

XILINX INC  
Form 8-K  
August 15, 2014

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934  
Date of Report (date of earliest event reported): August 13, 2014

XILINX, INC.  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	000-18548 (Commission File Number)	77-0188631 (IRS Employer Identification No.)
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2100 Logic Drive, San Jose, California (Address of principal executive offices) Registrant's telephone number, including area code: (408) 559-7778	95124 (Zip Code)
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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 5.07 Submission of Matters to a Vote of Security Holders.

On August 13, 2014, at the Xilinx, Inc. (the "Company") 2014 Annual Meeting of Stockholders, the Company's stockholders approved the proposals listed below. The final results for the votes regarding each proposal are also set forth below. The proposals are described in detail in the Company's proxy statement filed with the Securities and Exchange Commission on May 30, 2014.

1	Elect eight nominees for director to serve on the Board of Directors for the ensuing year or until their successors are duly elected and qualified:				
	Name	Votes For	Votes Against	Abstentions	Broker Non-Votes
	Philip T. Gianos	200,619,943	4,533,410	277,217	21,310,587
	Moshe N. Gavrielov	201,529,108	3,633,997	267,465	21,310,587
	John L. Doyle	200,491,833	4,679,296	259,441	21,310,587
	William G. Howard, Jr.	200,595,097	4,571,856	263,617	21,310,587
	J. Michael Patterson	203,200,862	1,969,784	259,925	21,310,586
	Albert A. Pimentel	203,356,832	1,795,684	278,053	21,310,588
	Marshall C. Turner	203,283,883	1,886,899	259,788	21,310,587
	Elizabeth W. Vanderslice	199,688,672	5,472,852	269,047	21,310,586
2	Approve an amendment to the 1990 Employee Qualified Stock Purchase Plan to increase the number of shares reserved for issuance thereunder by 2,000,000 shares.				
		Votes For	Votes Against	Abstentions	Broker Non-Votes
		203,511,458	854,133	1,064,975	21,310,591
3	Approve an amendment to the 2007 Equity Incentive Plan to increase the number of shares reserved for issuance thereunder by 3,000,000 shares.				
		Votes For	Votes Against	Abstentions	Broker Non-Votes
		184,910,811	20,137,555	382,199	21,310,592
4	Approve, on an advisory basis, the compensation of the named executive officers of the Company.				
		Votes For	Votes Against	Abstentions	Broker Non-Votes
		196,522,593	8,467,512	440,094	21,310,958
5	Ratify the appointment of Ernst & Young LLP, an independent registered public accounting firm, as external auditors of Xilinx, for the fiscal year ending March 28, 2015.				
		Votes For	Votes Against	Abstentions	Broker Non-Votes
		222,527,688	3,728,050	485,419	—

SIGNATURES

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 hereunto duly authorized.

XILINX, INC.

Date: August 15, 2014

By: /s/ Jon A. Olson  
 Jon A. Olson  
 Executive Vice President, Finance  
 and Chief Financial Officer

" SIZE="1"> 1 96 (96) 2,158 (61) 2,098

Fee and commission income

406 85 25 11 3 124 20 149 - (70) 630 (48) 582

Other revenues

1 - - - 1 1 - - 1 - 3 (1) 2

**Total revenues**

**3,559 1,981 2,709 213 108 5,011 658 151 98 (191) 9,286 (258) 9,028**

*Inter-segment revenues*

6 - - - - - 24 64 97

Aegon's segment information is prepared by consolidating on a proportionate basis Aegon's joint ventures and associated companies.

*Performance Measure*

A performance measure of reporting segments utilized by the Company is underlying earnings before tax. Underlying earnings before tax reflects Aegon's profit from underlying business operations and excludes 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.

Aegon believes that its performance measure, underlying earnings before tax, provides 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 underlying earnings before tax. While many other insurers in Aegon's peer group present substantially similar performance measures, the performance measures presented in this document may nevertheless differ from the performance measures presented by other insurers. There is no standardized meaning to these measures under IFRS or any other recognized set of accounting standards.

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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.

The items that are excluded from underlying earnings before tax as described further below are: fair value items, realized gain or losses on investments, impairment charges/reversals, other income or charges, run-off businesses and share in earnings of joint ventures and associates.

### *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 before tax. Changes to these long-term return assumptions are also included in the fair value items.

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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 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 before tax 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 and the total return annuities and guarantees on variable annuities. 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 before tax 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 VA Europe (included in United Kingdom) are excluded from underlying earnings before tax, and the long-term expected return for these guarantees is set at zero. In addition fair value items include market related results on our loyalty bonus reserves in the United Kingdom. The value of these reserves are directly related to policyholder investments which value is directly impacted by movements in equity and bond markets.

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 before tax and reported under fair value items.

*Realized gains or losses on investments*

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. The impact of model updates used to support calculations of our liabilities for insurance and investment contracts sold to policyholders and related assets are reported under this caption as well.

Other charges may 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.

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*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 before tax.

*Share in earnings of joint ventures and associates*

Earnings from Aegon's joint ventures in the Netherlands, Mexico, Spain, Portugal, China and Japan and Aegon's associates in India, Brazil, the Netherlands, United Kingdom, Mexico and France are reported on an underlying earnings before tax basis.

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**3.1 Income statement**

<i>EUR millions</i>	America	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe	Management	Asset holding and other activities	Eliminations	Segment associates	Joint ventures and associates	Eliminations	Consolidated
<b>Three months ended March 31, 2016</b>													
<b>Underlying earnings before tax</b>	<b>283</b>	<b>128</b>	<b>23</b>	<b>15</b>	<b>3</b>	<b>169</b>	-	<b>45</b>	<b>(37)</b>	<b>1</b>	<b>462</b>	<b>6</b>	<b>468</b>
Fair value items	(220)	(105)	34	-	-	(71)	3	-	(70)	-	(358)	(13)	(370)
Realized gains / (losses) on investments	33	18	1	-	(1)	17	4	-	-	-	54	(1)	53
Impairment charges	(34)	(5)	-	2	-	(3)	(1)	-	(4)	-	(42)	-	(42)
Impairment reversals	2	4	-	-	-	4	-	-	-	-	6	-	6
Other income / (charges)	(6)	-	1	-	-	1	-	-	-	-	(6)	-	(6)
Run-off businesses	28	-	-	-	-	-	-	-	-	-	28	-	28
<b>Income / (loss) before tax</b>	<b>87</b>	<b>40</b>	<b>58</b>	<b>16</b>	<b>2</b>	<b>116</b>	<b>6</b>	<b>45</b>	<b>(110)</b>	<b>1</b>	<b>145</b>	<b>(7)</b>	<b>138</b>
Income tax (expense) / benefit	7	(7)	(6)	(2)	(2)	(17)	(5)	(13)	26	-	(1)	7	6
<b>Net income / (loss)</b>	<b>94</b>	<b>33</b>	<b>52</b>	<b>14</b>	<b>-</b>	<b>99</b>	<b>1</b>	<b>32</b>	<b>(84)</b>	<b>1</b>	<b>143</b>	<b>-</b>	<b>143</b>
<i>Inter-segment underlying earnings</i>	<i>(55)</i>	<i>(12)</i>	<i>(13)</i>	<i>(3)</i>	<i>-</i>	<i>(28)</i>	<i>21</i>	<i>65</i>	<i>(3)</i>				
<b>Revenues</b>													
Life insurance gross premiums	1,770	858	2,015	98	49	3,020	299	-	1	(21)	5,069	(170)	4,899
Accident and health insurance	548	121	11	-	72	204	33	-	4	(1)	787	(11)	775
General insurance	-	115	-	47	23	184	-	-	-	-	184	(23)	161
<b>Total gross premiums</b>	<b>2,318</b>	<b>1,094</b>	<b>2,026</b>	<b>145</b>	<b>144</b>	<b>3,408</b>	<b>331</b>	<b>-</b>	<b>5</b>	<b>(22)</b>	<b>6,040</b>	<b>(204)</b>	<b>5,836</b>
Investment income	916	522	431	11	10	974	57	1	81	(81)	1,948	(13)	1,935
Fee and commission income	418	86	23	9	3	121	14	167	-	(64)	656	(54)	602
Other revenues	1	-	-	-	1	1	-	-	1	-	2	(1)	1
<b>Total revenues</b>	<b>3,652</b>	<b>1,702</b>	<b>2,480</b>	<b>164</b>	<b>157</b>	<b>4,504</b>	<b>403</b>	<b>168</b>	<b>87</b>	<b>(167)</b>	<b>8,646</b>	<b>(272)</b>	<b>8,374</b>
<i>Inter-segment revenues</i>	<i>-</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>	<i>20</i>	<i>64</i>	<i>82</i>				

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<i>EUR millions</i>	America	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe	Management	Asset	Holding and other activities	Eliminations	Segment total	Joint ventures and associates elimination	Consolidated
<b>Three months ended March 31, 2015</b>													
<b>Underlying earnings before tax</b>	<b>290</b>	<b>131</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>141</b>	<b>(3)</b>	<b>45</b>	<b>(40)</b>	<b>(2)</b>	<b>432</b>	<b>3</b>	<b>435</b>
Fair value items	(90)	151	(33)	-	-	118	6	-	(193)	-	(159)	(8)	(167)
Realized gains / (losses) on investments	(29)	140	2	-	-	142	4	1	-	-	119	(2)	116
Impairment charges	(7)	(7)	-	(2)	-	(9)	-	-	-	-	(16)	-	(16)
Impairment reversals	3	2	-	-	-	2	-	-	-	-	5	-	5
Other income / (charges)	-	(22)	21	-	-	(1)	-	-	-	-	(1)	-	(1)
Run-off businesses	16	-	-	-	-	-	-	-	-	-	16	-	16
<b>Income / (loss) before tax</b>	<b>183</b>	<b>396</b>	<b>(8)</b>	<b>4</b>	<b>3</b>	<b>394</b>	<b>7</b>	<b>46</b>	<b>(233)</b>	<b>(2)</b>	<b>396</b>	<b>(8)</b>	<b>389</b>
Income tax (expense) / benefit	(36)	(92)	(12)	(4)	(2)	(110)	(4)	(14)	57	-	(107)	8	(100)
<b>Net income / (loss)</b>	<b>147</b>	<b>304</b>	<b>(20)</b>	<b>-</b>	<b>1</b>	<b>284</b>	<b>4</b>	<b>32</b>	<b>(176)</b>	<b>(2)</b>	<b>289</b>	<b>-</b>	<b>289</b>
<i>Inter-segment underlying earnings</i>	<i>(53)</i>	<i>(13)</i>	<i>(15)</i>	<i>(4)</i>	<i>-</i>	<i>(32)</i>	<i>18</i>	<i>65</i>	<i>3</i>				
<b>Revenues</b>													
Life insurance gross premiums	1,693	1,046	2,126	146	49	3,367	512	-	-	(24)	5,547	(119)	5,429
Accident and health insurance	552	129	13	-	25	168	34	-	1	(1)	754	(11)	743
General insurance	-	131	-	44	19	194	-	-	-	-	194	(19)	175
<b>Total gross premiums</b>	<b>2,244</b>	<b>1,306</b>	<b>2,139</b>	<b>190</b>	<b>94</b>	<b>3,729</b>	<b>546</b>	<b>-</b>	<b>1</b>	<b>(26)</b>	<b>6,495</b>	<b>(149)</b>	<b>6,347</b>
Investment income	908	590	545	12	11	1,158	92	1	96	(96)	2,158	(61)	2,098
Fee and commission income	406	85	25	11	3	124	20	149	-	(70)	630	(48)	582
Other revenues	1	-	-	-	1	1	-	-	1	-	3	(1)	2
<b>Total revenues</b>	<b>3,559</b>	<b>1,981</b>	<b>2,709</b>	<b>213</b>	<b>108</b>	<b>5,011</b>	<b>658</b>	<b>151</b>	<b>98</b>	<b>(191)</b>	<b>9,286</b>	<b>(258)</b>	<b>9,028</b>
<i>Inter-segment revenues</i>	<i>6</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>24</i>	<i>64</i>	<i>97</i>				

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**3.2 Investments**

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

											EUR millions
	Americas	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe	Asia	Asset Management	Holdings and other activities	Eliminations	Total
<b>March 31, 2016</b>											EUR
<b>Investments</b>											
Shares	655	131	470	32	6	639	-	3	115	-	1,411
Debt securities	66,384	24,496	12,569	566	642	38,273	4,456	-	-	-	109,112
Loans	9,569	28,529	-	367	59	28,956	18	-	-	-	38,542
Other financial assets	11,273	355	138	10	-	503	-	51	18	-	11,845
Investments in real estate	715	1,158	-	2	-	1,160	-	-	-	-	1,874
<b>Investments general account</b>	<b>88,595</b>	<b>54,669</b>	<b>13,177</b>	<b>977</b>	<b>707</b>	<b>69,530</b>	<b>4,473</b>	<b>54</b>	<b>133</b>	-	<b>162,784</b>
Shares	-	8,888	15,479	276	12	24,653	-	-	-	(7)	24,647
Debt securities	4,754	15,264	11,114	250	12	26,641	-	-	-	-	31,395
Unconsolidated investment funds	91,844	17	35,361	919	56	36,353	-	-	-	-	128,197
Other financial assets	13	3,135	3,127	16	-	6,278	-	-	-	-	6,290
Investments in real estate	-	-	758	-	-	758	-	-	-	-	758
<b>Investments for account of policyholders</b>	<b>96,611</b>	<b>27,303</b>	<b>65,837</b>	<b>1,461</b>	<b>81</b>	<b>94,682</b>	-	-	-	(7)	<b>191,286</b>
<b>Investments on balance sheet</b>	<b>185,206</b>	<b>81,973</b>	<b>79,014</b>	<b>2,438</b>	<b>788</b>	<b>164,212</b>	<b>4,473</b>	<b>54</b>	<b>133</b>	(7)	<b>354,070</b>
<b>Off balance sheet investments third parties</b>	<b>213,627</b>	<b>874</b>	<b>3,990</b>	<b>2,967</b>	<b>512</b>	<b>8,342</b>	<b>2,357</b>	<b>209,822</b>	-	(83,665)	<b>350,483</b>
<b>Total revenue generating investments</b>	<b>398,833</b>	<b>82,846</b>	<b>83,003</b>	<b>5,405</b>	<b>1,299</b>	<b>172,554</b>	<b>6,830</b>	<b>209,876</b>	<b>133</b>	(83,672)	<b>704,554</b>
<b>Investments</b>											
Available-for-sale	74,631	23,570	12,883	589	648	37,691	4,437	44	18	-	116,821
Loans	9,569	28,529	-	367	59	28,956	18	-	-	-	38,542
Financial assets at fair value through profit or loss	100,292	28,715	65,373	1,479	81	95,648	19	9	115	(7)	196,076
Investments in real estate	715	1,158	758	2	-	1,917	-	-	-	-	2,632
<b>Total investments on balance sheet</b>	<b>185,206</b>	<b>81,973</b>	<b>79,014</b>	<b>2,438</b>	<b>788</b>	<b>164,212</b>	<b>4,473</b>	<b>54</b>	<b>133</b>	(7)	<b>354,070</b>
Investments in joint ventures	6	789	-	-	515	1,305	132	114	1	-	1,558
Investments in associates	80	20	8	-	-	28	16	128	-	-	252
Other assets	26,601	22,348	5,958	299	294	28,885	2,735	290	33,698	(33,501)	58,722
<b>Consolidated total assets</b>	<b>211,893</b>	<b>105,130</b>	<b>84,980</b>	<b>2,737</b>	<b>1,597</b>	<b>194,430</b>	<b>7,355</b>	<b>586</b>	<b>33,832</b>	(33,508)	<b>414,602</b>

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											EUR millions
											Total
<b>December 31, 2015</b>	Americas	The Netherlands	United Kingdom	Central & Eastern Europe	Spain & Portugal	Europe	Asia	Asset Management	Holdings and other activities	Eliminations	EUR
<b>Investments</b>											
Shares	652	136	506	38	2	682	-	2	124	-	1,460
Debt securities	65,284	23,370	13,185	525	636	37,715	4,391	-	-	-	107,390
Loans	10,062	28,007	-	340	62	28,409	19	-	88	-	38,577
Other financial assets	10,783	335	160	6	2	503	-	72	18	-	11,376
Investments in real estate	840	1,148	-	2	-	1,150	-	-	-	-	1,990
<b>Investments general account</b>	<b>87,620</b>	<b>52,996</b>	<b>13,850</b>	<b>911</b>	<b>702</b>	<b>68,459</b>	<b>4,409</b>	<b>74</b>	<b>230</b>	-	<b>160,792</b>
Shares	-	9,174	17,274	247	12	26,707	-	-	-	(8)	26,699
Debt securities	4,967	14,642	11,728	256	13	26,640	-	-	-	-	31,606
Unconsolidated investment funds	96,187	17	37,622	959	61	38,658	-	-	-	-	134,845
Other financial assets	10	2,923	3,115	6	1	6,044	-	-	-	-	6,054
Investments in real estate	-	-	1,022	-	-	1,022	-	-	-	-	1,022
<b>Investments for account of policyholders</b>	<b>101,164</b>	<b>26,756</b>	<b>70,760</b>	<b>1,468</b>	<b>87</b>	<b>99,070</b>	-	-	-	(8)	<b>200,226</b>
<b>Investments on balance sheet</b>	<b>188,784</b>	<b>79,752</b>	<b>84,610</b>	<b>2,379</b>	<b>789</b>	<b>167,529</b>	<b>4,409</b>	<b>74</b>	<b>230</b>	(8)	<b>361,019</b>
<b>Off balance sheet investments third parties</b>	<b>212,704</b>	<b>897</b>	<b>3,899</b>	<b>2,855</b>	<b>508</b>	<b>8,158</b>	<b>2,317</b>	<b>213,320</b>	-	(87,059)	<b>349,440</b>
<b>Total revenue generating investments</b>	<b>401,487</b>	<b>80,648</b>	<b>88,509</b>	<b>5,234</b>	<b>1,297</b>	<b>175,687</b>	<b>6,727</b>	<b>213,394</b>	<b>230</b>	(87,067)	<b>710,458</b>
<b>Investments</b>											
Available-for-sale	72,761	22,479	13,534	545	638	37,195	4,370	65	18	-	114,409
Loans	10,062	28,007	-	340	62	28,409	19	-	88	-	38,577
Financial assets at fair value through profit or loss	105,121	28,119	70,054	1,493	88	99,753	21	9	124	(8)	205,020
Investments in real estate	840	1,148	1,022	2	-	2,171	-	-	-	-	3,012
<b>Total investments on balance sheet</b>	<b>188,784</b>	<b>79,752</b>	<b>84,610</b>	<b>2,379</b>	<b>789</b>	<b>167,529</b>	<b>4,409</b>	<b>74</b>	<b>230</b>	(8)	<b>361,019</b>
Investments in joint ventures	7	837	-	-	505	1,341	101	109	3	-	1,561
Investments in associates	75	19	9	-	-	28	12	126	-	-	242
Other assets	27,396	17,349	5,204	322	124	22,984	3,070	304	31,020	(31,881)	52,908
<b>Consolidated total assets</b>	<b>216,262</b>	<b>97,956</b>	<b>89,822</b>	<b>2,701</b>	<b>1,417</b>	<b>191,882</b>	<b>7,592</b>	<b>613</b>	<b>31,254</b>	(31,889)	<b>415,729</b>

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**4. Premium income**

<i>EUR millions</i>	Q1 2016	Q1 2015
<b>Premium income</b>		
Life	4,899	5,429
Non-Life	937	918
<b>Total</b>	<b>5,836</b>	<b>6,347</b>
<b>Premiums paid to reinsurers <sup>1</sup></b>		
Life	646	620
Non-Life	67	69
<b>Total</b>	<b>713</b>	<b>689</b>

<sup>1</sup> Premiums paid to reinsurers are recorded within Benefits and expenses in the income statement - refer to note 7 - Benefits and expenses.

Premium income Life includes EUR 802 million (Q1 2015: EUR 849 million of premiums related to insurance policies upgraded to the new retirement platform in the UK.

**5. Investment income**

<i>EUR millions</i>	Q1 2016	Q1 2015
Interest income	1,707	1,762
Dividend income	194	301
Rental income	34	35
<b>Total investment income</b>	<b>1,935</b>	<b>2,098</b>
Investment income related to general account	1,493	1,504
Investment income for account of policyholders	442	594
<b>Total</b>	<b>1,935</b>	<b>2,098</b>

**6. Results from financial transactions**

<i>EUR millions</i>	Q1 2016	Q1 2015
Net fair value change of general account financial investments at FVTPL other than derivatives	(72)	71
Realized gains /(losses) on financial investments	53	136
Gains /(losses) on investments in real estate	18	10
Net fair value change of derivatives	438	1,407
Net fair value change on for account of policyholder financial assets at FVTPL	1,596	8,300
Net fair value change on investments in real estate for account of policyholders	8	7

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Net foreign currency gains /(losses)	17	(22)
Net fair value change on borrowings and other financial liabilities	(9)	(6)
<b>Total</b>	<b>2,050</b>	<b>9,905</b>

The decrease of the net fair value change on for account of policyholder financial assets at FVTPL in Q1 2016 compared to Q1 2015 is mainly driven by equity markets and interest rates movements.

Net fair value change on for accounts of policyholder financial assets at FVTPL is offset by amounts in the Claims and benefits line reported in note 7 - Benefits and expenses.

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**7. Benefits and expenses**

<i>EUR millions</i>	Q1 2016	Q1 2015
Claims and benefits	10,041	18,338
Employee expenses	596	562
Administration expenses	311	297
Deferred expenses	(323)	(413)
Amortization charges	277	343
<b>Total</b>	<b>10,901</b>	<b>19,127</b>

The following table provides an analysis of claims and benefits :

<i>EUR millions</i>	Q1 2016	Q1 2015
Benefits and claims paid life	4,711	5,778
Benefits and claims paid non-life	538	514
Change in valuation of liabilities for insurance contracts	3,000	10,095
Change in valuation of liabilities for investment contracts	284	408
Other	(5)	(21)
<b>Policyholder claims and benefits</b>	<b>8,527</b>	<b>16,774</b>
Premium paid to reinsurers	713	689
Profit sharing and rebates	7	8
Commissions	795	867
<b>Total</b>	<b>10,041</b>	<b>18,338</b>

The lines change in valuation of liabilities for insurance contracts and change in valuation of liabilities for investment contracts reflect changes in technical provisions resulting from fair value changes on for account of policyholder financial assets included in Results from financial transactions (note 6) of EUR 1,596 (2015 Q1: EUR 8,300). In addition, the line change in valuation of liabilities for insurance contracts includes changes in technical provisions for life insurance contracts of EUR 1,863 (2015 Q1: EUR 2,846).

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**8. Impairment charges/(reversals)**

<i>EUR millions</i>	Q1 2016	Q1 2015
<b>Impairment charges / (reversals) comprise:</b>		
Impairment charges on financial assets, excluding receivables <sup>1</sup>	41	18
Impairment reversals on financial assets, excluding receivables <sup>1</sup>	(6)	(5)
Impact of the above impairments on the valuation of insurance assets and liabilities <sup>1</sup>	4	-
Impairment charges / (reversals) on non-financial assets and receivables	1	-
<b>Total</b>	<b>40</b>	<b>13</b>
<b>Impairment charges on financial assets, excluding receivables, from:</b>		
Shares	10	2
Debt securities and money market instruments	28	3
Loans	3	12
<b>Total</b>	<b>41</b>	<b>18</b>
<b>Impairment reversals on financial assets, excluding receivables, from:</b>		
Debt securities and money market instruments	(3)	(3)
Loans	(4)	(2)
<b>Total</b>	<b>(6)</b>	<b>(5)</b>

<sup>1</sup> Impairment charges / (reversals) on financial assets, excluding receivables, are excluded from underlying earnings before tax for segment reporting (refer to note 3.1).

**9. Intangible assets**

<i>EUR millions</i>	Mar. 31, 2016	Dec. 31, 2015
Goodwill	276	299
VOBA	1,403	1,472
Future servicing rights	65	57
Software	59	61
Other	12	12
<b>Total intangible assets</b>	<b>1,815</b>	<b>1,901</b>

Intangible assets, except for goodwill, are predominantly impacted by periodic amortization of balances and changes in exchange rates.

**10. Investments**

<i>EUR millions</i>	Mar. 31, 2016	Dec. 31, 2015
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Available-for-sale (AFS)	116,821	114,409
Loans	38,542	38,577
Financial assets at fair value through profit or loss (FVTPL)	5,547	5,816
<b>Financial assets, for general account, excluding derivatives</b>	<b>160,910</b>	<b>158,803</b>
Investments in real estate	1,874	1,990
<b>Total investments for general account, excluding derivatives</b>	<b>162,784</b>	<b>160,792</b>

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**Financial assets, for general account, excluding derivatives**

<i>EUR millions</i>	AFS	FVTPL	Loans	Total
Shares	821	589	-	1,411
Debt securities	106,876	2,236	-	109,112
Money market and other short-term investments	7,882	321	-	8,203
Mortgages loans	-	-	33,192	33,192
Private loans	-	-	2,947	2,947
Deposits with financial institutions	-	-	207	207
Policy loans	-	-	2,079	2,079
Other	1,242	2,401	117	3,760
<b>March 31, 2016</b>	<b>116,821</b>	<b>5,547</b>	<b>38,542</b>	<b>160,910</b>
	AFS	FVTPL	Loans	Total
Shares	820	640	-	1,460
Debt securities	105,151	2,239	-	107,390
Money market and other short-term investments	7,141	303	-	7,444
Mortgages loans	-	-	33,214	33,214
Private loans	-	-	2,847	2,847
Deposits with financial institutions	-	-	106	106
Policy loans	-	-	2,201	2,201
Other	1,297	2,635	210	4,141
<b>December 31, 2015</b>	<b>114,409</b>	<b>5,816</b>	<b>38,577</b>	<b>158,803</b>

**11. Investments for account of policyholders**

<i>EUR millions</i>	Mar. 31, 2016	Dec. 31, 2015
Shares	24,647	26,699
Debt securities	31,395	31,606
Money market and short-term investments	1,595	1,907
Deposits with financial institutions	1,555	1,222
Unconsolidated investment funds	128,197	134,845
Other	3,140	2,925
<b>Total investments for account of policyholders at fair value through profit or loss, excluding derivatives</b>	<b>190,529</b>	<b>199,204</b>
Investment in real estate	758	1,022
<b>Total investments for account of policyholders</b>	<b>191,286</b>	<b>200,226</b>

**12. Derivatives**

The movements in derivative balances mainly result from changes in interest rates during the period as well as purchases and disposals.



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**13. Fair value**

The following tables provide an analysis of financial instruments recorded at fair value on a recurring basis by level of the fair value hierarchy:

<b>Fair value hierarchy</b>				
<i>EUR millions</i>	Level I	Level II	Level III	Total
<b>As at March 31, 2016</b>				
<b>Financial assets carried at fair value</b>				
<b>Available-for-sale investments</b>				
Shares	30	477	314	821
Debt securities	31,068	72,375	3,432	106,876
Money markets and other short-term instruments	-	7,882	-	7,882
Other investments at fair value	26	358	858	1,242
<b>Total Available-for-sale investments</b>	<b>31,125</b>	<b>81,092</b>	<b>4,604</b>	<b>116,821</b>
<b>Fair value through profit or loss</b>				
Shares	225	364	-	589
Debt securities	18	2,212	6	2,236
Money markets and other short-term instruments	-	321	-	321
Other investments at fair value	1	1,308	1,091	2,401
Investments for account of policyholders <sup>1</sup>	115,761	73,178	1,590	190,529
Derivatives	19	16,861	409	17,288
<b>Total Fair value through profit or loss</b>	<b>116,024</b>	<b>94,244</b>	<b>3,095</b>	<b>213,364</b>
<b>Total financial assets at fair value</b>	<b>147,149</b>	<b>175,337</b>	<b>7,699</b>	<b>330,185</b>
<b>Financial liabilities carried at fair value</b>				
Investment contracts for account of policyholders <sup>2</sup>	16,391	22,376	131	38,899
Borrowings <sup>3</sup>	-	600	-	600
Derivatives	(17)	13,327	3,158	16,468
<b>Total financial liabilities at fair value</b>	<b>16,374</b>	<b>36,304</b>	<b>3,289</b>	<b>55,967</b>
<b>Fair value hierarchy</b>				
<i>EUR millions</i>	Level I	Level II	Level III	Total
<b>As at December 31, 2015</b>				
<b>Financial assets carried at fair value</b>				
<b>Available-for-sale investments</b>				
Shares	29	498	293	820
Debt securities	28,701	72,307	4,144	105,151
Money markets and other short-term instruments	-	7,141	-	7,141
Other investments at fair value	31	337	928	1,297
<b>Total Available-for-sale investments</b>	<b>28,761</b>	<b>80,283</b>	<b>5,365</b>	<b>114,409</b>
<b>Fair value through profit or loss</b>				
Shares	254	385	-	640
Debt securities	16	2,217	6	2,239
Money markets and other short-term instruments	-	303	-	303
Other investments at fair value	2	1,368	1,265	2,635
Investments for account of policyholders <sup>1</sup>	121,227	76,232	1,745	199,204

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Derivatives	54	11,270	222	11,545
<b>Total Fair value through profit or loss</b>	<b>121,552</b>	<b>91,775</b>	<b>3,239</b>	<b>216,566</b>
<b>Total financial assets at fair value</b>	<b>150,313</b>	<b>172,058</b>	<b>8,604</b>	<b>330,975</b>
<b>Financial liabilities carried at fair value</b>				
Investment contracts for account of policyholders <sup>2</sup>	16,943	23,266	156	40,365
Borrowings <sup>3</sup>	-	617	-	617
Derivatives	4	8,782	2,104	10,890
<b>Total financial liabilities at fair value</b>	<b>16,946</b>	<b>32,665</b>	<b>2,260</b>	<b>51,871</b>

<sup>1</sup> The investments for account of policyholders included in the table above represents only those investments carried at fair value through profit or loss.

<sup>2</sup> The investment contracts for account of policyholders included in the table above represents only those investment contracts carried at fair value.

<sup>3</sup> Total borrowings on the statement of financial position contain borrowings carried at amortized cost that are not included in the above schedule.

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**Significant transfers between Level I, Level II and Level III**

Aegon's policy is to record transfers of assets and liabilities between Level I, Level II and Level III at their fair values as of the beginning of each reporting period.

The table below shows transfers between Level I and II for financial assets and financial liabilities recorded at fair value on a recurring basis during the three month period ended March 31, 2016.

**Fair value transfers***EUR millions*

	Q1 2016		Full Year 2015	
	Transfers Level I to Level II	Transfers Level II to Level I	Transfers Level I to Level II	Transfers Level II to Level I
<b>Financial assets carried at fair value</b>				
<b>Available-for-sale investments</b>				
Debt securities	1	2	14	156
<b>Total</b>	<b>1</b>	<b>2</b>	<b>14</b>	<b>156</b>
<b>Fair value through profit or loss</b>				
Shares	-	-	-	40
Investments for account of policyholders	-	2	(3)	209
<b>Total</b>	<b>-</b>	<b>2</b>	<b>(3)</b>	<b>248</b>
<b>Total financial assets at fair value</b>	<b>1</b>	<b>4</b>	<b>11</b>	<b>405</b>
<b>Financial liabilities carried at fair value</b>				
Investment contracts for account of policyholders	-	-	-	1
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

Transfers are identified based on transaction volume and frequency, which are indicative of an active market.

*Movements in Level III financial instruments measured at fair value*

The following table summarizes the change of all assets and liabilities measured at estimated fair value on a recurring basis using significant unobservable inputs (Level III), including realized and unrealized gains (losses) of all assets and liabilities and unrealized gains (losses) of all assets and liabilities still held at the end of the respective period.

**Roll forward of Level III financial instruments***EUR millions*

	January 1, 2016	Total gains / losses income statement <sup>1</sup>	Total gains / losses in OCI <sup>2</sup>	Purchases	Sales	Settlements	Net exchange differences	Reclassification	Transfers from Level I and Level II	Transfers to Level I and Level II	March 31, 2016	Total unrealized gains and losses for the period recorded in the P&L for instruments held at

March 31, 2016<sup>3</sup>**Financial assets  
carried at fair value  
available-for-sale  
investments**

Shares	293	3	(1)	44	(17)	-	(8)	-	-	-	314	-
Debt securities	4,144	5	11	61	(37)	(75)	(71)	-	82	(688)	3,432	-
Other investments at fair value	928	(25)	17	43	(62)	(1)	(43)	-	-	-	858	-
	<b>5,365</b>	<b>(18)</b>	<b>28</b>	<b>149</b>	<b>(117)</b>	<b>(75)</b>	<b>(122)</b>	<b>-</b>	<b>82</b>	<b>(688)</b>	<b>4,604</b>	<b>-</b>

**Fair value through  
profit or loss**

Debt securities	6	-	-	-	-	-	-	-	-	-	6	-
Other investments at fair value	1,265	(39)	-	16	(32)	-	(55)	-	93	(157)	1,091	(36)
Investments for account of policyholders	1,745	(58)	-	105	(138)	-	(28)	-	-	(36)	1,590	(60)
Derivatives	222	(2)	-	-	240	-	(15)	(36)	-	-	409	(1)
	<b>3,239</b>	<b>(100)</b>	<b>-</b>	<b>121</b>	<b>70</b>	<b>-</b>	<b>(98)</b>	<b>(36)</b>	<b>93</b>	<b>(193)</b>	<b>3,095</b>	<b>(97)</b>

**Financial liabilities  
carried at fair value**

Investment contracts for account of policyholders	156	(19)	-	3	(2)	-	(5)	-	-	(2)	131	(18)
Derivatives	2,104	1,303	-	-	(160)	-	(53)	(36)	-	-	3,158	1,238
	<b>2,260</b>	<b>1,284</b>	<b>-</b>	<b>3</b>	<b>(162)</b>	<b>-</b>	<b>(57)</b>	<b>(36)</b>	<b>-</b>	<b>(2)</b>	<b>3,289</b>	<b>1,219</b>

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EUR millions	January 1, 2015	Total gains / losses in income statements	Total gains / losses in OCI <sup>2</sup>	Purchases	Sales	Settlements	Net exchange differences	Reclassification	Transfers from		Transfers to		December 31, 2015	held at December 31, 2015 <sup>3</sup>
									Level I and Level II	Level I and Level II	Level I and Level II	Level I and Level II		
<b>Financial assets carried at fair value available-for-sale investments</b>														
Shares	280	32	30	92	(124)	(33)	16	-	-	-	-	-	293	-
Debt securities	3,803	(2)	29	842	(367)	(198)	212	-	182	(359)	-	-	4,144	-
Other investments at fair value	934	(206)	9	179	(72)	(18)	102	-	-	-	-	-	928	-
	<b>5,018</b>	<b>(176)</b>	<b>69</b>	<b>1,113</b>	<b>(563)</b>	<b>(249)</b>	<b>330</b>	-	<b>182</b>	<b>(359)</b>	-	-	<b>5,365</b>	-
<b>Fair value through profit or loss</b>														
Debt securities	17	-	-	-	(2)	-	2	-	-	(9)	-	-	6	-
Other investments at fair value	1,237	(20)	-	179	(397)	-	139	-	291	(162)	-	-	1,265	17
Investments for account of policyholders	1,956	126	-	486	(773)	-	33	-	-	(83)	-	-	1,745	85
Derivatives	320	(173)	-	12	48	-	15	-	-	-	-	-	222	(176)
	<b>3,530</b>	<b>(67)</b>	-	<b>677</b>	<b>(1,124)</b>	-	<b>188</b>	-	<b>291</b>	<b>(255)</b>	-	-	<b>3,239</b>	<b>(74)</b>
<b>Financial liabilities carried at fair value</b>														
Investment contracts for account of policyholders	165	3	-	12	(34)	-	14	-	-	(5)	-	-	156	3
Derivatives	3,010	(925)	-	-	(98)	-	116	-	-	-	-	-	2,104	(972)
	<b>3,175</b>	<b>(922)</b>	-	<b>13</b>	<b>(131)</b>	-	<b>131</b>	-	-	<b>(5)</b>	-	-	<b>2,260</b>	<b>(969)</b>

<sup>1</sup> Includes impairments and movements related to fair value hedges. Gains and losses are recorded in the line item results from financial transactions of the income statement.

<sup>2</sup> Total gains and losses are recorded in line items Gains/ (losses) on revaluation of available-for-sale investments and (Gains)/ losses transferred to the income statement on disposal and impairment of available-for-sale investment of the statement of other comprehensive income.

<sup>3</sup> Total gains / (losses) for the period during which the financial instrument was in Level III.

During the first three months of 2016, Aegon transferred certain financial instruments from Level II to Level III of the fair value hierarchy. The reason for the change in level was that the market liquidity for these securities decreased, which led to a change in market observability of prices. Prior to transfer, the fair value for the Level II securities was determined using observable market transactions or corroborated broker quotes respectively for the same or similar instruments. The amount of assets and liabilities transferred to Level III was EUR 175 million (full year 2015: EUR 473 million). Since the transfer, all such assets have been valued using valuation models incorporating significant non market-observable inputs or uncorroborated broker quotes.

Similarly, during the first three months of 2016, Aegon transferred EUR 883 million (full year 2015: EUR 619 million) of financial instruments from Level III to other levels of the fair value hierarchy. The change in level was mainly the result of a return of activity in the market for these securities and that for these securities the fair value could be determined using observable market transactions or corroborated broker quotes for

the same or similar instruments.

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

**Overview of significant unobservable inputs**

<i>EUR millions</i>	Carrying amount March 31, 2016	Valuation technique <sup>1</sup>	Significant unobservable input <sup>2</sup>	Range (weighted average)
<b>Financial assets carried at fair value available-for-sale investments</b>				
Shares	161	Net asset value	n.a.	n.a.
	153	Other	n.a.	n.a.
	<b>314</b>			
Debt securities	2,909	Broker quote	n.a.	n.a.
	200	Discounted cash flow	Credit spread	1.58% - 4.44%
	324	Other	n.a.	(3.20%)
	<b>3,432</b>			n.a.
Other investments at fair value				
Tax credit investments	749	Discounted cash flow	Discount rate	6.9%
Investment funds	69	Net asset value	n.a.	n.a.
Other	40	Other	n.a.	n.a.
<b>March 31, 2016</b>	<b>858</b>			
<b>Fair value through profit or loss</b>				
Debt securities	6	Other	n.a.	n.a.
	<b>6</b>			
Other investments at fair value				
Investment funds	1,085	Net asset value	n.a.	n.a.
Other	5	Other	n.a.	n.a.
	<b>1,091</b>			
Derivatives <sup>3</sup>				
Longevity swap	109	Discounted cash flow	Mortality	
Other	165	Other	n.a.	n.a.
<b>March 31, 2016</b>	<b>274</b>			
<b>Financial liabilities carried at fair value</b>				
Derivatives				
Embedded derivatives in insurance contracts	3,150	Discounted cash flow	Own Credit spread	0.40% - 0.55%
Other	8	Other	n.a.	(0.46%)
<b>Total financial liabilities at fair value</b>	<b>3,158</b>			

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

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

<sup>3</sup> Investments for account of policyholders are excluded from the table above and from the disclosure regarding reasonably possible alternative assumptions.

Policyholder assets, and their returns, belong to policyholders and do not impact Aegon's net income or equity. The effect on total assets is offset by the effect on total liabilities. Derivatives exclude derivatives for account of policyholders amounting to EUR 135 million.



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The description of Aegon's methods of determining fair value is included in the consolidated financial statements for 2015. For reference purposes, the valuation techniques included in the table above are described in more detail on the following pages.

### *Shares*

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

Available-for-sale shares include shares in a Federal Home Loan Bank (FHLB) for an amount of EUR 148 million (December 31, 2015: EUR 120 million) that are measured at par, which are reported as part of Other in the column Valuation technique. A FHLB has implicit financial support from the United States government. The redemption value of the shares is fixed at par and they can only be redeemed by the FHLB.

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*Debt securities*

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

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

Valuations of corporate bonds are monitored and reviewed on a monthly basis. The pricing hierarchy is dependent on the possibility of corroboration of market prices when available. If no market prices are available, valuations are determined by a discounted cash flow methodology using an internally calculated yield. The yield is comprised of a credit spread over a given benchmark. In all cases, the benchmark is an observable input. The credit spread contains both observable and unobservable inputs. Aegon starts by taking an observable credit spread from a similar bond of the given issuer, and then adjusts this spread based on unobservable inputs. These unobservable inputs may include subordination, liquidity and maturity differences. The weighted average credit spread used in valuation of corporate bonds has increased to 3.20% (December 31, 2015: 2.84%).

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

*Tax credit investments*

The fair value of tax credit investments is determined by using a discounted cash flow valuation technique. This valuation technique takes into consideration projections of future capital contributions and distributions, as well as future tax credits and the tax benefits of future operating losses. The present value of these cash flows is calculated by applying a discount rate. In general, the discount rate is determined based on the cash outflows for the investments and the cash inflows from the tax credits/tax benefits (and the timing of those cash flows). These inputs are unobservable in the market place. The discount rate used in valuation of tax credit investments has decreased to 6.9% (December 31, 2015: 7.4%).

*Investment funds*

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

*Derivatives*

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

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

Some OTC derivatives are so-called longevity derivatives. The payout of longevity derivatives is linked to publicly available mortality tables. The derivatives are measured using the present value of the best estimate of expected payouts of the derivative plus a risk margin. The best estimate of expected payouts is determined using best estimate of mortality developments. Aegon determined the risk margin by stressing the best estimate mortality developments to quantify the risk and applying a cost-of-capital methodology. The most significant unobservable input for these derivatives is the (projected) mortality development.

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

*Embedded derivatives in insurance contracts including guarantees*

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

Since the price of these guarantees is not quoted in any market, the fair values of these guarantees are based on discounted cash flows calculated as the present value of future expected payments to policyholders less the present value of assessed rider fees attributable to the guarantees. Given the complexity and long-term nature of these guarantees which are unlike instruments available in financial markets, their fair values are determined by using stochastic models under a variety of market return scenarios. A variety of factors are considered including credit spread, expected market rates of return, equity and interest rate volatility, correlations of market returns, discount rates and actuarial assumptions. The most significant unobservable factor is credit spread. The credit spread used in the valuations of embedded derivatives in insurance contracts increased to 0.46% (December 31, 2015: 0.33%).

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

Since many of the assumptions are unobservable and are considered to be significant inputs to the liability valuation, the liability included in future policy benefits has been reflected within Level III of the fair value hierarchy.

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*Effect of reasonably possible alternative assumptions*

The effect of changes in other unobservable inputs on fair value measurement were not significantly different than those that were applied to the consolidated financial statements as at and for the year ended December 31, 2015.

**Fair value information about financial instruments not measured at fair value**

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

**Fair value information about financial instruments not measured at fair value**

<i>EUR millions</i>	Carrying amount March 31, 2016	Total estimated fair value March 31, 2016	Carrying amount December 31, 2015	Total estimated fair value December 31, 2015
<b>Assets</b>				
Mortgage loans - held at amortized cost	33,192	37,951	33,214	37,648
Private loans - held at amortized cost	2,947	3,369	2,847	3,165
Other loans - held at amortized cost	2,403	2,403	2,517	2,517
<b>Liabilities</b>				
Trust pass-through securities - held at amortized cost	153	140	157	146
Subordinated borrowings - held at amortized cost	757	836	759	828
Borrowings held at amortized cost	10,205	10,632	11,829	12,194
Investment contracts - held at amortized cost	17,590	18,148	17,260	17,860

**Financial instruments for which carrying value approximates fair value**

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

**14. Deferred expenses**

<i>EUR millions</i>	Mar. 31, 2016	Dec. 31, 2015
DPAC for insurance contracts and investment contracts with discretionary participation features	9,781	10,457
Deferred cost of reinsurance	70	72
Deferred transaction costs for investment management services	448	467
<b>Total deferred expenses</b>	<b>10,299</b>	<b>10,997</b>

**15. Share capital**

<i>EUR millions</i>	Mar. 31, 2016	Dec. 31, 2015
Share capital - par value	328	328
Share premium	8,059	8,059
<b>Total share capital</b>	<b>8,387</b>	<b>8,387</b>
<b>Share capital - par value</b>		
Balance at January 1	328	327
Issuance	-	-
Share dividend	-	-
<b>Balance</b>	<b>328</b>	<b>328</b>
<b>Share premium</b>		
Balance at January 1	8,059	8,270
Share dividend	-	(211)
<b>Balance</b>	<b>8,059</b>	<b>8,059</b>

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*Basic and diluted earnings per share*

<i>EUR millions</i>	Q1 2016	Q1 2015
<b>Earnings per share</b> (EUR per share)		
Basic earnings per common share	0.05	0.12
Basic earnings per common share B	-	-
Diluted earnings per common share	0.05	0.12
Diluted earnings per common share B	-	-
<b>Earnings per share calculation</b>		
Net income / (loss) attributable to equity holders of Aegon N.V.	143	289
Coupons on other equity instruments	(35)	(36)
Earnings attributable to common shares and common shares B	109	253
Earnings attributable to common shareholders	108	251
Earnings attributable to common shareholders B	1	2
Weighted average number of common shares outstanding (in millions)	2,084	2,095
Weighted average number of common shares B outstanding (in millions)	585	581
<i>Dividend</i>		

Aegon will propose to the Annual General Meeting of Shareholders on May 20, 2016, absent unforeseen circumstances, to pay a final dividend for the year 2015 of EUR 0.13 per common share. After taking into account the interim dividend 2015 of EUR 0.12 per common share, this will result in a total 2015 dividend of EUR 0.25 per common share. Proposed final dividend for the year and proposed total 2015 dividend per common share B amount to 1/40th of the dividend paid on common shares.

*Share buy back*

As announced on January 13, 2016, during an update on Aegon's strategic plans at its Analyst & Investor Conference, Aegon executed the first tranche of a share buyback program in which 41,082,683 common shares were repurchased. Between January 13, 2016 and March 31, 2016, these common shares were repurchased at an average price of EUR 4.8682 per share. It will be proposed to shareholders at the Annual General Meeting of Shareholders on May 20, 2016, to cancel all repurchased shares under this program. These common shares are being repurchased as part of a program to neutralize the dilutive effect of the cancellation of the preferred shares in 2013.

**16. Borrowings**

<i>EUR millions</i>	Mar. 31, 2016	Dec. 31, 2015
Capital funding	1,936	2,015
Operational funding	8,869	10,430
<b>Total borrowings</b>	<b>10,806</b>	<b>12,445</b>

Included in borrowings is EUR 600 million relating to borrowings measured at fair value (December 31, 2015: EUR 617 million).

*Operational funding*

During Q1 2016, Aegon redeemed EUR 450 million of ECB LTRO and repurchased the mortgage loans from SAECURE 9 and SAECURE 10 for EUR 1,658 million. In addition, Aegon entered into a USD 975 million new liquidity program from the Federal Home Loan Bank.

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**17. Commitments and contingencies**

There have been no material changes in contingent assets and liabilities to those reported in the 2015 consolidated financial statements of Aegon.

**18. Acquisitions / divestments**

On January 18, 2016 Aegon Nederland N.V. signed an agreement to sell its commercial non-life insurance business, which includes the proxy and co-insurance run-off portfolios. The transaction is subject to approval by the Dutch Central Bank (De Nederlandsche Bank) and the Dutch Authority for Consumers and Markets (Autoriteit Consument & Markt). This sale is expected to be completed before July 1, 2016. This business continues to be part of Aegon's reported numbers, until the transaction has been completed.

**19. Events after the balance sheet date**

On January 13, 2016, Aegon announced and started its EUR 400 million share buyback program to neutralize the dilutive effect of the cancellation of the preferred shares in 2013. The first tranche of EUR 200 million was completed on March 31, 2016 through the repurchase of 41.1 million shares. The second tranche of EUR 200 million was announced and started on April 1, 2016.

On April 11, 2016, Aegon announced the sale of two thirds of its UK annuity portfolio to Rothesay Life. Under the terms of the agreement, Aegon will reinsure GBP 6 billion of liabilities to Rothesay Life, followed by a Part VII transfer, which is subject to court approval. The reinsurance transaction is expected to result in an IFRS loss of approximately GBP 30 million (EUR 37 million) to be reported in the second quarter of 2016.

On May 3, 2016, Aegon announced it will buy BlackRock's UK defined contribution (DC) platform and administration business. Through the agreement, Aegon will acquire approximately GBP 12 billion (EUR 15.2 billion) of assets and 350,000 customers from BlackRock, which serves institutional and retail clients. The transaction is subject to closing conditions and a Part VII transfer of the underlying assets and liabilities to Aegon, which is subject to regulatory and court approval.

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**Disclaimers****Cautionary note regarding non-IFRS measures**

This document includes the following non-IFRS financial measures: underlying earnings before tax, income tax and income before tax. These non-IFRS measures are calculated by consolidating on a proportionate basis Aegon's joint ventures and associated companies. The reconciliation of these measures to the most comparable IFRS measure is provided in note 3 Segment information of Aegon's Condensed Consolidated Interim Financial Statements. Aegon believes that these non-IFRS measures, together with the IFRS information, provide meaningful information about the underlying operating results of Aegon's business including insight into the financial measures that senior management uses in managing the business.

**Forward-looking statements**

The statements contained in this document that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. The following are words that identify such forward-looking statements: aim, believe, estimate, target, intend, may, expect, anticipate, predict, project, counting on, plan, continue, want, forecast, goal, should, would, is confident, will, and similar expressions as they relate to Aegon. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Aegon undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which merely reflect company expectations at the time of writing. Actual results may differ materially from expectations conveyed in forward-looking statements due to changes caused by various risks and uncertainties. Such risks and uncertainties include but are not limited to the following:

- t Changes in general economic conditions, particularly in the United States, the Netherlands and the United Kingdom;
- t Changes in the performance of financial markets, including emerging markets, such as with regard to:
  - The frequency and severity of defaults by issuers in Aegon's fixed income investment portfolios;
  - The effects of corporate bankruptcies and/or accounting restatements on the financial markets and the resulting decline in the value of equity and debt securities Aegon holds; and
  - The effects of declining creditworthiness of certain private sector securities and the resulting decline in the value of sovereign exposure that Aegon holds;
- t Changes in the performance of Aegon's investment portfolio and decline in ratings of Aegon's counterparties;
- t Consequences of a potential (partial) break-up of the euro or the potential exit of the United Kingdom and/or Greece from the European Union;
- t The frequency and severity of insured loss events;
- t Changes affecting longevity, mortality, morbidity, persistence and other factors that may impact the profitability of Aegon's insurance products;
- t Reinsurers to whom Aegon has ceded significant underwriting risks may fail to meet their obligations;
- t Changes affecting interest rate levels and continuing low or rapidly changing interest rate levels;
- t Changes affecting currency exchange rates, in particular the EUR/USD and EUR/GBP exchange rates;
- t Changes in the availability of, and costs associated with, liquidity sources such as bank and capital markets funding, as well as conditions in the credit markets in general such as changes in borrower and counterparty creditworthiness;
- t Increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- t Changes in laws and regulations, particularly those affecting Aegon's operations' ability to hire and retain key personnel, the products Aegon sells, and the attractiveness of certain products to its consumers;
- t Regulatory changes relating to the pensions, investment, and insurance industries in the jurisdictions in which Aegon operates;
- t Standard setting initiatives of supranational standard setting bodies such as the Financial Stability Board and the International Association of Insurance Supervisors or changes to such standards that may have an impact on regional (such as EU), national or US federal or state level

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financial regulation or the application thereof to Aegon, including the designation of Aegon by the Financial Stability Board as a Global Systemically Important Insurer (G-SII).

- t Changes in customer behavior and public opinion in general related to, among other things, the type of products also Aegon sells, including legal, regulatory or commercial necessity to meet changing customer expectations;
- t Acts of God, acts of terrorism, acts of war and pandemics;
- t Changes in the policies of central banks and/or governments;
- t Lowering of one or more of Aegon's debt ratings issued by recognized rating organizations and the adverse impact such action may have on Aegon's ability to raise capital and on its liquidity and financial condition;
- t Lowering of one or more of insurer financial strength ratings of Aegon's insurance subsidiaries and the adverse impact such action may have on the premium writings, policy retention, profitability and liquidity of its insurance subsidiaries;
- t The effect of the European Union's Solvency II requirements and other regulations in other jurisdictions affecting the capital Aegon is required to maintain;
- t Litigation or regulatory action that could require Aegon to pay significant damages or change the way Aegon does business;
- t As Aegon's operations support complex transactions and are highly dependent on the proper functioning of information technology, a computer system failure or security breach may disrupt Aegon's business, damage its reputation and adversely affect its results of operations, financial condition and cash flows;
- t Customer responsiveness to both new products and distribution channels;
- t Competitive, legal, regulatory, or tax changes that affect profitability, the distribution cost of or demand for Aegon's products;
- t Changes in accounting regulations and policies or a change by Aegon in applying such regulations and policies, voluntarily or otherwise, which may affect Aegon's reported results and shareholders' equity;
- t The impact of acquisitions and divestitures, restructurings, product withdrawals and other unusual items, including Aegon's ability to integrate acquisitions and to obtain the anticipated results and synergies from acquisitions;
- t Catastrophic events, either manmade or by nature, could result in material losses and significantly interrupt Aegon's business; and
- t Aegon's failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving and excess capital and leverage ratio management initiatives.

Further details of potential risks and uncertainties affecting Aegon are described in its filings with the Netherlands Authority for the Financial Markets and the US Securities and Exchange Commission, including the Annual Report. These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, Aegon expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Aegon's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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Aegon's Q1 2016 press release and Financial Supplement are available on [aegon.com](http://aegon.com).

## About Aegon

Aegon's roots go back more than 170 years to the first half of the nineteenth century. Since then, Aegon has grown into an international company, with businesses in more than 20 countries in the Americas, Europe and Asia. Today, Aegon is one of the world's leading financial services organizations, providing life insurance, pensions and asset management. Aegon's purpose is to help people achieve a lifetime of financial security. More information: [aegon.com](http://aegon.com).

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