AEGON NV
Form 6-K
August 13, 2015

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

August 2015

AEGON N.V.

Aegonplein 50

2591 TV THE HAGUE

The Netherlands

Aegon s press release, dated August 13, 2015, is 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: August 13, 2015

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

Corporate Controller

The Hague August 13, 2015

Aegon reports increase in earnings, sales and cash flows for the second quarter of 2015

Solid underlying earnings

Underlying earnings increase to EUR 549 million as fee business growth and the stronger US dollar were partly offset by lower US life & protection results, including adverse mortality of EUR 17 million

Equity and interest rate hedging programs main drivers of fair value losses of EUR 293 million

Net income amounts to EUR 350 million

Return on equity of 8.2% and 8.9% excluding capital allocated to run-off businesses

Continued strong profitable sales

US retirement plans and asset management main drivers behind gross deposits of EUR 16.8 billion and net deposits of EUR 3.2 billion

New life insurance sales level at EUR 518 million

Accident & health and general insurance sales stable at EUR 248 million

Market consistent value of new business of EUR 183 million impacted by low interest rates

Increase in interim dividend supported by strong cash flows

Operational free cash flows excluding market impacts and one-time items of EUR 388 million

Holding excess capital of EUR 1.5 billion and gross leverage ratio improves to 27.7%

Interim dividend increases to EUR 0.12 per share; dilutive effect of stock dividend to be neutralized

More clarity obtained on Solvency II; ratio expected to be in the range of 140 170%

Statement of Alex Wynaendts, CEO

Aegon s businesses delivered solid results this quarter, despite adverse mortality experience in the United States and the negative impact from our hedging programs on net income. At the same time, we are pleased with the high level of sales as we continue to secure new distribution agreements and reach many new customers in all our markets.

Executing on our strategy to ensure our businesses support our long-term growth ambitions, we sold our Canadian operations as well as Clark Consulting in the US. In addition, we have further improved our risk profile by hedging EUR 6 billion of longevity reserves in the Netherlands and by reducing balances of our legacy variable annuity products in the US.

While uncertainties on Solvency II remain, we have obtained clarity on a number of items - including treatment of the US which allows us to tighten the range of expected outcomes. Furthermore, we have applied for the use of our internal model and are currently awaiting regulatory approval.

I am also pleased to announce that our strong capital position and growing cash flows enable us to raise the interim dividend to 12 eurocents.

Key performance indicators

amounts in EUR millions b)	Notes	Q2 2015	Q1 2015	%	Q2 2014	%	YTD 2015	YTD 2014	%
Underlying earnings before tax	1	549	469	*17*	514	*7*	1,018	1,012	*1*
Net income		350	316	*11*	343	*2*	666	735	*(9)*
Sales	2	2,442	2,750	*(11)*	2,066	*18*	5,192	4,152	*25*
Market consistent value of new business	3	183	140	*30*	221	*(17)*	323	444	*(27)*
Return on equity	4	8.2%	6.6%	*25*	8.7%	*(5)*	7.5%	8.6%	*(12)*

All comparisons in this release are against the second quarter of 2014, unless stated otherwise.

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STRATEGIC HIGHLIGHTS

- **Additional longevity hedging in the Netherlands further reduces exposure**
- **Sale of Canadian operations completed**
- **Expanded partnerships with Edward Jones and Merrill Lynch in the US**
- **Guaranteed drawdown product launched on UK platform**

Aegon s ambition

Aegon s aim to be a leader in all of its chosen markets is supported by four strategic objectives embedded in all Aegon businesses: Optimize portfolio, Deliver operational excellence, Enhance customer loyalty, and Empower employees. These provide the strategic framework for the company s ambition to become the most-recommended life insurance and pension provider by customers and business partners, as well as the most-preferred employer in the sector.

Optimize portfolio

As part of Aegon s strategy to enhance its risk-return profile and to improve capital efficiency, Aegon completed a third longevity transaction in the Netherlands on July 15, 2015. The transaction builds on previous longevity deals and underlines Aegon s leadership in the Dutch pension market. The hedge, covering close to EUR 6 billion of underlying reserves, provides protection for a period of 50 years against longevity improvements. A significant number of younger pension customers are covered evidence that the longevity risk transfer market continues to develop. The company will continue to explore further opportunities to manage its Dutch longevity risk efficiently.

On July 10, 2015, Aegon reached an agreement with Greenspoint Capital and the Newport Group to sell Clark Consulting, its Bank-Owned Life Insurance (BOLI) distribution and servicing unit in the US, for USD 177.5 million (EUR 160 million). Clark Consulting is a distinct entity within the BOLI/COLI insurance business that is currently in run-off. The impact on net income from the sale of Clark Consulting is expected to be immaterial as tax benefits from the recognition of a tax loss largely offset the loss on the sale.

On July 31, 2015, Aegon completed the CAD 600 million sale of its Canadian life insurance business to Wilton Re following regulatory approval. As indicated earlier, the transaction will result in a book loss of CAD 1.2 billion (EUR 0.8 billion), which will be booked in the third quarter of 2015. Aegon has earmarked the proceeds of this transaction for the redemption of the USD 500 million 4.625% senior bond, due in December 2015. The combination of the divestment and the redemption of the bond will improve Aegon s return on equity by approximately 40 basis points, while reducing net underlying earnings by less than 1%. It will also improve Aegon s leverage ratio by approximately 40 basis points on a pro forma basis, while the fixed charge cover ratio will improve by 0.5.

Deliver operational excellence

In the United States, Aegon launched its customized Transamerica retirement solutions with Merrill Lynch. This new program is the first time that Transamerica has offered a 403(b) retirement plan program for not-for-profit organizations, including higher education and healthcare institutions, with Merrill Lynch. In addition, Transamerica will be launching a mutual fund based corporate retirement plan program, primarily to companies with 401(k) plans up to USD 100 million. Transamerica and Merrill Lynch have also developed a workplace retirement program that will have a powerful and direct impact in helping more employees retire with confidence. Enhancing distribution relationships with strong partners such as Merrill Lynch is at the core of Aegon s strategy to further expand the reach into its chosen markets.

Additionally, Transamerica expanded its distribution partnership with Edward Jones, by offering corporate retirement plans and long term care products. Edward Jones provides financial services for individual investors and small businesses throughout the United States. By joining forces with Edward Jones and expanding the distribution, many more Americans will gain access to retirement plan and long-term care solutions to prepare for their financial future.

In the Netherlands, Aegon is a leading provider of insured pension solutions, defined contribution arrangements and pension administration. Recognizing opportunities and trends in the Dutch market, Aegon is now the first to set up a general pension fund , or Algemeen Pensioen Fonds (APF). An APF allows for multiple pension plans to be combined within a single scheme, overseen by a single independent board, while ring-fencing assets. This new pension vehicle is particularly attractive for those funds that wish to maintain their own identity while also enjoying the benefits of economies of scale and higher quality through shared services.

In response to increasing customer demand and the recent regulatory changes in the market, Aegon launched a new pension product on its UK platform. The product, Secure Retirement Income, gives retirees access to drawdown with a guaranteed level of income. This offers customers an attractive alternative to an annuity or flexible access drawdown product, both of which have their limitations. This new option therefore enables people to keep their money invested, but with a guaranteed level of minimum income thereby meeting the twin demands of flexibility and certainty.

Demonstrating Aegon s efforts of becoming more digital, the company won several awards. In the United States, Transamerica won two prestigious Hermes Creative Awards in recognition of the company s creativity and innovation; and in the Netherlands, Aegon was rated by ITDS Consultancy as the best insurer on social media thanks to its integrated online approach.

Enhance customer loyalty

Aegon opened an innovative new Customer Experience Center, or cXcenter , in the Netherlands. This center is enabling Aegon to better evaluate the accessibility and user-friendliness of its services. The new cXcenter allows Aegon to conduct in-depth interviews, client panels and eye tracking studies in order to enhance customer experience on Aegon.nl and the Mijn Aegon (My Aegon) app.

In line with its commitment to help customers take responsibility for their financial future, Aegon has established a Research Center for Longevity and Retirement, leveraging the reputation and success of the Transamerica Institute in the United States. Its mission is to conduct research, educate the public, and inform a global dialogue on trends issues, and opportunities surrounding longevity, population aging, and retirement security. The Aegon Center brings together experts from across Aegon s businesses in Europe, the Americas and Asia in addition to external parties. It will be a focal point for Aegon s research on people s attitudes toward aging and retirement.

Financial overview

EUR millions	Notes	Q2 2015	Q1 2015	%	Q2 2014	%	YTD 2015	YTD 2014	%
Underlying earnings before tax									
Americas		358	290	*23*	331	*8*	648	633	*2*
The Netherlands		136	131	*4*	131	*4*	267	259	*3*
United Kingdom		34	38	*(10)*	32	*9*	72	58	*24*
New Markets		62	51	*22*	62		113	123	*(8)*
Holding and other		(41)	(42)	*1*	(41)		(83)	(62)	*(34)*
Underlying earnings before tax		**549**	**469**	***17***	**514**	***7***	**1,018**	**1,012**	***1***
Fair value items		(293)	(159)	*(84)*	(263)	*(11)*	(451)	(379)	*(19)*
Realized gains / (losses) on investments		134	119	*13*	198	*(32)*	252	308	*(18)*
Net impairments		7	(11)		(3)		(4)	(11)	*65*
Other income / (charges)		(11)	(1)		(14)	*24*	(11)	(20)	*43*
Run-off businesses		3	8	*(65)*	(1)		11	13	*(20)*
Income before tax		**389**	**425**	***(9)***	**432**	***(10)***	**814**	**924**	***(12)***
Income tax		(39)	(109)	*64*	(88)	*56*	(148)	(189)	*22*
Net income		**350**	**316**	***11***	**343**	***2***	**666**	**735**	***(9)***
Net income / (loss) attributable to:									
Equity holders of Aegon N.V.		350	316	*11*	343	*2*	666	735	*(9)*
Net underlying earnings		**433**	**344**	***26***	**382**	***13***	**777**	**752**	***3***
Commissions and expenses		1,761	1,713	*3*	1,471	*20*	3,474	2,898	*20*
of which operating expenses	9	923	902	*2*	810	*14*	1,825	1,589	*15*
New life sales									
Life single premiums		1,062	1,421	*(25)*	1,247	*(15)*	2,483	2,309	*8*
Life recurring premiums annualized		411	409	*1*	386	*7*	820	739	*11*
Total recurring plus 1/10 single		**518**	**551**	***(6)***	**511**	***1***	**1,068**	**970**	***10***
New life sales									
Americas	10	158	141	*12*	125	*26*	298	241	*24*
The Netherlands		25	38	*(34)*	37	*(34)*	62	69	*(10)*
United Kingdom		263	268	*(2)*	278	*(5)*	531	527	*1*
New Markets	10	72	105	*(31)*	71	*2*	177	133	*33*
		518	**551**	***(6)***	**511**	***1***	**1,068**	**970**	***10***

Total recurring plus 1/10 single									
New premium production accident and health insurance		228	307	*(26)*	235	*(3)*	535	497	*8*
New premium production general insurance		20	22	*(11)*	17	*15*	42	35	*21*
Gross deposits (on and off balance)									
Americas	10	9,069	11,550	*(21)*	8,524	*6*	20,619	17,032	*21*
The Netherlands		1,116	1,563	*(29)*	591	*89*	2,678	1,077	*149*
United Kingdom		88	80	*11*	70	*25*	168	124	*36*
New Markets	10	6,496	5,499	*18*	3,844	*69*	11,994	8,272	*45*
Total gross deposits		**16,769**	**18,692**	***(10)***	**13,029**	***29***	**35,460**	**26,504**	***34***
Net deposits (on and off balance)									
Americas	10	1,913	4,404	*(57)*	3,237	*(41)*	6,317	5,215	*21*
The Netherlands		355	796	*(55)*	271	*31*	1,150	309	
United Kingdom		54	42	*27*	38	*42*	96	66	*47*
New Markets	10	975	2,276	*(57)*	2,687	*(64)*	3,250	(240)	
Total net deposits excluding run-off businesses		**3,296**	**7,518**	***(56)***	**6,233**	*(47)*	**10,814**	**5,350**	***102***
Run-off businesses		(111)	(213)	*48*	(163)	*32*	(324)	(782)	*59*
Total net deposits / (outflows)		**3,185**	**7,305**	***(56)***	**6,070**	***(48)***	**10,490**	**4,568**	***130***

Revenue-generating investments

	Jun. 30, 2015	Mar. 31, 2015	%	Dec. 31, 2014	%
Revenue-generating investments (total)	**645,017**	**637,599**	***1***	**558,328**	***16***
Investments general account	158,956	172,504	*(8)*	153,653	*3*
Investments for account of policyholders	205,903	215,291	*(4)*	191,467	*8*
Off balance sheet investments third parties	280,158	249,804	*12*	213,208	*31*

OPERATIONAL HIGHLIGHTS

Underlying earnings before tax

Aegon s underlying earnings before tax in the second quarter of 2015 increased by 7% to EUR 549 million. Favorable currency movements (EUR 86 million), growth in variable annuity and pension balances in the United States and asset management balances (EUR 34 million) more than offset the reduction in recurring earnings resulting from the assumption changes and model updates implemented in the United States in the third quarter of 2014 (EUR 25 million), lower earnings from fixed annuities (EUR 13 million) and divestments (EUR 14 million).

Underlying earnings from the Americas were up by 8% to EUR 358 million. In US dollars, underlying earnings decreased by 13%. The positive impact on earnings from growth in variable annuity and pension balances was more than offset by the recurring earnings reduction from the assumption changes and model updates implemented in the third quarter of 2014, lower earnings from fixed annuities and the divestment of Canada. The quarter included adverse mortality of EUR 17 million.

In the Netherlands, underlying earnings increased by 4% to EUR 136 million, as favorable mortality and one-time items were partly offset by higher non-life claims and lower investment income.

Underlying earnings from Aegon s operations in the United Kingdom were up 9% to EUR 34 million in the second quarter of 2015, mainly as a result of favorable currency movements.

Underlying earnings from New Markets were stable at EUR 62 million. Higher asset management and performance fees offset lower earnings in other markets and the divestment of Aegon s stake in La Mondiale Participations.

Total holding costs remained flat at EUR 41 million.

Net income

Net income slightly increased to EUR 350 million. Higher underlying earnings and lower taxes were offset by a higher loss on fair value items and lower realized gains.

Fair value items

The loss from fair value items amounted to EUR 293 million. This loss was mainly driven by hedging programs in the United States and the Netherlands and alternative investments, which more than offset a gain on interest rate swaps on perpetuals at the holding of EUR 118 million as a result of higher interest rates. The loss in the Netherlands was driven by hedge ineffectiveness, which was only partly offset by the benefit from higher interest rates and credit spreads.

Realized gains on investments

Realized gains on investments amounted to EUR 134 million. These were primarily related to portfolio rebalancing in the Netherlands in a low rate environment.

Impairment charges

Gross impairments remained low as a result of the favorable credit environment. This, in combination with net recoveries, led to a positive result of EUR 7 million in the second quarter of 2015.

Other charges

Other charges amounted to EUR 11 million, the result of charges for policyholder taxes in the United Kingdom which were offset by an equal amount in the income tax line.

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Run-off businesses

The result from run-off businesses improved to EUR 3 million.

Income tax

Income tax amounted to EUR 39 million in the second quarter, driven by tax benefits in the United States and the United Kingdom. The effective tax rate on underlying earnings was 21%, impacted favorably by tax credits related to solar energy investments in the United States.

Return on equity

Return on equity was 8.2% in the second quarter of 2015, lower than prior year due to higher shareholders equity. Return on equity for Aegon s ongoing businesses, excluding the capital allocated to the run-off businesses, amounted to 8.9% over the same period.

Operating expenses

In the second quarter, operating expenses increased by 14% to EUR 923 million, driven by a stronger US dollar, higher investments in technology-related initiatives and project related expenses. At constant currencies, the increase was 2%.

Sales

Aegon s total sales were up 18% to EUR 2.4 billion in the second quarter of 2015, the result of a stronger US dollar, higher asset management deposits and increased indexed universal life sales. Gross deposits increased by 29%, driven by higher deposits in Aegon Asset Management and strong growth in bank deposits in the Netherlands. Net deposits, excluding run-off businesses, declined to EUR 3.3 billion. This was due to lower net inflows in Aegon Asset Management and lower net inflows in variable annuities, as a result of the successful enhanced alternative lump sum offer for the legacy GMIB block. New life sales were up 1% to EUR 518 million, as higher indexed universal life sales in the United States and favorable currency movements more than offset lower sales in the Netherlands and United Kingdom. New premium production for accident & health and general insurance was down slightly to EUR 248 million, as the effect of a stronger US dollar was more than offset by lower portfolio takeovers in the United States.

Market consistent value of new business

The market consistent value of new business amounted to EUR 183 million. The positive effect of currency movements and product adjustments in the United States was more than offset by the negative impact of lower interest rates.

Revenue-generating investments

Revenue-generating investments increased by 1% during the second quarter of 2015 to EUR 645 billion. This increase was driven by the acquisition of the 25% stake in La Banque Postale Asset Management and net inflows, which more than offset the unfavorable effect of market movements resulting from higher interest rates on the fixed income portfolio.

Capital management

Shareholders equity declined EUR 2.4 billion compared with the end of the first quarter of 2015 to EUR 25.0 billion on June 30, 2015. This was mainly caused by higher interest rates, which resulted in lower revaluation reserves on fixed income portfolios. The revaluation reserves were down by EUR 2.7 billion to EUR 7.2 billion. Aegon s shareholders equity, excluding revaluation reserves and defined benefit plan remeasurements, declined to EUR 19.3 billion or EUR 9.09 per common share at the end of the second quarter. This was driven by unfavorable currency movements and the payment of the final dividend for 2014, which more than offset net income generated during the quarter.

The gross leverage ratio further improved to 27.7% in the second quarter, well within the target range of 26-30%, driven by earnings generated in the quarter, net of the payment of the final dividend. Excess capital in the holding increased to EUR 1.5 billion. Dividends of EUR 0.6 billion paid to the holding by the United States were largely offset by the payment of the final dividend for 2014, the investment in La Banque Postale Asset Management, interest payments, the effect of currency hedges and operating expenses.

Aegon s Insurance Group Directive (IGD) solvency ratio declined to 206% in the second quarter, mainly driven by negative market impacts. The capital in excess of the S&P AA threshold in the United States declined to USD 1.0 billion, due to dividends paid to the holding and negative market impacts. In the Netherlands, the IGD ratio, excluding Aegon Bank, declined to ~225%, driven by adverse market impacts. The Pillar I ratio in the United Kingdom, including the with-profit fund, remained stable at ~135%.

Aegon has obtained more clarity from the regulator on a number of items regarding Solvency II, which include amongst others volatility adjuster modelling in the Netherlands, use of matching adjustment in the United Kingdom and calibration of the US RBC ratio conversion at 250%. As a result, the company expects its Solvency II ratio to be in a tightened range of 140% to 170%, as there are still uncertainties remaining. Furthermore, Aegon has applied for the use of its internal model and is currently awaiting regulatory approval.

Operational free cash flows

Operational free cash flows excluding market impacts and one-time items amounted to EUR 388 million in the second quarter of 2015. The one-time items of EUR 256 million were primarily related to tax benefits arising from the re-domestication of a block of variable annuity business to the United States. Negative market impacts amounted to EUR 677 million and were mainly the result of interest rate mismatches and hedge losses in the Netherlands and the United States. Operational free cash flows including market impacts and one-time items amounted to a negative EUR 34 million for the quarter.

Interim dividend

Aegon aims to pay out a sustainable, growing dividend, in line with the growth of its cash flows. This policy is reflected in the increase of the 2015 interim dividend to EUR 0.12 per common share. The interim dividend will be paid in cash or stock at the election of the shareholder. The value of the stock dividend will be approximately equal to the cash dividend. Aegon will neutralize the dilutive effect of the stock dividend on earnings per share.

Aegon s Euronext-listed shares will be quoted ex-dividend on August 21, 2015, whereas its NYSE-listed shares will be quoted ex-dividend on August 20, 2015. The record date is August 24, 2015. The election period for shareholders will run from August 26 up to and including September 11, 2015. The stock fraction will be based on the average share price on Euronext Amsterdam from September 7 through September 11, 2015. The stock dividend ratio will be announced on September 15, 2015 and the dividend will be payable as of September 18, 2015.

Financial overview, Q2 2015 geographically

EUR millions	Americas	The Netherlands	United Kingdom	New Markets	Holding, other activities & eliminations	Total
Underlying earnings before tax by line of business						
Life	110	80	28	9		227
Individual savings and retirement products	157			(3)		154
Pensions	88	51	6	3		148
Non-life		(1)		8		8
Asset Management				46		47
Other		3			(41)	(38)
Share in underlying earnings before tax of associates	2	2		(1)		4
Underlying earnings before tax	**358**	**136**	**34**	**62**	**(41)**	**549**
Fair value items	(288)	(117)	(7)	(3)	123	(293)
Realized gains / (losses) on investments	(25)	101	54	4		134
Net impairments	9	(3)		1		7
Other income / (charges)			(11)			(11)
Run-off businesses	3					3
Income before tax	**55**	**117**	**70**	**63**	**82**	**389**
Income tax	26	(26)	5	(24)	(20)	(39)
Net income	**82**	**91**	**75**	**39**	**63**	**350**
Net underlying earnings	**278**	**106**	**38**	**38**	**(28)**	**433**

Employee numbers

	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014
Employees	**28,241**	**27,824**	**28,602**
of which agents	5,207	5,020	5,713
of which Aegon s share of employees in joint ventures and associates	1,694	1,628	1,614

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AMERICAS

- **Underlying earnings amounted to USD 396 million, impacted by adverse mortality**
- **Net income of USD 89 million due to higher losses on fair value items**
- **Sales of life insurance up 2% to USD 175 million, driven by indexed universal life**
- **Gross deposits of USD 10.0 billion; net deposits of USD 2.0 billion**

Underlying earnings before tax

Underlying earnings from the Americas in the second quarter of 2015 declined to USD 396 million. Higher earnings from growth in the variable annuity and pension balances, driven by both markets and net inflows, were more than offset by the impact on recurring earnings of the actuarial assumption changes and model updates implemented in the third quarter of 2014, lower fixed annuity earnings and the divestment of Canada.

- Life & Protection earnings declined to USD 126 million. Earnings from life insurance amounted to USD 68 million, which included adverse mortality of USD 19 million. Mortality improved compared with the previous quarter as a result of a decline in the frequency of claims. Accident & health insurance earnings amounted to USD 58 million, in line with expectations.

- Earnings from Investments & Retirement were stable at USD 272 million. Retirement plan earnings increased by 10% to USD 72 million, as higher fee income from higher account balances was partly offset by a USD 3 million loss related to mortality experience in the pension buy-out block. Variable annuity earnings were up 5% to USD 127 million, as higher fee income from higher account balances were partly offset by a model adjustment of USD 7 million resulting from a change in fund managers on a part of the asset base. Earnings from retail mutual funds were stable at USD 11 million. Fixed annuity earnings declined to USD 37 million, driven by the impact of continued balance reduction and an adjustment to the intangible balances of USD 5 million that resulted from asset portfolio changes. Earnings from stable value solutions declined to USD 25 million, due to lower account balances resulting from net outflows.

- Latin America contributed a loss of USD 2 million in underlying earnings for the quarter.

Net income

Net income from Aegon s businesses in the Americas amounted to USD 89 million in the second quarter, driven by lower underlying earnings, higher losses from fair value items and losses on investments.

Results from fair value items amounted to a loss of USD 321 million.

Fair value hedges with an accounting match, which include the hedges on Aegon s GMWB variable annuities, contributed a loss of USD 47 million, primarily caused by the tightening of the spread between the swap and treasury curves.

The loss on fair value hedges without an accounting match under IFRS, relating to the macro hedge on the GMIB variable annuities block and hedges that protect against low interest rates, was USD 213 million. This was higher than anticipated, driven by the impact of higher interest rates on the value of hedges on an IFRS basis, adjustments to the equity hedge program and losses related to the successful uptake of the enhanced alternative lump sum offering for legacy GMIB products.

Fair value investments amounted to a loss of USD 61 million, primarily driven by an underperformance of oil and gas related investments and hedge funds.

Realized losses on investments of USD 28 million were primarily related to investments in emerging markets and the energy sector. Gross impairments remained low and were more than offset by recoveries on residential mortgage-backed securities, resulting in a net positive USD 10 million for the quarter. The results of run-off businesses improved to USD 3 million.

Return on capital

In the second quarter of 2015, the return on average capital invested in Aegon s business in the Americas, excluding revaluation reserves and defined benefit plan remeasurements, increased to 7.3%. Excluding capital allocated to the run-off businesses, return on capital amounted to 8.2%. The return on capital of Aegon s businesses excludes the benefit of leverage at the holding.

Operating expenses

Operating expenses decreased by 4% to USD 453 million, mainly due to the divestment of Canada. Excluding this divestment, expenses increased by 2% compared with the second quarter of 2014. This was driven by growth of the business, investments in technology and higher employee benefit expenses, partly offset by lower restructuring charges.

Sales

New life sales were up 2% to USD 175 million, as growth in indexed universal life production more than offset the divestment of Canada and the withdrawal of the universal life secondary guarantee product due to the low interest rate environment. New premium production for accident and health insurance declined to USD 237 million, mainly resulting from a lower contribution from portfolio acquisitions than in the comparable quarter. Excluding these acquisitions, sales were in line with the second quarter of 2014.

Gross deposits amounted to USD 10.0 billion. Gross deposits in pensions declined to USD 6.6 billion, primarily due to lower takeover deposits. However, recurring deposits increased by 8% compared with the second quarter of 2014, both from new plan participants and higher contributions resulting from the continued focus on retirement readiness. Gross deposits in variable annuities were down to USD 2.1 billion, mainly driven by product adjustments implemented in the previous quarters in response to the low interest rate environment. Gross deposits in mutual funds were up 28% to USD 1.2 billion.

Net deposits, excluding run-off businesses, amounted to USD 2.1 billion in the second quarter. Net deposits for retirement plans were down to USD 2.1 billion, driven by lower takeover deposits and higher contract discontinuances. In the first half of 2015, the asset retention rate increased to approximately 13%, up from 11% in the first half of 2014. Aegon remains on track to meet its 20% target in the medium term. Net deposits in variable annuities amounted to USD 0.4 billion, mainly due to outflows resulting from the successful enhanced alternative lump sum offer for the legacy GMIB block. This offer generated outflows of USD 0.6 billion in the second quarter of 2015 and USD 1.0 billion in 2015 by the end of July. Net deposits on the core variable annuity block remained strong at approximately USD 1 billion. Net inflows in mutual funds were USD 0.1 billion. Fixed annuities experienced net outflows of USD 0.5 billion in line with the strategic repositioning of the business.

Market consistent value of new business

The market consistent value of new business declined to USD 102 million in the second quarter of 2015, primarily driven by a lower contribution from variable annuities and life products, in addition to the divestment of Canada. The former was caused by lower interest rates, which more than offset the product adjustments to improve the margins of variable annuities implemented in previous quarters.

Revenue-generating investments

Revenue-generating investments declined 2% to USD 384 billion over the second quarter. Investments for account of policyholders and off balance sheet investments for third parties were stable, as net deposits were offset by negative market movements. General account assets declined 7% over the quarter, due to the effect of rising interest rates and outflows from the run-off businesses and fixed annuities.

Americas

USD millions	Notes	Q2 2015	Q1 2015	%	Q2 2014	%	YTD 2015	YTD 2014	%
Underlying earnings before tax by line of business									
Life insurance		*68*	*1*		*103*	*(34)*	*69*	*178*	*(61)*
Accident & health insurance		*58*	*37*	*56*	*65*	*(11)*	*95*	*131*	*(28)*
Life & protection		126	38		167	*(25)*	164	309	*(47)*
Retirement plans		*72*	*68*	*5*	*65*	*10*	*140*	*126*	*11*
Mutual funds		*11*	*10*	*12*	*11*		*21*	*23*	*(6)*
Variable annuities		*127*	*157*	*(19)*	*120*	*5*	*284*	*229*	*24*
Fixed annuities		*37*	*28*	*33*	*52*	*(29)*	*65*	*110*	*(41)*
Stable value solutions		*25*	*25*	*1*	*27*	*(7)*	*51*	*55*	*(8)*
Investments & retirement		272	288	*(6)*	276	*(1)*	561	543	*3*
Canada					10			14	
Latin America		(2)	1				(1)	2	
Underlying earnings before tax		**396**	**327**	***21***	**454**	***(13)***	**723**	**868**	***(17)***
Fair value items		(321)	(102)		(162)	*(98)*	(423)	(229)	*(85)*
Realized gains / (losses) on investments		(28)	(33)	*16*	70		(60)	82	
Net impairments		10	(4)		21	*(53)*	5	25	*(79)*
Other income / (charges)					(15)			(11)	
Run- off businesses		3	9	*(67)*	(1)		12	18	*(35)*
Income before tax		**60**	**197**	***(70)***	**367**	***(84)***	**257**	**754**	***(66)***
Income tax		29	(34)		(71)		(5)	(157)	*97*
Net income		**89**	**163**	***(45)***	**296**	***(70)***	**252**	**597**	***(58)***
Net underlying earnings		**308**	**235**	***31***	**318**	***(3)***	**543**	**608**	