Exchange Act of 1934.
13	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
15.1	Consent of independent registered public accounting firm.
15.2	Consent of Predecessor Auditors.

(1) Incorporated by reference to Form 6K (0001104659-13-046533) filed with the SEC on June 4, 2013.

(2) Incorporated by reference to Exhibit 4.1 to Form 20-F 2013 filed with the SEC on March 31, 2014.

(3) Incorporated by reference to Exhibit 4.2 to Form 20-F 2013 filed with the SEC on March 31, 2014.

(4) Incorporated by reference to Exhibit 4.3 to Form 20-F 2009 filed with the SEC on March 29, 2010.

(5) Incorporated by reference to Exhibit 4.13 to Form 20-F 2004 filed with the SEC on March 29, 2005.

(6) Incorporated by reference to Exhibit 4.14 to Form 20-F 2013 filed with the SEC on March 31, 2014.

(7) Incorporated by reference to Exhibit 4.8 to Form 20-F 2014 filed with the SEC on March 20, 2015.

The company agrees to furnish to the Securities and Exchange Commission upon request copies of instruments with respect to long-term debt of the company and its consolidated subsidiaries.

Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Aegon N.V.

/s/ Darryl D. Button

Darryl D. Button

Chief Financial Officer

Date: March 25, 2016