



Market positions

USA

- # 3 Term life
- # 4 Universal life
- # 10 Variable annuities
- # 13 Pensions

Brazil

- # 13 Life insurance

Canada

- # 5 Universal life
- # 6 Term life
- # 6 Segregated funds

Mexico

- # 9 Life insurance

Overview

AEGON's businesses in the Americas showed a strong increase in underlying earnings and net income mainly as a result of improved market conditions in 2010. During the year, AEGON announced that it would explore strategic options regarding its life reinsurance business, Transamerica Reinsurance. This followed the restructuring process started in 2009 and the company's announcement in 2010 that it would sharpen its focus on its core businesses. AEGON also decided to discontinue its small bank BOLI and COLI businesses in the United States and to pursue further operational and cost efficiencies by consolidating operations currently based in Louisville, Kentucky with other existing locations.

Underlying earnings before tax

Underlying earnings before tax increased 84% during the year to USD 2.1 billion. Earnings from life and protection remained stable as cost savings were offset by lower margins. Individual savings and retirement products returned to profit, mainly as a result of higher account balances driven by a recovery in financial markets and the absence of reserve strengthening. Earnings from employer solutions and pensions increased as a result of continued strong growth of the business as well as an improvement in the financial markets.

Net income

Net income from the Americas more than doubled compared with 2009 to USD 1.5 billion. This was mainly the result of higher underlying earnings and realized gains on investments, a better performance from fair value items and fewer impairments. The result was only partly offset by higher charges that were mainly related to restructuring, the settlement of a dispute related to a bank-owned life insurance policy in the United States and losses from the run-off businesses.

Operating expenses

Operating expenses declined 15% compared with 2009 to USD 2 billion, mainly as a result of significant cost reductions, lower restructuring charges, a decrease in employee benefit plan expenses and the transfer of asset management activities to AEGON Asset Management.

Sales and deposits

AEGON experienced a 4% increase in new life sales in the Americas during the course of 2010. Strong retail new life sales in the United States and Latin America were partly offset by lower life reinsurance sales.

Gross deposits - excluding run-off businesses - increased 3% to USD 27.8 billion in 2010. Continued strong growth in variable annuity, retail mutual fund and pension deposits was offset by a decline in fixed annuity deposits as sales of this product are de-emphasized.

One of AEGON's chosen markets and key growth drivers, the company's retirement businesses in the United States, experienced a record year with more than USD 8 billion of net deposits for 2010. Total net deposits, excluding the run-off businesses, declined to USD 1.6 billion during the year, mainly due to the decision to de-emphasize sales of fixed annuities and stable value solutions outflows.

Value of new business

Value of new business in the Americas declined 26% to USD 304 million. The decline was due mostly to lower life reinsurance sales and lower fixed annuity deposits. The internal rate of return amounted to 13% in 2010.

Revenue-generating investments

Revenue-generating investments increased 4% to USD 320 billion. This increase was the result of significant improvements in bond, credit and equity markets, partly offset by a decline in run-off assets.