

AEGON NV
Form 20-F/A
October 05, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-10882

AEGON N.V.
(Exact name of Registrant as specified in its charter)

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Not Applicable
(Translation of Registrant's name into English)

The Netherlands
(Jurisdiction of incorporation or organization)

AEGONplein 50, PO Box 85, 2501 CB The Hague, The Netherlands
(Address of principal executive offices)

Darryl Button

Executive Vice-President

AEGON N.V.

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

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Title of each class	Name of each exchange on which registered
Common shares, par value EUR 0.12 per share Securities registered or to be registered pursuant to Section 12(g) of the Act.	New York Stock Exchange

Not applicable
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 1,909,654,051 common shares

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by checkmark which basis of accounting the registrant has used to prepare the financial statements included in this filing

U.S. GAAP International Financial Reporting Standards as issued Other

by the International Accounting Standards Board

If other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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EXPLANATORY NOTE

In response to certain comments made by the staff of the Securities and Exchange Commission, AEGON N.V. hereby amends Items 3A, 5A and 18 of AEGON N.V.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2011, which was originally filed on March 23, 2012 (the "Original Form 20-F"), as follows:

Item 3A Selected financial data has been amended to remove the reference to earnings per share, excluding premium on convertible core capital securities from the table entitled selected consolidated income statement information on page 12.

Item 5A Operating results has been amended to present a reconciliation from net underlying earnings to net income and disclose that this is the after-tax equivalent of underlying earnings for the 2011 and 2010 worldwide results included on pages 16 and 21 respectively and the individual segments (Americas, The Netherlands, United Kingdom and New Markets) included on pages 24, 27, 43, 45, 53, 55, 62 and 65.

Item 18 Financial Statements has been amended to (1) present basic earnings per share and diluted earnings per share on the face of the income statement, (2) remove the line-items Earnings per share, excluding premium on convertible core capital securities, Earnings per share after potential attribution to convertible core capital securities and Diluted earnings per share after conversion of convertible core capital securities on page 132, (3) remove the earnings per share, excluding premium on convertible core capital securities line-item from the basic earnings per share table in Note 19 on page 243, (4) change the column titles in the segment information note on pages 225 to 227 from Non-IFRS Total to Segment Total and from Total IFRS based to Consolidated, and (5) clarify that the Total Capital Base includes separate presentation of borrowings based on the deployment of the proceeds and is provided to senior management to manage capital.

No other changes have been made to the Original Form 20-F. Among other things, none of the changes included in this Form 20-F/A affect underlying earnings, net income or shareholders' equity nor does this Form 20-F/A reflect events occurring after the filing of the Original Form 20-F or modify or update the disclosure therein in any way other than as required to reflect the amendments described above.

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INTRODUCTION

FILING

This document contains AEGON's Annual Report 2011 and will also be filed as AEGON's Annual Report on Form 20-F with the United States Securities and Exchange Commission (SEC).

PRESENTATION OF CERTAIN INFORMATION

AEGON N.V. is referred to in this document as AEGON, , or the company. AEGON N.V. together with its member companies are together referred to as the AEGON Group. For such purposes, member companies means, in relation to AEGON N.V., those companies that are required to be consolidated in accordance with legislative requirements of the Netherlands relating to consolidating accounts. References to the NYSE are to the New York Stock Exchange. References to the SEC are to the Securities and Exchange Commission.

In this document, references to EUR and euro are to the lawful currency of the member states of the European Monetary Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union. References to USD, and US dollars are to the lawful currency of the United States of America, references to GBP, pound sterling and the UK pound are to the lawful currency of the United Kingdom, references to CAD and Canadian dollars are to the lawful currency of Canada, and references to CNY are to the lawful currency of the People's Republic of China.

ABOUT THIS REPORT

This report serves as the Annual Report in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), with IFRS as issued by the International Accounting Standards Board (IASB), with Part 9 of Book 2 of the Netherlands Civil Code and as the Annual Report on Form 20-F as filed with the US Securities and Exchange Commission for the year ended December 31, 2011, for AEGON N.V. (the company) and its subsidiaries (collectively known as AEGON). This report presents the Consolidated Financial Statements of AEGON (pages 132-311) and Parent Company Financial Statements of AEGON (pages 312-325). Cross references to the prescribed sections of the Annual Report Form on 20-F are set out on pages 344 and 345 of this Annual Report.

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4 / LETTER OF THE CEO

Alex Wynaendts, CEO

FULFILLING PROMISES

No single factor is more critical to the success of a financial services company than the trust of its customers. At AEGON, we regard the trust and confidence of those who rely on us to help them take responsibility for their financial security as both a measure of our performance and the strength of our potential. In what continues to be a time of considerable economic uncertainty, we are committed to providing our customers reliable solutions that address the full range of financial security needs at every stage of life and for an increasingly longer retirement. This is both our mission and promise.

The severe economic crises that confronted the euro zone during 2011 forced governments to adopt drastic fiscal austerity measures, further undermining consumer confidence and dimming prospects for growth in the near-term. At the same time, in AEGON's largest market—the United States—economic recovery has been slow, with conditions improving in the last quarter of the year. The resulting historically low interest rate environment continues to pose particular challenges for our business. Despite these adverse factors, however, I am pleased to report that we achieved meaningful progress in delivering on AEGON's strategic priorities, not least of which was the full repurchase of the capital provided by the Dutch State in 2008. Our ability to fulfill this key objective—and within the time frame promised—is clear evidence that our strategy is delivering its intended results. Moreover, AEGON's continued strong balance sheet has enabled us to reaffirm our intention to propose a dividend to common shareholders related to the second half of 2011.

Over the past year, we pursued a broad range of actions to realign our operations to the new realities of today's environment and enable us to fully exploit the substantial opportunities for our core businesses of life insurance, pensions and asset management. These actions reflect our focus on four strategic areas that are critical to AEGON's long-term success.

In our efforts to fully Optimize our Portfolio, we completed the divestiture of AEGON's life reinsurance business, Transamerica Reinsurance, as well as the sale of Guardian, a closed book of life insurance business in the United Kingdom.

The reorganization of our operations in the United States that began in 2009 is now complete with the consolidation of 12 divisions into three core operating divisions. Going forward in the UK, we are well-positioned to capture new growth opportunities arising from changes in consumer trends and market developments. An essential component of our strategy is to expand in those markets that offer strong growth and high returns given favorable demographics as well as political and economic developments. This is why we have established a new regional headquarters in Hong Kong. Our new team there is now responsible for coordinating AEGON's activities throughout Asia and fully leveraging our capabilities to support our ambitions in China, Japan and India, as well as in our other Asian markets. In India we have been the first to introduce direct sales with the development of a new online life insurance product known as iTerm. This is an example of how we are exploiting innovation and technology to serve the growing demand for life insurance in this important emerging market for AEGON. We are also focused on capturing opportunities throughout the Central & Eastern Europe region where our businesses in Hungary, Poland and Turkey, in particular, are delivering strong results. Similarly, Latin America is a key market for AEGON where we are pursuing growth in Brazil through our partnership, Mongeral AEGON.

Our second key strategic objective is to Enhance Customer Loyalty. In every market around the world, individuals and families increasingly realize that their financial security depends on the decisions they make to build and protect their assets. As such, we are committed to providing simpler, more transparent products and high quality services.

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In order to track our progress, we have introduced a measurement tool known as Net Promoter Score which will enable us to measure more consistently our efforts to increase customer loyalty across our businesses. Recognizing the role which a strong brand plays in strengthening customer preference, a new multimedia campaign to reposition our lead retail brand in the United States *Transamerica* was launched during the year. The underlying premise of the campaign is to highlight our strong expertise in helping customers achieve their financial goals and longer-term ambitions. All of these efforts support our aim to establish an ongoing relationship with our customers, while also enhancing AEGON's competitive advantages.

Our commitment to fulfilling AEGON's third strategic priority *Delivering Operational Excellence* has been demonstrated over the past year by achieving substantial cost and operational efficiencies. In the United Kingdom, we achieved our 2011 target to reduce the overall cost base of operations by GBP 80 million, resulting in a more streamlined and focused organization. Supporting our aim to create a more responsive and efficient organization in the Netherlands, we implemented a significant restructuring program that will reduce costs by EUR 100 million – the majority of which will be realized in 2012. In the Dutch market, AEGON is a leading provider of pension products, and we aim to further solidify our position to capture opportunities arising in the market.

Reducing costs represents one aspect of how we are improving our operations; making critical investments for the future represents an equally important aspect. In our operations globally, we are investing in new web-based technology to enable us to deliver a broader range of retirement and savings products as well as facilitating greater ease of interaction for our customers. Also during past year, we established AEGON Global Technology (AGT) to leverage our investments in IT infrastructure for the benefit of all of AEGON's operations in Europe, the Americas and Asia.

Our fourth strategic objective *Empowering Employees* represents the most critical factor in our aim to differentiate AEGON. What we do and how we do it are the determining factors in our current and future success. This is why we are introducing new talent management programs to ensure that we attract the most promising individuals to lead and support our business. It is then our aim to retain them, enhance their capabilities and support them in helping our customers achieve financial security. Ensuring a more effective performance management approach across AEGON, management incentives have been aligned with our key strategic objectives.

AEGON is a company significantly transformed. We have taken decisive steps to ensure that our businesses continue to adapt and grow in today's rapidly changing environment. AEGON today is a much stronger company, both from a financial and operational point of view. We have substantially reduced our exposure to the volatility of financial markets while creating a more focused and efficient organization. Consequently, we are well-positioned to leverage our considerable expertise and resources for the benefit of our customers, business partners, employees and shareholders.

On behalf of the entire Management Board, I wish to express our gratitude to AEGON's dedicated employees who have made possible the progress highlighted in this report. I also thank our many shareholders and other stakeholders whose confidence is essential as we work to deliver the sustainable value which they have every reason to expect.

Alex Wynaendts
Chief Executive Officer and Chairman

of the Executive Board of AEGON N.V.

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COMPOSITION OF THE EXECUTIVE BOARD AND THE MANAGEMENT BOARD

ALEXANDER R. WYNAENDTS (1960, DUTCH)

Chief Executive Officer

Chairman of the Executive Board

Chairman of the Management Board

Alex Wynaendts began his career in 1984 with ABN AMRO Bank, working in Amsterdam and London in the Dutch bank's capital markets, asset management, corporate finance and private banking operations. In 1997, Mr. Wynaendts joined AEGON as Senior Vice President for Group Business Development. Since 2003, he has been a member of AEGON's Executive Board, overseeing the company's international growth strategy. In April 2007, Mr. Wynaendts was named AEGON's Chief Operating Officer. A year later, he became CEO and Chairman of AEGON's Executive and Management Boards.

MARK MULLIN (1963, US CITIZEN)

Member of the Management Board

Chief Executive Officer of AEGON Americas

Mark Mullin has spent more than 20 years with AEGON in various management positions in both the United States and Europe. Mr. Mullin has served as President and CEO of one of AEGON's US subsidiaries, Diversified Investment Advisors, and as head of the company's annuity and mutual fund businesses. In January 2009, he was named President of AEGON Americas and became President and CEO of AEGON Americas and a member of the Management Board one year later.

MARCO B.A. KEIM (1962, DUTCH)

Member of the Management Board

Chief Executive Officer of AEGON The Netherlands

Marco Keim began his career with accountants Coopers & Lybrand / Van Dien. Mr. Keim has also worked for aircraft maker Fokker Aircraft and NS Reizigers, part of the Dutch railway company, NS Group. In 1999, he joined Swiss Life in the Netherlands as a member of the Board. Three years later, Mr. Keim was appointed CEO. In June 2008, he became CEO of AEGON The Netherlands and member of AEGON's Management Board.

JAN J. NOOITGEDAGT (1953, DUTCH)

Chief Financial Officer

Member of the Executive Board

Member of the Management Board

Jan Nooitgedagt has worked in Europe's financial services sector for over 30 years. Formerly with PWC, he joined Ernst & Young in 1980, becoming a partner in the firm in 1989. Mr. Nooitgedagt headed Ernst & Young's financial services business in the Netherlands for five years until his appointment in 2005 to the firm's Executive Committee. A year later, Mr. Nooitgedagt was appointed Chairman of Ernst & Young in the Netherlands and became Managing Partner for the Netherlands and Belgium in July 2008. He was appointed member of AEGON's Executive

Board and Chief Financial Officer in April 2009.

GÁBOR KEPECS (1954, HUNGARIAN)

Member of the Management Board

Chief Executive Officer of AEGON Central & Eastern Europe

Gábor Kepecs began his career with the Hungarian government before joining former state-owned insurance company Állami Biztosító. In 1990, he was appointed CEO, two years before Állami Biztosító was privatized and acquired by AEGON. Between 1992 and 2009, Mr. Kepecs was the CEO of AEGON Hungary. In that time, he has headed the expansion of AEGON's businesses not only in Hungary but also across the Central & Eastern European region. Mr. Kepecs has been a member of AEGON's Management Board since it was established in 2007.

ADRIAN GRACE (1963, BRITISH)

Member of the Management Board

Chief Executive Officer of AEGON UK

Adrian Grace built his career at GE Capital, where he held a variety of business development roles including periods based in the US and Far East. Mr. Grace also held managing director roles at Sage Group, HBoS and Barclays Insurance, and is a member of the Board of Scottish Financial Enterprise. Mr. Grace was appointed Chief Operating Officer of AEGON UK in February 2010, and then CEO in March 2011. He was appointed to AEGON's Management Board in February 2012, subject to approval of the Dutch Central Bank.

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AEGON'S STRATEGY

AEGON is one of the world's leading providers of life insurance, pensions and asset management, with businesses in more than 20 countries in the Americas, Europe and Asia. AEGON employs over 25,000 people, who serve nearly 47 million customers and carries EUR 424 billion in revenue-generating investments.

The year 2011 was one of transformation for AEGON as its businesses continued to carry out significant restructuring programs to achieve greater operational and cost efficiencies and further sharpen the company's focus on its core businesses—life insurance, pensions and asset management. And continuing forward, the company is increasing efficiency by encouraging innovation, and focusing even more on providing products and services that serve its customers' changing needs.

COMPLETION OF CAPITAL REPURCHASE FROM THE DUTCH STATE

In June 2011, AEGON completed a key strategic priority—the full repurchase of the capital AEGON received from the Dutch State at the height of the financial crisis in 2008. The amount AEGON repaid totaled EUR 4.1 billion. Of this amount, EUR 3 billion covered the repurchase of the original issue of convertible core capital securities, while an additional EUR 1.1 billion was paid in premium and interest. With the repurchase completed, AEGON has now even more focus on achieving sustainable profitable growth with a substantially improved risk-return profile.

MARKET CONDITIONS

After a relatively positive start, the macroeconomic environment deteriorated significantly over the course of 2011. US economic growth was lower than previously expected. Economic growth in Europe was mixed, but in general was negatively impacted by a deepening of the sovereign debt crisis. Growth in the emerging markets of Asia and Latin America continued to be strong. In Central & Eastern Europe, the picture remained mixed with Poland experiencing strong growth and Hungary showing generally weak performance.

The differences in the growth profiles of the United States and Europe is reflected in the development of the main equity indices. In general, equity markets were negatively impacted by the earthquake in Japan in March, and by the worsening macroeconomic sentiment in July and August. Toward the end of the year, the US and main European indices strengthened. The S&P 500 closed the year at around the same level as it started. The FTSE ended slightly lower and the main continental European indices ended considerably lower. Equity volatility spiked in the third quarter and edged down again towards the end of the year.

Interest rates developments also differed. Safe haven countries (mainly the United States, Germany and the Netherlands) experienced a significant drop in long-term interest rates. At the end of the third quarter, 10-year interest rates dropped to below 2%, compared to around 3% at the start of 2011. At the same time, interest rates spreads of the pressured euro zone countries in relation to German bonds increased significantly. Greece and Portugal showed by far the largest spread increases. In the course of the year, Italy and, to a lesser degree France, also came under pressure. The spread of the crisis to Italy occurred more or less in line with a weakening of the euro versus the US dollar. Over the first four months of 2011, the euro strengthened against the US dollar from 1.33 to 1.49, after which it weakened to 1.30 at year-end.

The worsening economic environment also had an impact on corporate spreads. After initially trending down, corporate spreads increased strongly and remained elevated at year-end. The spreads rose to around 2002 recession levels, but remained clearly lower than the 2008 levels.

2012 began with some positive consumer confidence indicators and other favorable macroeconomic data, while equity markets continued to strengthen. However, in general the outlook for the year remains weak and there continues to be considerable economic uncertainty. Economic growth for the United States is expected to remain weak, but shows a positive trend. A shallow recession is expected for the euro zone. The actual outcome will be dependent on the development of the sovereign debt crisis, and as such, could be worse if the crisis deepens further.

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The difficult market environment and the persistently low interest rates in particular, had a negative impact on AEGON's sales and value of new business. On the other hand, the drop in interest rates had a positive effect on the revaluation reserve, as did the strengthening of the US dollar versus the euro. Nevertheless, the low interest rate environment will remain a challenge going forward. AEGON's exposure to peripheral European countries was reduced further during 2011, totaling 3% of AEGON's general account.

LONG-TERM INDUSTRY TRENDS

The financial crisis that began in 2008 brought a shift in financial market and economic conditions. AEGON initially focused on measures designed to combat the effects of the financial crisis. The company transformed its approach, strengthening its balance sheet, lowering costs and significantly improving its overall risk-return profile. These measures enabled AEGON to emerge from the financial crisis in a sound financial position and further positioned its businesses to withstand the continued turmoil throughout 2011.

The insurance and pensions industry is continuing to go through a period of significant change. AEGON's opportunity and challenge is to understand the nature of this change, and respond effectively in each of its markets. The industry also faces the challenge of further reforms to financial regulations and capital adequacy requirements.

There are several factors creating significant growth potential for AEGON's businesses:

In many countries, people are living longer, healthier lives. People are spending longer in retirement than before, and there is a growing demand for life insurance, private pensions and long-term investment products.

Working populations in many countries are shrinking. This means that there are fewer economically active people to fund traditional pay-as-you-go state pensions. As a result, governments, particularly in Western Europe, are under pressure to reform pension systems. At the same time, individuals are increasingly relying on private sector providers to help them finance their retirement. The private sector providers are well positioned to provide this service. However, they do have to face the challenge of low interest rates and low and volatile equity market returns.

Emerging markets are becoming more important. Economic growth and political reform have opened up new markets in Central & Eastern Europe, Asia and Latin America. In these markets, a new and ambitious middle class is emerging, and with it a rise in demand for life insurance, pensions and asset management products and services. The potential of these markets is substantial. China and India account for 40% of the world's population, but currently only 8% of the global life insurance market. The regulatory environment is one of the challenges of operating in these markets.

Distribution patterns are changing due to new technology and new laws and changes in regulatory environment. Customers are increasingly using the Internet and social media to locate and purchase financial services. In some countries, this has led to the emergence of new competitors using online distribution models, or non-traditional suppliers such as supermarkets and retailers. Established providers are under increasing pressure to reduce costs and adapt their systems of distribution.

Customer behavior is also changing. Customers are more aware of financial risk and they want simpler, more transparent products with clear guarantees. At the same time, public trust in the financial sector has diminished. In response, governments are introducing new regulations to protect consumers. The industry is responding by becoming more customer-centric.

AEGON'S STRATEGY

AEGON's ambition is to become a leader in all its chosen markets by 2015. This means becoming the most recommended life and pensions provider among customers, the preferred partner among distributors and the employer of choice for both current and prospective employees.

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In order to achieve its ambition, AEGON has defined four strategic areas of focus which it regards as essential to positioning its businesses for the growth opportunities it has identified in each of its markets:

Optimize Portfolio Focus on those businesses that reflect AEGON's core expertise and which adhere to AEGON's risk and return requirements.

Enhance Customer Loyalty Establish a life-long relationship with customers to serve their diverse needs throughout the life cycle; providing simpler, transparent products and services.

Deliver Operational Excellence Fully leverage AEGON's significant expertise and resources across the organization; investing in technology to drive innovation and enable cost and operational efficiencies.

Empower Employees Provide the environment and resources necessary for employees to realize their full potential, while fostering a customer-centric culture that embraces new thinking and new approaches for responding to opportunities and customer demand.

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During 2011, AEGON made clear progress with each of these key strategic objectives:

OPTIMIZE PORTFOLIO

AEGON completed the divestment of its life reinsurance business, Transamerica Reinsurance, to SCOR, the French reinsurance company, on August 9, 2011.

AEGON completed on November 24, 2011, the sale of Guardian, a UK-based life and pensions company that had been closed to new business since 2001.

In moves to increase the earnings derived from fee-based business, instead of spread-based business, AEGON achieved substantial growth in its retirement related products and services in the United States, including its strong variable annuity business.

ENHANCE CUSTOMER LOYALTY

In order to ensure that AEGON's businesses fully understand the developing needs of their customers, and regularly measure customer loyalty on a consistent basis, several of AEGON's businesses have adopted the Net Promoter Score (NPS) measurement system.

In the United States, AEGON's prominent retail brand, Transamerica, introduced a refreshed brand campaign, asserting its new positioning as the Tomorrow Makers. All of AEGON's US retail operations have now been brought together under the Transamerica brand.

With a focus on creating a new culture of innovation, AEGON's senior leaders have committed to identifying ways to leverage best practices in the areas of product development, online distribution, and technology.

AEGON rebranded its asset management business in the United Kingdom to Kames Capital in order to enhance distinctive third party proposition in the marketplace.

AEGON Religare in India launched the first online life insurance product in the country iTerm.

DELIVER OPERATIONAL EXCELLENCE

AEGON achieved its target to reduce costs in its operations in the United Kingdom by 25%, in order to improve returns, with GBP 80 million in cost reductions during 2011.

With the aim of creating a more focused and efficient organization in the Netherlands, AEGON initiated a major transformation program within AEGON The Netherlands, targeting EUR 100 million in cost reductions by 2013.

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AEGON in the United States continued its restructuring program, during the course of 2011, consolidating a number of operations and functions to create greater cost and operational efficiencies. These included the consolidation of its Louisville, Kentucky, office with two operations in Baltimore, Maryland.

AEGON Global Technology was formed to leverage IT investments, share best practices, and capture cost efficiencies. The European data center that was formed to coordinate the IT operations of AEGON's European businesses was made part of this new global IT organization.

EMPOWER EMPLOYEES

Management incentives across AEGON's businesses have been aligned with clear performance targets.

AEGON has introduced a more structured, global approach for identifying, supporting and retaining the company's top talent.

AEGON has redesigned its leadership program known as AEGON University in cooperation with Duke Corporate Education of Duke University in the United States, ranked number one globally by the Financial Times and Business Week as a provider of custom executive education.

AEGON's global Employee Survey, resulted in 78% participation rate among employees internationally, and actions to address responses are being implemented on all business levels into 2012.

SUSTAINABILITY

AEGON believes it makes a valuable contribution to society both as a provider of long-term financial products and services and as a responsible employer and investor. The company's approach to sustainability is based on two main considerations:

Responsible management of resources, whether financial, human or material resources.

Active engagement with the company's leading stakeholder groups – customers, business partners and distributors, employees, investors and the wider communities in which AEGON operates.

Sustainability is at the heart of AEGON's approach to business, its brand and values, as well as the company's four strategic priorities: Optimize Portfolio, Enhance Customers Loyalty, Deliver Operational Excellence, and Empower Employees. AEGON's key objective is to create a sustainable, profitable business by forging long-term relationships with its customers, and helping them build secure financial futures for themselves and their families.

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GOVERNANCE

AEGON's Group Sustainability department is based in The Hague. This department is responsible for the company's policies and initiatives in this area, and coordinates the work of those managers responsible for sustainability at the company's individual country and operating units. The Global Head of Sustainability reports directly to AEGON's CEO and to the Management Board member responsible for sustainability issues. Questions of strategy and policy are subject to approval by AEGON's Executive and Management Boards. Sustainability is also regularly discussed by the company's Supervisory Board.

INTERNATIONAL COMMITMENTS AND INTERNAL POLICIES

As part of its approach, AEGON has a number of international commitments with regard to sustainability reporting, environmental standards and responsible investment. AEGON is a signatory to both the United Nations Principles for Responsible Investment (UNPRI) and the Carbon Disclosure Project (CDP). The company is also an organizational stakeholder of the Global Reporting Initiative (GRI), which provides a common framework for sustainability and other non-financial reporting. AEGON has additional internal policies in this area, including a company-wide human rights policy, a statement on diversity and non-discrimination and a policy on responsible investment. AEGON is also a member of both the FTSE4Good index and the Dow Jones Sustainability World Index.

HIGHLIGHTS FROM 2011

In 2011, AEGON took a number of important steps to strengthen its sustainability performance, particularly in customer loyalty, employee engagement and responsible investment.

AEGON became a founding member of the Global Coalition on Aging, an alliance of international companies formed to raise awareness of the social, economic and financial impact of global aging.

AEGON announced a target to reduce emissions of carbon dioxide from its main office buildings in the United States, the Netherlands and the United Kingdom by 10% over a three-year period from 2009 through 2012.

AEGON grouped together the company's North American businesses under a common brand name, Transamerica, as part of efforts to create a stronger, more consistent global brand portfolio.

AEGON organized a global Employee Survey, which was completed by nearly 17,000 employees worldwide.

AEGON launched a new policy on responsible investment, outlining environmental, social and governance standards for the company's investments.

AEGON updated its Code of Conduct to incorporate the company's renewed values and the latest developments in insurance and pension regulations.

AEGON adopted the Net Promoter Score (NPS) as its preferred measurement for customer loyalty, and extended the use of NPS to 55% of its businesses worldwide by the end of 2011.

PLANS FOR 2012

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AEGON has set out several focus points for its sustainability strategy in 2012. Each of these builds on progress already achieved in 2011:

The development of key indicators to track the performance of the company's brand.

The extension of NPS to at least 70% of AEGON's businesses worldwide.

The roll-out of action plans, based on results from the 2011 global Employee Survey, to improve employee engagement throughout the company.

The extensions of AEGON's talent review to other levels of management within the company.

An assessment of AEGON's leading suppliers to identify possible environmental, governance or social risks as part of a more integrated approach to supply chain management.

For more information on AEGON's approach to sustainability, please see the company's 2011 Review, available at www.aegon.com.

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BUSINESS OVERVIEW

HISTORY AND DEVELOPMENT OF AEGON

AEGON N.V., domiciled in the Netherlands, is a public limited liability share company organized under Dutch law. AEGON N.V. was formed in 1983 through the merger of AGO and Ennia, both of which were successors to insurance companies founded in the 1800s.

AEGON N.V., through its member companies that are collectively referred to as AEGON or the AEGON Group, is an international life insurance, pensions and asset management company. AEGON is headquartered in the Netherlands and employs, through its subsidiaries, over 25,000 people worldwide. AEGON's common shares are listed on stock exchanges in Amsterdam (NYSE Euronext), New York (NYSE) and London (LSE).

AEGON N.V. is a holding company. AEGON's businesses focus on life insurance, pensions and asset management. AEGON is also active in accident, supplemental health, general insurance, and has limited banking activities. The company's operations are conducted through its operating subsidiaries.

The main operating units of AEGON are separate legal entities organized under the laws of their respective countries. The shares of those legal entities are directly or indirectly held by two intermediate holding companies incorporated under Dutch law: AEGON Nederland N.V., the parent company of the Dutch operations, and AEGON International B.V., which serves as a holding company for the Group companies of all countries except the Netherlands and AEGON Asset Management.

AEGON's main markets are the United States, the Netherlands and the United Kingdom. AEGON operates in more than 20 countries in the Americas, Europe and Asia, serving about 47 million customers.

The company encourages product innovation and fosters an entrepreneurial spirit within its businesses. New products and services are developed by local business units with a continuous focus on helping people take responsibility for their financial futures. AEGON uses a multi-brand, multi-channel distribution approach to meet its customers' needs.

AEGON has the following reportable geographic segments: the Americas (which include the United States, Canada, Mexico and Brazil), the Netherlands, the United Kingdom and New Markets, which includes Central & Eastern Europe, Asia, Spain, France, Variable Annuities Europe and AEGON Asset Management.

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SELECTED FINANCIAL DATA

The business-results reviews is based upon AEGON's consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Application of the accounting policies in the preparation of the financial statements requires management to apply judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described in the following sections.

A summary of historical financial data is found in the table below. It is important to read this summary in conjunction with the consolidated financial statements and related notes included elsewhere in this annual report.

All per share amounts have been calculated based on the weighted average number of common shares outstanding after giving effect to all stock dividends through December 31, 2011.

Selected consolidated income statement information

In million EUR (except per share amount)	2011	2010	2009	2008	2007
Amounts based upon IFRS					
Premium income	19,521	21,097	19,473	22,409	26,900
Investment income	8,167	8,762	8,681	9,965	10,457
Total revenues ¹	29,159	31,608	29,751	34,082	39,271
Income/(loss) before tax	916	1,914	(464)	(1,061)	3,077
NET INCOME/ (LOSS)	872	1,760	204	(1,082)	2,551
Earnings per common share²					
Basic	(0.06)	0.76	(0.16)	(0.92)	1.47
Diluted	(0.06)	0.68	(0.16)	(0.92)	1.47

¹ Excluded from the income statements prepared in accordance with IFRS are receipts related to investment-type annuity products and investment contracts.

² Earnings reflect net income.

Per share data has been calculated based on the weighted average number of common shares outstanding after giving effect to all stock dividends, stock splits and share repurchases through December 31, 2011. Diluted per share data gives effect to all dilutive securities.

Selected consolidated balance sheet information

In million EUR (except per share amount)	2011	2010	2009	2008	2007
Amounts based upon IFRS					
Total assets	345,577	332,222	298,540	289,156	314,227
Insurance and investment contracts	270,880	270,920	248,903	240,030	266,735
Trust pass-through securities and (subordinated) borrowings ¹	10,040	8,604	7,314	4,824	5,152

Shareholders' equity	21,000	17,328	12,273	6,169	15,258
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¹ Excludes bank overdrafts.

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Number of common shares

(in thousands)	2011	2010	2009	2008	2007
Balance at January 1	1,736,049	1,736,049	1,578,227	1,636,545	1,622,927
Share issuance	173,605		157,822		
Stock dividends				41,452	25,218
Share withdrawal				(99,770)	(11,600)
BALANCE AT END OF PERIOD	1,909,654	1,736,049	1,736,049	1,578,227	1,636,545

DIVIDENDS

AEGON declared interim and final dividends for the years 2006 through 2008 in the amounts set forth in the table below. AEGON paid no dividend in 2009 or 2010. At the annual General Meeting of Shareholders on May 16, 2012, the Executive Board will, absent unforeseen circumstances, propose a final dividend of EUR 0.10 per common share related to the second half of 2011. Dividends in US dollars are calculated based on the foreign exchange reference rate (the rate as published each working day at 14:15 hours by the European Central Bank) on the business day following the announcement of the interim dividend or on the business day following the shareholder meeting approving the relevant final dividend.

Year	EUR per common share ¹			USD per common share ¹		
	Interim	Final	Total	Interim	Final	Total
2007	0.30	0.32	0.62	0.41	0.50	0.91
2008	0.30		0.30	0.45		0.45
2009						
2010						
2011			0.10 ²			

¹ Paid, at each shareholder's option, in cash or in stock.

² Proposed.

The annual dividend on our class A and class B preferred shares is calculated on the basis of the paid-in capital on the preferred shares using a rate equal to the European Central Bank's fixed interest percentage for basic refinancing transactions plus 1.75%, as determined on NYSE Euronext Amsterdam's first working day of the financial year to which the dividend relates. Apart from this, no other dividend is paid on the preferred shares. This resulted in a rate of 2.75% for the year 2010. Applying this rate to the weighted average paid-in capital of our preferred shares during 2010, the total amount of annual distributions we made in 2011 on our preferred shares for the year 2010 was EUR 59 million.

The rate for annual dividends or distributions, if any, on preferred shares to be made in 2012 for the year 2011, as determined on January 1, 2011 is 2.75% and the annual dividends or distributions, if any, on preferred shares for the year 2011, based on the weighted average paid-in capital on the preferred shares during 2011 will be EUR 59 million.

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EXCHANGE RATES

Fluctuations in the exchange rate between the euro and the US dollar will affect the dollar equivalent of the euro price of our common shares traded on NYSE Euronext Amsterdam and, as a result, are likely to impact the market price of our common shares in the United States. Such fluctuations will also affect any dollar amounts received by holders of common shares upon conversion of any cash dividends paid in euros on our common shares.

As of March 2, 2012 the USD exchange rate 1 was EUR 1 = USD 1.3202.

The high and low exchange rates 1 for the US dollar per euro for each of the last six months through February 2012 are set forth below:

	Sept. 2011	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012
High (USD per EUR)	1.4283	1.4172	1.3803	1.3487	1.3192	1.3463
Low (USD per EUR)	1.3446	1.3281	1.3244	1.2926	1.2682	1.3087

The average exchange rates ¹ for the US dollar per euro for the five years ended December 31, 2011, calculated by using the average of the exchange rates on the last day of each month during the period, are set forth below:

Year ended December 31,	Average rate
2007	1.3797
2008	1.4695
2009	1.3955
2010	1.3216
2011	1.2973

¹ The US dollar exchange rates are the noon buying rates in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.

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LINES OF BUSINESSES

AMERICAS

Includes AEGON's business and operating units in the United States, Canada, Mexico and Brazil.

Life and protection

Products with mortality, morbidity and longevity risks, including traditional and universal life, as well as endowment, term and whole life insurance products. Accident and health business, including accidental death and dismemberment insurance, critical illness, cancer treatment, disability, income protection and long-term care insurance.

Individual savings and retirement products

Primarily fixed and variable annuity products and retail mutual funds.

Employer solutions and pensions

Includes both individual and group pensions, as well as 401(k) plans and similar products usually sponsored by, or obtained via, an employer.

Life reinsurance

Includes business written by AEGON's subsidiary, Transamerica Reinsurance, until August 9, 2011 after which it has been divested.

THE NETHERLANDS

Life and savings

Products with mortality, morbidity, and longevity risks, including traditional and universal life, as well as employer, endowment, term, whole life insurance products, mortgages and annuity products.

Pensions

Individual and group pensions usually sponsored by, or obtained via, an employer.

Distribution

Includes commissions earned by AEGON's Unirobe Meeùs distribution business.

Non-life insurance

General insurance, including mainly automotive, liability and household insurance and fire protection.

UNITED KINGDOM

Life

Immediate annuities, individual protection products, such as term insurance, critical illness and income protection.

Pensions

Individual pensions, including self invested personal pensions and income drawdown products. Group pensions, sponsored by, or obtained via, an employer.

Distribution

Relates to AEGON's financial advice businesses, Origen and Positive Solutions.

NEW MARKETS

Includes all business and operating units in Central & Eastern Europe, Asia, Spain and France as well as AEGON's variable annuity activities in Europe and AEGON Asset Management.

Central & Eastern Europe

Active in six countries: Czech Republic, Hungary, Poland, Romania, Slovakia and Turkey. Includes life insurance, individual and group pension products, savings and investments, as well as general insurance.

Spain

Distribution partnerships with leading Spanish savings banks. Products include life insurance and investment products.

France

Partnership with French insurer and pension specialist AG2R La Mondiale.

Asia

Joint ventures in China, India and Japan. Products include life insurance in China and India and variable annuities in Japan.

Variable Annuities Europe

Variable annuities offered by AEGON operating companies in Europe.

AEGON Asset Management

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Asset management products, including both equity and fixed income, covering third party clients and AEGON's own insurance companies.

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RESULTS OF OPERATIONS**RESULTS 2011 WORLDWIDE**

Amounts in EUR million	2011	2010	%
Net underlying earnings	1,233	1,417	(13%)
Taxes on underlying earnings	289	416	(31%)
Underlying earnings before tax geographically			
Americas	1,310	1,459	(10%)
The Netherlands	298	385	(23%)
United Kingdom	5	72	(93%)
New markets	212	200	6%
Holdings and other activities	(303)	(283)	(7%)
UNDERLYING EARNINGS BEFORE TAX	1,522	1,833	(17%)
Net fair value items	(416)	221	
Gains / (losses) on investments	446	658	(32%)
Impairment charges	(388)	(452)	14%
Other income / (charges)	(267)	(309)	14%
Run-off businesses	28	(26)	
Income before tax (excluding income tax from certain proportionately consolidated associates)	925	1,925	(52%)
<i>Income tax from certain proportionately consolidated associates included in income before tax</i>	9	11	(18%)
Income tax	(53)	(165)	68%
<i>Of which income tax from certain proportionately consolidated associates</i>	(9)	(11)	18%
NET INCOME	872	1,760	(50%)
Commissions and expenses	6,272	6,145	2%
Of which operating expenses	3,442	3,397	1%

This Annual Report includes the non-IFRS financial measure: underlying earnings before tax. The reconciliation of this measure to the most comparable IFRS measure is presented in the table above as well as in note 5 of the consolidated financial statements. This non-IFRS measure is calculated by consolidating on a proportionate basis the revenues and expenses of AEGON's associated companies in Spain, India, Brazil and Mexico. AEGON believes that its non-IFRS measure provides 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.

This table also includes the non-IFRS financial measure: net underlying earnings. This is the after-tax equivalent of underlying earnings. The reconciliation of net underlying earnings to the most comparable IFRS measure is presented in the table above.

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

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AEGON and its peers present similar information before comparing them.

AEGON believes the non-IFRS measure shown herein, when read together with AEGON's reported IFRS financial statements, provides 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 policy alternatives that companies may select in presenting their results (i.e. companies can use different local GAAPs) and that can make the comparability from period to period difficult.

