

AEGON NV
Form 6-K
February 19, 2015
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Securities and Exchange Commission

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d/16 of

the Securities Exchange Act of 1934

February 2015

AEGON N.V.

Aegonplein 50

2591 TV THE HAGUE

The Netherlands

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Aegon's condensed consolidated interim financial statements Q4 2014, dated February 19, 2015, are included as appendix and incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AEGON N.V.

(Registrant)

Date: February 19, 2015

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

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aegon.com

The Hague, February 19, 2015

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Table of Contents**Condensed consolidated income statement**

<i>EUR millions</i>	Notes	Q4 2014	Q4 2013	FY 2014	FY 2013
Premium income	4	5,163	4,392	19,864	19,939
Investment income	5	2,063	1,971	8,148	7,909
Fee and commission income		565	508	2,137	1,950
Other revenues		2	1	7	6
Total revenues		7,793	6,872	30,157	29,805
Income from reinsurance ceded		860	669	2,906	2,838
Results from financial transactions	6	6,062	5,539	13,772	15,217
Other income		33	(6)	61	393
Total income		14,748	13,073	46,896	48,254
Benefits and expenses	7	13,936	12,702	44,898	46,480
Impairment charges / (reversals)	8	75	12	87	294
Interest charges and related fees		104	87	371	355
Other charges	9	138	(1)	172	134
Total charges		14,253	12,800	45,528	47,262
Share in net result of joint ventures		14	6	56	-
Share in net result of associates		1	2	24	21
Income before tax		510	281	1,448	1,013
Income tax (expense) / benefit		(111)	(124)	(262)	(156)
Net income		399	157	1,186	857
Net income attributable to:					
Equity holders of Aegon N.V.		399	155	1,186	854
Non-controlling interests		-	2	1	3
Earnings per share (EUR per share)	16				
Basic earnings per common share		0.17	0.05	0.49	0.30
Basic earnings per common share B		-	-	0.01	0.01
Diluted earnings per common share		0.17	0.05	0.49	0.30
Diluted earnings per common share B		-	-	0.01	0.01

Amounts for 2013 have been restated for the voluntary changes in accounting policies for deferred policy acquisition costs and longevity reserving. Refer to note 2.1 for details about these changes.

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

<i>EUR millions</i>	Q4 2014	Q4 2013	FY 2014	FY 2013
Net income	399	157	1,186	857
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Changes in revaluation reserve real estate held for own use	8	(1)	9	(6)
Remeasurements of defined benefit plans	(434)	206	(1,156)	562
Income tax relating to items that will not be reclassified	139	(61)	333	(201)
Items that may be reclassified subsequently to profit or loss:				
Gains / (losses) on revaluation of available-for-sale investments	2,294	111	6,759	(3,376)
(Gains) / losses transferred to the income statement on disposal and impairment of available-for-sale investments	(279)	(435)	(702)	(435)
Changes in cash flow hedging reserve	559	(180)	1,188	(555)
Movement in foreign currency translation and net foreign investment hedging reserve	499	(263)	1,668	(727)
Equity movements of joint ventures	6	(1)	10	(4)
Equity movements of associates	(17)	5	(10)	54
Income tax relating to items that may be reclassified	(765)	139	(2,018)	1,295
Other	(2)	(3)	(5)	(6)
Other comprehensive income for the period	2,008	(482)	6,075	(3,398)
Total comprehensive income/ (loss)	2,407	(325)	7,262	(2,541)
Total comprehensive income/ (loss) attributable to:				
Equity holders of Aegon N.V.	2,406	(328)	7,262	(2,538)
Non-controlling interests	-	2	(1)	(3)

Amounts for 2013 have been restated for the voluntary changes in accounting policies for deferred policy acquisition costs and longevity reserving. Refer to note 2.1 for details about these changes.

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

		Dec. 31, 2014	Dec. 31, 2013
<i>EUR millions</i>	Notes		
Assets			
Intangible assets	10	2,073	2,272
Investments	11	153,653	135,409
Investments for account of policyholders	12	191,467	165,032
Derivatives	13	28,014	13,531
Investments in joint ventures		1,468	1,426
Investments in associates		140	470
Reinsurance assets		9,593	10,344
Deferred expenses	15	10,373	10,006
Assets held for sale	20	9,881	-
Other assets and receivables		7,628	7,586
Cash and cash equivalents		10,610	5,691
Total assets		424,902	351,767
Equity and liabilities			
Shareholders' equity		24,293	17,601
Other equity instruments	17	3,827	5,015
Issued capital and reserves attributable to equity holders of Aegon N.V.		28,120	22,616
Non-controlling interests		9	10
Group equity		28,129	22,626
Trust pass-through securities		143	135
Subordinated borrowings	18	747	44
Insurance contracts		111,927	101,769
Insurance contracts for account of policyholders		102,250	84,311
Investment contracts		15,359	14,545
Investment contracts for account of policyholders		91,849	82,608
Derivatives	13	26,048	11,838
Borrowings	19	14,158	11,830
Liabilities held for sale	20	7,810	-
Other liabilities		26,481	22,061
Total liabilities		396,772	329,141
Total equity and liabilities		424,902	351,767

Amounts for 2013 have been restated for the voluntary changes in accounting policies for deferred policy acquisition costs and longevity reserving. Refer to note 2.1 for details about these changes.

Table of Contents**Condensed consolidated statement of changes in equity**

<i>EUR millions</i>	Share capital ¹	Retained earnings	Revaluation reserves	Remeasurement of defined benefit plans	Other reserves	Other equity instruments	Issued capital and reserves ²	Non-controlling interests	Total
Full year ended December 31, 2014									
At beginning of year	8,701	8,361	3,023	(706)	(1,778)	5,015	22,616	10	22,626
Net income recognized in the income statement	-	1,186	-	-	-	-	1,186	1	1,186
Other comprehensive income:									
<i>Items that will not be reclassified to profit or loss:</i>									
Changes in revaluation reserve real estate held for own use	-	-	9	-	-	-	9	-	9
Remeasurements of defined benefit plans	-	-	-	(1,156)	-	-	(1,156)	-	(1,156)
Income tax relating to items that will not be reclassified	-	-	(2)	335	-	-	333	-	333
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Gains / (losses) on revaluation of available-for-sale investments	-	-	6,759	-	-	-	6,759	-	6,759
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments	-	-	(702)	-	-	-	(702)	-	(702)
Changes in cash flow hedging reserve	-	-	1,188	-	-	-	1,188	-	1,188
Movement in foreign currency translation and net foreign investment hedging reserves	-	-	-	(84)	1,752	-	1,668	-	1,668
Equity movements of joint ventures	-	-	-	-	10	-	10	-	10
Equity movements of associates	-	-	-	-	(10)	-	(10)	-	(10)
Income tax relating to items that may be reclassified	-	-	(1,968)	-	(50)	-	(2,018)	-	(2,018)
Other	-	(4)	-	-	-	-	(4)	(1)	(5)
Total other comprehensive income	-	(4)	5,285	(905)	1,701	-	6,077	(1)	6,075
Total comprehensive income/ (loss) for 2014	-	1,182	5,285	(905)	1,701	-	7,262	(1)	7,262
Issuance and purchase of treasury shares	-	(67)	-	-	-	-	(67)	-	(67)
Other equity instruments redeemed	-	11	-	-	-	(1,184)	(1,173)	-	(1,173)
Dividends paid on common shares	(104)	(266)	-	-	-	-	(370)	-	(370)
Coupons on non-cumulative subordinated notes	-	(24)	-	-	-	-	(24)	-	(24)
Coupons on perpetual securities	-	(128)	-	-	-	-	(128)	-	(128)
Share options and incentive plans	-	7	-	-	-	(4)	3	-	3
At end of period	8,597	9,076	8,308	(1,611)	(77)	3,827	28,120	9	28,129
Full year ended December 31, 2013									
At beginning of year (as previously stated)	9,099	10,446	6,073	(1,085)	(1,045)	5,018	28,506	13	28,519
	-	(1,472)	43	-	(58)	-	(1,487)	-	(1,487)

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Changes in accounting policies relating to deferred policy acquisition costs									
Changes in accounting policies relating to policy longevity methodology	-	(925)	-	-	-	-	(925)	-	(925)
At beginning of year, restated	9,099	8,049	6,116	(1,085)	(1,103)	5,018	26,094	13	26,107
Net income recognized in the income statement	-	854	-	-	-	-	854	3	857
Other comprehensive income:									
Items that will not be reclassified to profit or loss:									
Changes in revaluation reserve real estate held for own use	-	-	(6)	-	-	-	(6)	-	(6)
Remeasurements of defined benefit plans	-	-	-	562	-	-	562	-	562
Income tax relating to items that will not be reclassified	-	-	1	(202)	-	-	(201)	-	(201)
Items that may be reclassified subsequently to profit or loss:									
Gains / (losses) on revaluation of available-for-sale investments	-	-	(3,376)	-	-	-	(3,376)	-	(3,376)
(Gains) / losses transferred to income statement on disposal and impairment of available-for-sale investments	-	-	(435)	-	-	-	(435)	-	(435)
Changes in cash flow hedging reserve	-	-	(555)	-	-	-	(555)	-	(555)
Movement in foreign currency translation and net foreign investment hedging reserves	-	-	-	19	(746)	-	(727)	-	(727)
Equity movements of joint ventures	-	-	-	-	(4)	-	(4)	-	(4)
Equity movements of associates	-	-	-	-	54	-	54	-	54
Disposal of group assets	-	3	-	-	-	-	3	(3)	-
Income tax relating to items that may be reclassified	-	-	1,274	-	21	-	1,295	-	1,295
Transfer from / to other headings	-	(3)	3	-	-	-	-	-	-
Other	-	(4)	-	-	-	-	(4)	(2)	(6)
Total other comprehensive income	-	(4)	(3,093)	379	(675)	-	(3,392)	(5)	(3,398)
Total comprehensive income / (loss) for 2013	-	851	(3,093)	379	(675)	-	(2,538)	(3)	(2,541)
Shares issued	2	-	-	-	-	-	2	-	2
Issuance and purchase of treasury shares	-	(77)	-	-	-	-	(77)	-	(77)
Dividends paid on common shares	-	(240)	-	-	-	-	(240)	-	(240)
Preferred dividend	-	(83)	-	-	-	-	(83)	-	(83)
Coupons on non-cumulative subordinated notes	-	(21)	-	-	-	-	(21)	-	(21)
Coupons on perpetual securities	-	(146)	-	-	-	-	(146)	-	(146)
Share options and incentive plans	-	30	-	-	-	(3)	27	-	27
Repurchased and sold own shares	(400)	(1)	-	-	-	-	(401)	-	(401)
At end of period	8,701	8,361	3,023	(706)	(1,778)	5,015	22,616	10	22,626

¹ For a breakdown of share capital please refer to note 16.

² Issued capital and reserves attributable to equity holders of Aegon N.V.

Amounts for 2013 have been restated for the voluntary changes in accounting policies for deferred policy acquisition costs and longevity reserving. Refer to note 2.1 for details about these changes.

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<i>EUR millions</i>	FY 2014	FY 2013
Cash flow from operating activities	4,122	(2,011)
Purchases and disposals of intangible assets	(27)	(22)
Purchases and disposals of equipment and other assets	(65)	(51)
Purchases, disposals and dividends of subsidiaries, associates and joint ventures	22	589
Cash flow from investing activities	(71)	516
Issuance and purchase of treasury shares	(199)	(90)
Dividends paid	(266)	(323)
Repurchased and sold own shares	-	(401)
Issuances, repurchases and coupons of perpetuals	(1,344)	(194)
Issuances, repurchases and coupons of non-cumulative subordinated notes	(32)	(28)
Issuances and repayments of borrowings	2,555	(1,235)
Cash flow from financing activities	715	(2,271)
Net increase / (decrease) in cash and cash equivalents	4,766	(3,766)
Net cash and cash equivalents at January 1	5,652	9,497
Effects of changes in foreign exchange rates	231	(79)
Net cash and cash equivalents at end of period	10,649	5,652
Cash and cash equivalents	10,610	5,691
Cash and cash equivalents classified as Assets held for sale	43	-
Bank overdrafts	(4)	(39)
Net cash and cash equivalents	10,649	5,652

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Notes to the condensed consolidated interim financial statements

Amounts in EUR millions, unless otherwise stated

Aegon N.V., incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under number 27076669 and with its registered address at Aegonplein 50, 2591 TV, The Hague, the Netherlands. Aegon N.V. serves as the holding company for the Aegon Group and has listings of its common shares in Amsterdam and New York.

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

1. Basis of presentation

The condensed consolidated interim financial statements as at, and for the year ended, December 31, 2014, have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union (hereafter IFRS). They do not include all of the information required for a full set of financial statements prepared in accordance with IFRS and should therefore be read together with the 2013 consolidated financial statements of Aegon N.V. as included in Aegon's Annual Report for 2013 and the disclosures provided in note 2.1 and 2.2 of this report which disclose the impact of voluntary changes in accounting policies that were made by Aegon effective January 1, 2014. Aegon's Annual Report for 2013 is available on its website (aegon.com).

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of investment properties and those financial instruments (including derivatives) and financial liabilities that have been measured at fair value. Certain amounts in prior periods have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income, shareholders' equity or earnings per share. The condensed consolidated interim financial statements as at, and for the year ended, December 31, 2014, were approved by the Executive Board on February 18, 2015.

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

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

2. Significant accounting policies

All accounting policies and methods of computation applied in the condensed consolidated interim financial statements are the same as those applied in the 2013 consolidated financial statements, except for the newly applied accounting policies as described below and in note 2.1 and 2.2.

Non-current assets held for sale and disposal groups

Disposal groups are classified as held for sale if they are available for immediate sale in their present condition, subject only to the customary sales terms of such assets and disposal groups and their sale is considered highly probable; management must be committed to the sale, which is expected to occur within one year from the date of classification as held for sale.

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Upon classification as held for sale, the carrying amount of the disposal group (or group of assets) is compared to their fair value less cost to sell. If the fair value less cost to sell is lower than the carrying value, this expected loss is recognized through a reduction of the carrying value of any goodwill related to the disposal group or the carrying value of certain other non-current non-financial assets to the extent that the carrying value of those assets exceeds their fair value. Any excess of the expected loss over the reduction of the carrying amount of these relevant assets is not recognized upon classification as held for sale, but is recognized as part of the result on disposal if and when a divestment transaction occurs.

Classification into or out of held for sale does not result in restating comparative amounts in the balance sheet.

New IFRS accounting standards effective

The following standards, interpretations, amendments to standards and interpretations became effective in 2014:

- t IFRS 10 Consolidated Financial Statements – Amendment Investment Entities;
- t IAS 32 Financial Instruments: Presentation – Amendment Offsetting Financial Assets and Financial Liabilities;
- t IAS 36 Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets; and
- t IAS 39 Financial instruments: Recognition and Measurement – Amendment Novation of Derivatives and Continuation of Hedge Accounting;
- t IFRIC 21 – Levies.

None of these new or revised standards and interpretations had a significant effect on the condensed consolidated interim financial statements for the year ended December 31, 2014.

For a complete overview of IFRS standards, published before January 1, 2014, that will be applied in future years, but were not early adopted by the Group, please refer to Aegon's Annual Report for 2013.

Judgments and critical accounting estimates

Preparing the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions, including the likelihood, timing or amount of future transactions or events, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates made.

In preparing the condensed consolidated interim financial statements, significant judgments made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2013, except regarding the actuarial assumption and model updates as described below.

Periodically, Aegon reviews and updates its assumptions based on historical experience and observable market data, including market transactions such as acquisitions and reinsurance transactions. Similarly, the models and systems used for determining our liabilities are reviewed periodically and, if deemed necessary, updated based on emerging best practices and available technology.

In 2014, Aegon updated its actuarial assumptions and certain models in the Americas and the Netherlands. In the Americas Life & Protection business primarily related to mortality assumptions for the older ages. The actuarial assumption changes and model updates in the Americas Individual Savings & Retirement business relates to policyholder behavior on partial withdrawals. Actuarial assumption changes and model updates not included in underlying earnings are mainly caused by adjusting the modeled hedging costs for the GMWB variable annuity book, improving the hedging models for indexed universal life products and updating the discount rate on reserves in the run-off life reinsurance book. Model and assumption updates in the Netherlands affected the valuation of guarantees recorded at fair value.

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Assets and liabilities are translated at the closing rates on the balance sheet date. Income, expenses and capital transactions (such as dividends) are translated at average exchange rates or at the prevailing rates on the transaction date, if more appropriate. The following exchange rates are applied for the condensed consolidated interim financial statements:

Closing exchange rates

			USD	GBP
December 31, 2014	1	EUR	1.2101	0.7760
December 31, 2013	1	EUR	1.3780	0.8320
Weighted average exchange rates				

			USD	GBP
The year ended December 31, 2014	1	EUR	1.3288	0.8061
The year ended December 31, 2013	1	EUR	1.3272	0.8464

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2.1 Voluntary changes in accounting policies

Aegon adopted voluntary changes in accounting policies which are applied retrospectively for all periods presented in this document, both in the main schedules and the associated footnotes. Changes to these policies relate to deferred policy acquisition costs, how Aegon accounts for longevity trends in the Netherlands and borrowings. In the paragraphs below, details are provided for these changes in accounting policies.

Deferred policy acquisition costs

Aegon adopted a single group-wide accounting policy for deferred policy acquisition costs as of January 1, 2014. Upon initial adoption of IFRS, entities were permitted to continue existing accounting policies for insurance contracts even though such policies were often non-uniform between countries. Through adoption of a uniform, group-wide accounting policy, Aegon eliminates this lack of uniformity for the deferral of policy acquisition costs thereby providing the users of the financial statements with more meaningful information.

IFRS 4 neither prohibits nor requires the deferral of policy acquisition costs, nor does it prescribe what acquisition costs are deferrable. Thus, in developing the new policy, Aegon considered and sought alignment with the proposed description of deferrable policy acquisition costs within the IFRS Insurance Contracts Phase II exposure draft (Exposure Draft). In the absence of detailed guidance in the Exposure Draft, Aegon also considered the recently adopted guidance in US GAAP (ASU 2010-26 Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts), if not conflicting with IFRS 4 or the Exposure Draft. IFRS currently differs from US GAAP by not limiting the deferral to expenses from successful efforts only and in the detail of how that principle is applied. Under the new accounting policy, deferred policy acquisition costs include costs that are directly attributable to the acquisition or renewal of insurance contracts. The previous accounting policy was based on a broader definition of costs that could be deferred.

Details of the impact of applying this voluntary change to previous periods are provided in the tables presented in note 2.2.

Longevity reserving

As of January 1, 2014, Aegon amended its policy to determine the insurance contract liability of Aegon the Netherlands to account for longevity risk assumed by Aegon. This change will provide more current information about the financial effects of changes in life expectancy of the insured population. It will supply users of the financial statements with more relevant decision making information on the insurance contract liability and will improve transparency on the longevity risks assumed by Aegon.

Mortality tables will be reviewed annually based on the prospective tables taking into account longevity trends. The new methodology will take into account the contractual cash flows related to the longevity risk assumed. Previously the methodology applied by Aegon the Netherlands considered realized mortalities based on retrospective mortality tables.

Details of the impact of applying this voluntary change to previous periods are provided in the tables presented in note 2.2.

2.1.1 Changes in presentation

Borrowings

Commencing the fourth quarter of 2014, the Group changed the presentation of its borrowings. Aegon's borrowings are now further defined separately as capital funding and operational funding. The presentation of borrowings is changed to align with the current methodology for the Group's composition of total capitalization and its calculation of gross financial leverage. As a result, bank overdrafts, commercial paper and short term deposits are reclassified to Other liabilities. Comparative information has been reclassified accordingly. Refer to note 19 Borrowings for more information. This change in presentation did not change net profit, total assets or total liabilities.

Table of Contents**2.2 Impact of voluntary changes in accounting policies****Impact of voluntary changes in accounting policies on condensed consolidated income statement**

	YTD 2013 (previously reported)	Change in accounting policy		YTD 2013 (restated)
		Deferred policy acquisition costs	Longevity reserving	
<i>EUR millions</i>				
Benefits and expenses	46,522	75	(117)	46,480
Income tax (expense) / benefit	(123)	(10)	(24)	(156)
Net effect		(85)	93	
Earnings per share (EUR per share)				
Basic earnings per common share	0.29	(0.04)	0.05	0.30
Basic earnings per common share B	0.01	-	-	0.01
Diluted earnings per common share	0.29	(0.04)	0.05	0.30
Diluted earnings per common share B	0.01	-	-	0.01
Earnings per common share calculation				
Net income attributable to equity holders of Aegon N.V.	846	(85)	93	854
Preferred dividend	(83)	-	-	(83)
Coupons on other equity instruments	(167)	-	-	(167)
Earnings attributable to common shareholders	596	(85)	93	604
Weighted average number of common shares outstanding (in millions)	2,035	-	-	2,035
Weighted average number of common shares B outstanding (in millions)	366	-	-	366

Impact of voluntary changes in accounting policies on condensed consolidated statement of comprehensive income

	YTD 2013 (previously reported)	Change in accounting policy		YTD 2013 (restated)
		Deferred policy acquisition costs	Longevity reserving	
<i>EUR millions</i>				
Net income	849	(85)	93	857
Gains / (losses) on revaluation of available-for-sale investments	(3,349)	(26)	-	(3,376)
Movement in foreign currency translation and net foreign investment hedging reserves	(784)	57	-	(727)
Income tax relating to items that may be reclassified	1,286	8	-	1,295
Net effect other comprehensive income for the period		39	-	
Net effect comprehensive income		(46)	93	

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Total comprehensive income attributable to:

Equity holders of Aegon N.V.	(2,585)	(46)	93	(2,538)
Non-controlling interests	(3)	-	-	(3)

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	December 31, 2013 ¹⁾	Change in accounting policy		Reclassification ²⁾	December 31, 2013 (restated)
		Deferred policy acquisition costs	Longevity reserving		
<i>EUR millions</i>					
Assets					
Intangible assets	2,246	26	-	-	2,272
Investments in joint ventures	1,427	(1)	-	-	1,426
Reinsurance assets	10,345	(2)	-	-	10,344
Other assets and receivables	7,429	2	-	156	7,586
Deferred expenses	12,040	(2,035)	-	-	10,006
Equity and liabilities					
Shareholders' equity	19,966	(1,533)	(832)	-	17,601
Insurance contracts	100,642	54	1,073	-	101,769
Other liabilities ³⁾	22,487	(531)	(241)	156	21,871

¹⁾ As reported in Aegon's 2013 Annual Report dated March 19, 2014.

²⁾ As a result of the voluntary accounting changes the balance of the Dutch tax group as at December 31, 2013 changed from a deferred tax liability to a deferred tax asset.

³⁾ Impact of changed presentation of borrowings is not reflected in this line item.

Impact of voluntary changes in accounting policies on consolidated statement of changes in equity

	December 31, 2013 ¹⁾	Change in accounting policy		December 31, 2013 (restated)
		Deferred policy acquisition costs	Longevity reserving	
<i>EUR millions</i>				
Share capital	8,701	-	-	8,701
Retained earnings	10,750	(1,557)	(832)	8,361
Revaluation reserves	2,998	26	-	3,023
Remeasurement of defined benefit plans	(706)	-	-	(706)
Other reserves	(1,777)	(1)	-	(1,778)
Shareholders' equity	19,966	(1,533)	(832)	17,601

¹⁾ As reported in Aegon's 2013 Annual Report dated March 19, 2014.

Table of Contents**3. Segment information****3.1 Income statement**

<i>EUR millions</i>	Americas	The Netherlands	United Kingdom	New Markets	Holding and other activities	Eliminations	Segment Total	Joint ventures and associates eliminations	Consolidated
<i>Three months ended December 31, 2014</i>									
Underlying earnings before tax geographically	367	172	29	33	(39)	1	562	(4)	557
Fair value items	(172)	61	1	(14)	(9)	-	(132)	4	(129)
Realized gains / (losses) on investments	11	248	42	4	-	-	304	(1)	303
Impairment charges	(21)	(5)	-	(4)	-	-	(31)	(23)	(54)
Impairment reversals	2	1	-	-	-	-	3	-	3
Other income / (charges)	(17)	(99)	(38)	(37)	(1)	-	(191)	23	(168)
Run-off businesses	(3)	-	-	-	-	-	(3)	-	(3)
Income/ (loss) before tax	167	377	34	(18)	(49)	1	511	(1)	510
Income tax (expense) / benefit	(17)	(105)	1	(6)	13	-	(112)	1	(111)
Net income/ (loss)	150	272	35	(23)	(35)	1	399	-	399
<i>Inter-segment underlying earnings</i>	<i>(46)</i>	<i>(15)</i>	<i>(16)</i>	<i>73</i>	<i>3</i>				
Revenues									
Life insurance gross premiums	1,855	739	1,226	713	(1)	(17)	4,514	(89)	4,426
Accident and health insurance	518	30	13	36	2	(2)	596	(1)	595
General insurance	-	104	-	57	-	-	161	(19)	142
Total gross premiums	2,372	873	1,239	806	-	(18)	5,272	(109)	5,163
Investment income	888	611	514	60	89	(88)	2,073	(11)	2,062
Fee and commission income	390	86	11	174	-	(66)	595	(30)	565
Other revenues	1	-	-	1	1	-	3	(1)	2
Total revenues	3,652	1,570	1,764	1,041	90	(173)	7,943	(150)	7,793
<i>Inter-segment revenues</i>	<i>6</i>	<i>-</i>	<i>-</i>	<i>79</i>	<i>88</i>				

<i>EUR millions</i>	Americas	The Netherlands	United Kingdom	New Markets	Holding and other activities	Eliminations	Segment Total	Joint ventures and associates eliminations	Consolidated
<i>Three months ended December 31, 2013</i>									
Underlying earnings before tax geographically	299	124	20	46	(13)	(2)	473	(9)	464
Fair value items	(102)	(145)	(6)	2	(21)	-	(272)	5	(267)
Realized gains / (losses) on investments	27	66	10	1	-	-	104	(1)	104
Impairment charges	(11)	(5)	(2)	(6)	-	-	(25)	-	(25)
Impairment reversals	15	8	-	-	-	-	24	-	24
Other income / (charges)	(13)	(6)	2	(11)	(6)	-	(33)	-	(33)
Run-off businesses	15	-	-	-	-	-	15	-	15
Income/ (loss) before tax	230	41	24	32	(40)	(2)	286	(5)	281
Income tax (expense) / benefit	(97)	(7)	(23)	(10)	8	-	(129)	5	(124)
Net income/ (loss)	134	34	1	22	(33)	(2)	157	-	157
<i>Inter-segment underlying earnings</i>	<i>(42)</i>	<i>(11)</i>	<i>(16)</i>	<i>61</i>	<i>8</i>				

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Revenues									
Life insurance gross premiums	1,547	452	1,504	326	13	(18)	3,825	(75)	3,750
Accident and health insurance	436	30	-	35	2	(2)	500	(1)	500
General insurance	-	105	-	56	-	-	162	(19)	142
Total gross premiums	1,983	587	1,504	417	15	(20)	4,487	(95)	4,392
Investment income	842	626	458	54	82	(81)	1,982	(10)	1,971
Fee and commission income	331	87	12	157	-	(58)	530	(22)	508
Other revenues	-	-	-	-	1	-	1	(1)	1
Total revenues	3,156	1,301	1,974	628	97	(158)	6,999	(127)	6,872
<i>Inter-segment revenues</i>	4	-	-	71	83				

Unaudited

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<i>EUR millions</i>	Americas	The Netherlands	United Kingdom	New Markets	Holding and other activities	Eliminations	Segment Total	Joint ventures and associates eliminations	Consolidated
Full year ended December 31, 2014									
Underlying earnings before tax geographically	1,134	558	115	196	(139)	1	1,865	(9)	1,856
Fair value items	(497)	(207)	(15)	(6)	(82)	-	(807)	2	(806)
Realized gains / (losses) on investments	85	431	164	16	-	-	697	(3)	694
Impairment charges	(38)	(19)	-	(43)	-	-	(100)	(23)	(123)
Impairment reversals	58	7	-	-	-	-	66	-	66
Other income / (charges)	(52)	(113)	(49)	(24)	(3)	-	(240)	22	(218)
Run-off businesses	(21)	-	-	-	-	-	(21)	-	(21)
Income/ (loss) before tax	669	658	215	139	(223)	1	1,458	(10)	1,448
Income tax (expense) / benefit	(79)	(166)	(37)	(50)	60	-	(272)	10	(262)
Net income/ (loss)	590	491	178	89	(164)	1	1,186	-	1,186
<i>Inter-segment underlying earnings</i>	<i>(173)</i>	<i>(58)</i>	<i>(59)</i>	<i>272</i>	<i>18</i>				

<i>EUR millions</i>	Americas	The Netherlands	United Kingdom	New Markets	Holding and other activities	Eliminations	Segment Total	Joint ventures and associates eliminations	Consolidated
Revenues									
Life insurance gross premiums	6,461	3,982	4,859	2,015	-	(70)	17,246	(351)	16,896
Accident and health insurance	1,874	233	56	163	6	(6)	2,326	(11)	2,316
General insurance	-	501	-	224	-	-	725	(72)	653
Total gross premiums	8,334	4,716	4,916	2,402	6	(76)	20,298	(433)	19,864
Investment income	3,312	2,568	2,073	234	326	(323)	8,191	(42)	8,148
Fee and commission income	1,485	324	43	623	-	(237)	2,237	(100)	2,137
Other revenues	2	-	-	3	5	-	10	(3)	7
Total revenues	13,134	7,608	7,032	3,262	336	(637)	30,735	(578)	30,157
<i>Inter-segment revenues</i>	<i>16</i>	<i>-</i>	<i>-</i>	<i>292</i>	<i>327</i>				

<i>EUR millions</i>	Americas	The Netherlands	United Kingdom	New Markets	Holding and other activities	Eliminations	Segment Total	Joint ventures and associates eliminations	Consolidated
Full year ended December 31, 2013									
Underlying earnings before tax geographically	1,314	454	87	227	(109)	(3)	1,968	(50)	1,918
Fair value items	(980)	(217)	(16)	(21)	(61)	-	(1,294)	37	(1,257)
Realized gains / (losses) on investments	110	342	48	-	-	-	500	-	500
Impairment charges	(111)	(40)	(31)	(16)	-	-	(198)	-	(198)
Impairment reversals	67	8	-	-	-	-	75	-	75
Other income / (charges)	72	(36)	(45)	(33)	(11)	-	(52)	6	(47)
Run-off businesses	21	-	-	-	-	-	21	-	21
Income/ (loss) before tax	493	511	43	158	(181)	(3)	1,021	(8)	1,013
Income tax (expense) / benefit	(86)	(122)	33	(31)	42	-	(164)	8	(156)
Net income/ (loss)	407	389	76	127	(139)	(3)	857	-	857
<i>Inter-segment underlying earnings</i>	<i>(173)</i>	<i>(54)</i>	<i>(59)</i>	<i>257</i>	<i>29</i>				

<i>EUR millions</i>	Americas	The Netherlands	United Kingdom	New Markets	Holding and other activities	Eliminations	Segment Total	Joint ventures and associates eliminations	Consolidated
Revenues									
Life insurance gross premiums	6,187	3,515	6,537	1,349	14	(73)	17,529	(416)	17,112
Accident and health insurance	1,787	243	-	170	8	(8)	2,200	(10)	2,190

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General insurance	-	487	-	194	-	-	681	(44)	637
Total gross premiums	7,975	4,245	6,537	1,713	22	(82)	20,410	(471)	19,939
Investment income	3,370	2,310	2,054	233	336	(336)	7,968	(58)	7,909
Fee and commission income	1,273	328	80	583	-	(238)	2,026	(76)	1,950
Other revenues	4	-	-	2	4	-	10	(3)	6
Total revenues	12,622	6,883	8,670	2,531	362	(656)	30,413	(608)	29,805
<i>Inter-segment revenues</i>	<i>20</i>	<i>1</i>	<i>1</i>	<i>292</i>	<i>342</i>				
Non-IFRS measures									

For segment reporting purposes the following non-IFRS financial measures are included: underlying earnings before tax, income before tax and income tax. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. Aegon believes that its non-IFRS measures provide meaningful information about the underlying results of Aegon's business, including insight into the financial measures that Aegon's senior management uses in managing the business.

Among other things, Aegon's senior management is compensated based in part on Aegon's results against targets using the non-IFRS measures presented here. While many other insurers in Aegon's peer group present substantially similar non-IFRS measures, the non-IFRS measures presented in this document may nevertheless differ from the non-IFRS measures presented by other insurers. There is no standardized meaning to these measures under IFRS or any other recognized set of accounting standards. Readers are cautioned to consider carefully the different ways in which Aegon and its peers present similar information before comparing them.

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Aegon believes the non-IFRS measures shown herein, when read together with Aegon's reported IFRS financial statements, provide meaningful supplemental information for the investing public to evaluate Aegon's business after eliminating the impact of current IFRS accounting policies for financial instruments and insurance contracts, which embed a number of accounting policies alternatives that companies may select in presenting their results (i.e. companies can use different local GAAPs to measure the insurance contract liability) and that can make the comparability from period to period difficult.

The reconciliation from underlying earnings before tax to income before tax, being the most comparable IFRS measure, is presented in the tables in this note.

Underlying earnings

Underlying earnings reflect our profit from underlying business operations and exclude components that relate to accounting mismatches that are dependent on market volatility or relate to events that are considered outside the normal course of business. Below we describe items that are excluded from underlying earnings.

Fair value items

Fair value items include the over- or underperformance of investments and guarantees held at fair value for which the expected long-term return is included in underlying earnings. Changes to these long-term return assumptions are also included in the fair value items.

In addition, hedge ineffectiveness on hedge transactions, fair value changes on economic hedges without natural offset in earnings and for which no hedge accounting is applied and fair value movements on real estate are included under fair value items.

Certain assets held by Aegon Americas, Aegon the Netherlands and Aegon UK are carried at fair value and managed on a total return basis, with no offsetting changes in the valuation of related liabilities. These include assets such as investments in hedge funds, private equities, real estate (limited partnerships), convertible bonds and structured products. Underlying earnings exclude any over- or underperformance compared to management's long-term expected return on assets. Based on current holdings and asset returns, the long-term expected return on an annual basis is 8-10%, depending on asset class, including cash income and market value changes. The expected earnings from these asset classes are net of deferred policy acquisition costs (DPAC) where applicable.

In addition, certain products offered by Aegon Americas contain guarantees and are reported on a fair value basis, including the segregated funds offered by Aegon Canada and the total return annuities and guarantees on variable annuities of Aegon USA. The earnings on these products are impacted by movements in equity markets and risk-free interest rates. Short-term developments in the financial markets may therefore cause volatility in earnings. Included in underlying earnings is a long-term expected return on these products and excluded is any over- or underperformance compared to management's expected return.

The fair value movements of certain guarantees and the fair value change of derivatives that hedge certain risks on these guarantees of Aegon the Netherlands and Variable Annuities Europe (included in New Markets) are excluded from underlying earnings, and the long-term expected return for these guarantees is set at zero.

Holding and other activities include certain issued bonds that are held at fair value through profit or loss (FVTPL). The interest rate risk on these bonds is hedged using swaps. The fair value movement resulting from changes in Aegon's credit spread used in the valuation of these bonds are excluded from underlying earnings and reported under fair value items.

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Realized gains or losses on investments

This line item includes realized gains and losses on available-for-sale investments, mortgage loans and other loan portfolios.

Impairment charges/reversals

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

Other income or charges

Other income or charges is used to report any items which cannot be directly allocated to a specific line of business. Also items that are outside the normal course of business are reported under this heading.

Other charges include restructuring charges that are considered other charges for segment reporting purposes because they are outside the normal course of business. In the condensed consolidated interim financial statements, these charges are included in operating expenses.

Run-off businesses

Includes underlying results of business units where management has decided to exit the market and to run-off the existing block of business. Currently, this line includes results related to the run-off of the institutional spread-based business, structured settlements blocks of business, bank-owned and corporate-owned life insurance (BOLI/COLI) business, and the sale of the life reinsurance business in the United States. Aegon has other blocks of business for which sales have been discontinued and of which the earnings are included in underlying earnings.

Share in earnings of joint ventures and associates

Earnings from Aegon's joint ventures in Spain, China and Japan and Aegon's associates in India, Brazil and Mexico are reported on an underlying earnings basis.

Table of Contents**3.2 Investments geographically**

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

Americas USD millions	United Kingdom GBP millions	December 31, 2014	EUR millions (unless otherwise stated)						
			Americas	The Netherlands	United Kingdom	New Markets	Holding & other activities	Eliminations	Total EUR
		Investments							
770	150	Shares	636	161	193	28	105	(1)	1,122
76,393	9,832	Debt securities	63,130	23,250	12,670	4,274	-	-	103,324
11,117	-	Loans	9,187	27,052	-	487	11	-	36,738
11,914	267	Other financial assets	9,845	366	344	16	107	-	10,678
873	-	Investments in real estate	721	1,069	-	2	-	-	1,792
101,067	10,249	Investments general account	83,519	51,898	13,208	4,806	224	(1)	153,653
-	13,287	Shares	-	9,487	17,122	420	-	(10)	27,019
5,549	10,026	Debt securities	4,585	19,320	12,920	244	-	-	37,070
104,704	22,769	Unconsolidated investment funds	86,525	-	29,341				