

AEGON NV
Form 6-K
January 23, 2012
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Securities and Exchange Commission

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d/16 of
the Securities Exchange Act of 1934**

January 23, 2012

AEGON N.V.

AEGONplein 50

2591 TV THE HAGUE

The Netherlands

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AEGON's Embedded Value Report 2010 dated May 12, 2011, is included as an exhibit and incorporated herein by reference. The Embedded Value 2010 Report, as included in the exhibit, reflects some minor adjustments to the Embedded Value 2010 Report as referred to in our Report on Form 6-K furnished to the SEC on May 17, 2011.

SIGNATURE

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

AEGON N.V.

(Registrant)

Date: January 23, 2012

By /s/ E. Lagendijk
E. Lagendijk
Executive Vice President and General Counsel

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THE HAGUE, MAY 12, 2011

EMBEDDED VALUE

2010

LIFE INSURANCE

PENSIONS

ASSET MANAGEMENT

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Table of Contents**1. Highlights****1.1 Overview of embedded value life insurance and total embedded value**

A high level overview of embedded value life insurance and total embedded value is contained in table 1. More details on these values, the principles and assumptions used plus the sensitivity of these values to changes in underlying assumptions are included in this document and should be read carefully in connection with the information presented below. All figures in this document are presented on an after tax basis unless otherwise stated.

Table 1

Embedded value	Year-end 2010 EUR	Year-end 2009 EUR	%
<i>(amounts in millions unless stated otherwise, after tax)</i>			
<u>Life business</u>			
Adjusted net worth (ANW)	15,959	13,216	21
Free surplus (FS)	3,261	2,404	36
Required surplus (RS)	12,697	10,811	17
Value of in-force life business (ViF)	9,798	10,081	(3)
Present value future profits (PVFP)	13,570	13,035	4
Cost of capital (CoC)	(3,772)	(2,955)	(28)
Embedded value life insurance (EVLI)	25,756	23,296	11
<u>Other activities</u>			
IFRS book value	733	1,137	(36)
Total embedded value before holding activities	26,489	24,434	8
<u>Holding activities</u>			
Market value of debt, capital securities & other net liabilities	(7,598)	(6,663)	(14)
Present value holding expenses	(7,098)	(6,187)	(15)
	(500)	(477)	(5)
Total embedded value (TEV)	18,891	17,770	6
Value of preferred share capital	(1,170)	(1,301)	10
Total embedded value (TEV) attributable to common shareholders	17,721	16,469	8
TEV attributable to common shareholders per share (EUR)	10.38	9.65	8

The most important items impacting the change in embedded value life insurance during 2010 were¹:

- ⊖ Embedded value operating return² of EUR 1.3 billion, consisting of EUR 767 million for in-force performance and EUR 555 million for new business value.
- ⊖ An investment variance of EUR 1.9 billion and an impact of EUR (1.3) billion from economic assumption changes due to lower interest rates particularly in the Netherlands.
- ⊖ Net capital movements from the life operations, impacting the EVLI by EUR (0.7) billion.
- ⊖ The strengthening of other currencies against the euro, particularly the US dollar, increasing the EVLI by EUR 1.2 billion.

¹ For a more detailed analysis, please refer to section 2.1.2 Movement analysis of embedded value life insurance .

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² For embedded value operating margins on a constant currency basis, please refer to addendum 2 *Movement analysis per region and product segment* .

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The value of other activities decreased to EUR 0.7 billion (see section 2.1 for details).

Debt, capital securities and other net liabilities, which includes the convertible core capital securities funded by the Dutch State, increased by EUR 0.9 billion, as a result of an increase in the market value of debt, more than offsetting the reduction in debt due to the repurchase of convertible core capital securities in 2010 (EUR 0.5 billion).

1.2 New business

A high level overview of the value of new business (VNB) generated by new business sold during the reporting period is contained below in tables 2 and 3. Throughout this report, the VNB is presented net of tax and after an allowance for the cost of carrying required capital on the internal surplus basis unless stated otherwise.

Table 2

Value of new business	2010	2009	%
	EUR	EUR	
<i>(amounts in millions)</i>			
Gross value of new business	1,054	1,199	(12)
Tax	(308)	(253)	(22)
Cost of capital	(190)	(178)	(7)
Value of new business	555	767	(28)

Table 3

Value of new business	2010	2009	%
	EUR	EUR	
<i>(amounts in millions, after tax)</i>			
Americas	230	293	(22)
The Netherlands	144	184	(22)
United Kingdom	65	170	(62)
New Markets	116	120	(3)
Asia	4	4	0
Central and Eastern Europe	49	46	7
Spain & France	51	82	(38)
Variable Annuities Europe	11	(11)	-
Total	555	767	(28)

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The VNB decreased 28% from 2009 (30% on a constant currency basis). The main reason for the decrease was the strategic shift away from spread business, in both the Americas and the UK. The Netherlands also experienced lower VNB as the margins on mortgage business decreased. New Markets share of AEGON's total VNB increased to 21% (from 16% in 2009).

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Table of Contents**1.3 Summary of movement analysis**

Table 4

Summary of movement analysis	Total	Total
	2010	2009
<i>(amounts in EUR millions, after tax)</i>		
Embedded value life insurance BoY	23,296	22,936
Value of new business (VNB)	555	767
In-force performance	767	560
Embedded value operating return	1,322	1,327
Variance from long-term investment return	1,860	(396)
Change in economic assumptions	(1,332)	(607)
Currency exchange differences	1,192	(153)
Miscellaneous impacts	89	(222)
Embedded value total return	3,131	(51)
Capital movements	(672)	412
Embedded value life insurance EoY	25,756	23,296
Other activities	733	1,137
Holding activities	(7,598)	(6,663)
Total embedded value	18,891	17,770
Embedded value operating margin ^(A)	5.3%	5.8%

^(A) Embedded value operating margin is calculated on a constant currency basis. See addendum 2, tables 15 to 18 for details.

- ⚡ Embedded value operating return was at a similar level to 2009, with stronger in-force performance offsetting a lower level of new business value.
- ⚡ Favorable variances from the long-term investment return of EUR 1.9 billion were partially offset by a negative impact of EUR (1.3) billion from economic assumption changes, both largely caused by the impact in the Netherlands of lower interest rates, which had a positive impact on the derivatives hedging the guarantee reserves, and an offsetting negative impact due to increases in the value of liabilities.
- ⚡ There were net capital movements from the life operations, which impacted the EVLI by EUR (0.7) billion in 2010.
- ⚡ The strengthening of currencies against the euro, particularly the US dollar, increased the EVLI by EUR 1.2 billion.

Table of Contents**1.4 Summary of reconciliation of free surplus in life insurance businesses**

Table 5

Summary of reconciliation of free surplus	Total 2010	Total 2009
<i>(amounts in EUR millions, after tax)</i>		
Free surplus (BOY)	2,404	2,335
Change in Market Value adjustment on Free Surplus	42	17
Return on free surplus	103	160
Earnings on in-force	3,948	3,149
Release of required surplus on inforce	(1,289)	(1,348)
Investment in new business	(1,274)	(1,452)
<i>New business first year strain</i>	<i>(811)</i>	<i>(631)</i>
<i>Required surplus on new business</i>	<i>(463)</i>	<i>(822)</i>
Capital movements ^(A)	(672)	412
Currency exchange differences	75	14
Other	(75)	(883)
Free surplus (EOY)	3,261	2,404

^(A) Net capital movements from covered business only; other activities paid EUR 478m to AEGON NV and EUR 168m to Life businesses, leading to a total net dividend to AEGON NV of EUR 1.3 billion.

The economic value of free surplus in the life business increased during 2010 mainly due to strong earnings on the in-force portfolio (up 25% from 2009) and a reduced level of total capital required to write new business (down 12% from 2009). Capital movements show a net outflow of capital from the covered business in 2010, compared to a net contribution to these businesses in 2009. The impact of Other items is much smaller than last year, due to reduced non-recurring items, particularly the strengthening of the regulatory default assumption in the UK.

1.5 Scope of the report

This report uses the IFRS reporting structure of 2010.

The regional groupings used throughout the report are as follows:

- ⊆ Americas consists of AEGON Canada, AEGON USA, AEGON's 50% interest in Mongeral (Brazil) and AEGON's 49% interest in Seguros Argos (Mexico).
- ⊆ The Netherlands, consisting of AEGON's operating companies in The Netherlands.
- ⊆ UK, consisting of AEGON UK.
- ⊆ New Markets consists of AEGON's operations in the Czech Republic (including the 90% interest in its partnership in the AEGON Pension Fund), Hungary, Poland, Slovakia, Romania, Turkey, Variable Annuities Europe, Spain (including AEGON's interests in four partnerships in Spain), AEGON's 35% interest in La Mondiale Participations (France) and AEGON's 50% interest in its

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partnership in China.

A breakdown of the New Market results by region is shown in Addendum 4.

Other activities include the IFRS book value of AEGON's 26% interest in AEGON Religare (India), AEGON's 75% interest in Religare AEGON Asset Management (India), AEGON's 49% interest in AEGON Industrial Fund Management (China), AEGON's 50% interest in Caixa Terrassa Vida y Pensiones (Spain) and AEGON's 50% interest in AEGON Sony Life Insurance Company (Japan).

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Table of Contents**2. Results**

This section presents the EVLI and TEV as of December 31, 2010. All profits are in millions of euros and based on local regulatory accounting net of reinsurance and after tax. The level of required surplus is based on internal surplus requirements.

2.1 Value components

The values under the internal surplus requirements are:

Table 6

Embedded value components	Americas	The Netherlands	United Kingdom ^(A)	New Markets	Total 2010
<i>(amounts in EUR millions, after tax)</i>					
Life business					
Adjusted net worth (ANW)	10,744	3,779	667	768	15,959
Free surplus (FS)	872	2,053	133	202	3,261
Required surplus (RS)	9,872	1,726	534	566	12,697
Value of in-force life business (ViF)	3,982	2,621	2,234	961	9,798
Present value future profits (PVFP)	6,785	3,213	2,413	1,158	13,570
Cost of capital (CoC)	(2,803)	(592)	(179)	(198)	(3,772)
Embedded value life insurance (EVLI)	14,726	6,401	2,901	1,729	25,756
Other activities					
IFRS book value	572	(195)	(106)	461	733
Total embedded value per region	15,298	6,206	2,795	2,190	26,489
Holding activities					
Market value of debt, capital securities & other net liabilities					(7,598)
Present value holding expenses					(7,098)
Total embedded value (TEV)					18,891
Value of preferred share capital					(1,170)
Total embedded value (TEV) attributable to common shareholders					17,721

^(A) Free Surplus in the UK in this report differs from UK regulatory Pillar I free capital due to exclusion of an internal company loan of admissible value GBP 148 million.

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The solvency requirement on which the business is managed is based on the more stringent of the local regulatory requirements and Standard & Poor's local capital adequacy models at an AA level, plus any additional internally imposed requirements, if applicable³. This forms the basis for the solvency requirements for the business throughout this report.

The embedded value life insurance increased due to strong positive performance on the in-force business, the contribution from VNB, positive economic variances and favorable currency movements, partially offset by economic assumptions changes. For a detailed discussion of the change in embedded value life insurance from end of year 2009 to end of year 2010 refer to section 2.1.2.

³ The exception is AEGON's partnership in France, *La Mondiale Participations*, which is managed on local regulatory requirements.

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The main areas covered by Other activities are banking (EUR 0.5 billion), distribution (EUR 0.1 billion), general insurance (EUR 0.2 billion), health insurance (EUR 0.1 billion), asset management (EUR 0.2 billion) and the company's pension and employee benefit schemes (EUR 0.1 billion). These are partially offset by the impact of eliminations of intercompany reconciliations in the country units.

Non-recurring expenses

In established operations, certain incurred expenses are considered non-recurring, and are classified as exceptional. For newer operations, such as China or Czech Republic, the VNB and the projection of expenses in the embedded value life insurance reflect longer term expected run rate acquisition and maintenance expenses, with expenses in excess of this also being classified as exceptional.

In total an amount of EUR 112 million, after tax, was considered as exceptional expenses (Americas EUR 10 million, the Netherlands EUR 9 million, UK EUR 57 million and New Markets EUR 36 million), and not included in the derivation of acquisition and maintenance expense assumptions.

Employee pension plan costs

Expense assumptions in the embedded value include the cost of providing employee pension benefits where appropriate. The allowance for these costs fully reflects the long-term cost of providing pensions and is consistent with the allowance for pensions elsewhere in the calculation of the total embedded value. Any pension asset or liability has been included at the IFRS book value, in accordance with International Accounting Standard (IAS) 19.

Embedded options and guarantees

In total, the explicit cost of time value of options and guarantees included in the EVLI for the Group was EUR 1.0 billion, after tax; this value is included in the present value of future profits (please see Addendum 6 for details on how this value is calculated).

As the PVFP explicitly allows for the cost of the time value of embedded options and guarantees, the PVFP for the Netherlands also allows for a positive value of EUR 1.7 billion in relation to the release of EUR 2.6 billion statutory reserve held for financial options and guarantees, and which is backed by an economic hedging program. This value has been established by projecting the future releases to shareholders from the reserve.

Table of Contents**2.1.1 Free surplus**

Table 7

Reconciliation of free surplus	Americas	The Netherlands	United Kingdom	New Markets	Total 2010	Total 2009
<i>(amounts in EUR millions, after tax)</i>						
Free surplus (BOY)	822	1,114	177	292	2,404	2,335
Change in MV adjustment on FS	2	36	-	5	42	17
Return on free surplus	14	67	5	17	103	160
Earnings on in-force	2,290	1,126	442	91	3,948	3,149
Release of required surplus on inforce	(1,290)	(12)	14	(3)	(1,289)	(1,348)
Investment in new business	(669)	(174)	(325)	(106)	(1,274)	(1,452)
<i>New business first year strain</i>	<i>(409)</i>	<i>(45)</i>	<i>(289)</i>	<i>(68)</i>	<i>(811)</i>	<i>(631)</i>
<i>Required surplus on new business</i>	<i>(261)</i>	<i>(129)</i>	<i>(36)</i>	<i>(37)</i>	<i>(463)</i>	<i>(822)</i>
Capital movements ^(A)	(362)	(88)	(91)	(130)	(672)	412
Currency exchange differences	66	0	6	3	75	14
Other	0	(16)	(94)	35	(75)	(883)
Free surplus (EOY)	872	2,053	133	202	3,261	2,404

^(A) Net capital movements from covered business only; other activities paid EUR 478m to AEGON NV and EUR 168m to Life businesses, leading to a total net dividend to AEGON NV of EUR 1.3 billion.

The economic value of free surplus in the life business increased during 2010 mainly due to:

- ⌚ Return on free surplus of EUR 0.1 billion.
- ⌚ Overall earnings on in-force operations based on local statutory accounting of EUR 3.9 billion comprising:
 - ⌚ In the Americas, the earnings on in-force of EUR 2.3 billion (EUR 0.1 billion higher than 2009) reflecting substantial earnings from life business and fixed annuities.
 - ⌚ In the Netherlands, the earnings on in-force of EUR 1.1 billion (EUR 0.8 billion higher than 2009), due to underlying earnings, realized gains and gains on the interest rate hedging program.
 - ⌚ In the UK, the earnings on in-force of EUR 0.4 billion.

Partially offset by

- ⌚ An overall increase in required surplus on the in-force portfolio, with impact on free surplus of EUR (1.3) billion. This increase is mainly due to a strengthening of required surplus on in-force, caused by changes to Standard & Poor's asset factors, which had a negative impact on free surplus of EUR (1.4) billion. This affected primarily the Americas businesses.
- ⌚ Investment in new business, including new business strain and required capital on new business, of EUR (1.3) billion. This is lower than the investment in new business in 2009, largely due to lower fixed annuity volumes in the Americas and lower immediate

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annuity volumes in the UK, as a result of the strategic shift away from these lines of business.

↳ Net capital movements from the life businesses, with an impact of EUR (0.7) billion.

↳ Other of EUR (0.1) billion, primarily related to the setting up of a provision in the UK to cover policyholder redress under the customer redress program and exceptional staff pension scheme contributions.

Further detail on the reconciliation of free surplus for New Markets is shown in Addendum 4.

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Table of Contents**2.1.2 Movement analysis of embedded value life insurance**

The change in embedded value life insurance (EVLI) from year to year is split into the following components⁴. The main items per region are explained in further detail after table 8 and table 10.

Table 8

Movement analysis 2010	Americas	The Netherlands	United Kingdom	New Markets	Total 2010
<i>(amounts in EUR millions, after tax)</i>					
Embedded value life insurance BoY	13,415	5,514	2,591	1,777	23,296
Value of new business (VNB)	230	144	65	116	555
Gross value of new business	514	249	101	190	1,054
Tax	(170)	(64)	(27)	(47)	(308)
Cost of capital (after tax)	(114)	(41)	(9)	(26)	(190)
In-force performance	825	(243)	90	95	767
Unwind of discount	1,188	459	221	162	2,030
Operating variances	320	(10)	(101)	(63)	145
Mortality/morbidity	52	(52)	15	4	20
Persistency	(95)	(29)	(6)	(26)	(155)
Maintenance expenses	16	29	(24)	(7)	13
Exceptional expenses	(7)	0	(30)	(21)	(59)
Other	355	41	(56)	(14)	327
Change in operating assumptions	(683)	(692)	(29)	(4)	(1,408)
Mortality/morbidity	85	(618)	7	8	(518)
Persistency	(644)	(4)	(38)	(23)	(709)
Maintenance expenses	150	(51)	(18)	(10)	71
Other	(274)	(20)	20	21	(252)
Embedded value operating return	1,055	(98)	155	211	1,322
Variance from long-term investment return	74	1,577	202	6	1,860
Change in economic assumptions	41	(1,388)	32	(17)	(1,332)
Currency exchange differences	1,099	0	80	13	1,192
Miscellaneous impacts	(596)	883	(69)	(130)	89
Embedded value total return	1,673	975	401	82	3,131
Capital movements	(362)	(88)	(91)	(130)	(672)
Embedded value life insurance EoY	14,726	6,401	2,901	1,729	25,756
Other activities					733
Holding activities					(7,598)
Total embedded value					18,891

Embedded value operating margin ^(A)	7.2%	(1.8)%	5.8%	11.8%	5.3%
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(A) Embedded value operating margin is calculated on a constant currency basis. See addendum 2, tables 15 to 18 for details.

Return on embedded value

The overall embedded value operating margin was 5.3% in 2010 (5.8% in 2009). The embedded value total margin was 13.4% in 2010 ((0.2)% in 2009).

Currency exchange differences

A currency variance of EUR 1.2 billion was primarily caused by the strengthening of other currencies, particularly the US dollar, against the euro.

Capital movements

Capital movements include transfers between life operations, holding activities and non-life operations.

⁴ Refer to addendum 2 *Movement analysis per region and product segment* , tables 15 to 18, for a split per region and per product segment.

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Americas

- ⌚ The embedded value operating margin on a constant currency basis was 7.2%.

Operating variance

- ⌚ In-force variance benefited from more efficient financing solutions at Life and Protection as well as increased admissibility of deferred tax assets, both of which are reflected under Other. This positive impact was partially offset by unfavorable persistency experience on universal life contracts.

Operating assumption change

- ⌚ The change in operating assumptions was primarily due to the impact of strengthening persistency assumptions, particularly higher expected shock lapse rates on term products in the Life and Life Reinsurance business, and the implementation of dynamic interest dependent policyholder behavior assumptions which impacted Variable Annuities. These adverse impacts were offset by updated mortality at Life Reinsurance and a favorable change in expense assumptions for the Life business. Furthermore the Variable Annuity business was negatively impacted from the extension of the macro delta equity hedge as well as the increase in the notional amount of the hedge, which is shown under Other.

Investment variance and economic assumptions

- ⌚ The favorable variance from long-term investment return was caused by higher market returns, increasing current and projected fees as well as by lower defaults and more favorable credit spreads. This was partially offset by a decrease in interest rates reducing yields on new investments.
- ⌚ The net change in economic assumptions was positive, mainly due to the reduction in the assumed bond defaults on the portfolio. This was partially offset by an unfavorable decrease in the risk free interest rate. In addition, an increase in the assumed long-term credit spreads had a positive impact.

Miscellaneous impacts

- ⌚ The negative miscellaneous impact reflected the cost of capital of increased S&P capital requirements across most lines of business. In addition, there was a negative impact from modeling adjustments in Life and Life Reinsurance.

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The Netherlands

- ⋮ The embedded value operating margin was (1.8)%.

Operating variance

- ⋮ The main components of the in-force operating variance were unfavorable persistency on Pensions business partially offset by favorable maintenance expenses, better than expected persistency on Life business and positive experience on single premium pension transfers.

Operating assumption change

- ⋮ The change in operating assumptions reflected a large negative impact from assumed increasing longevity in Pensions when changing to the latest Dutch mortality tables, and in addition a negative impact from strengthened maintenance expense assumptions.

Investment variance and economic assumptions

- ⋮ Variance on long-term investments were positive, as all asset classes showed better growth over the year than had been expected, which more than offset the negative change in economic assumptions, leading to a small positive overall impact from economic factors. The major positive impact was due to the impact from the interest rate hedge program and an increase in the guarantee reserve⁵ related to traditional policies with profit sharing and unit-linked policies with guarantees. The negative arose from the lower long-term interest rate assumptions impacting the value projection.

Miscellaneous impacts

- ⋮ The miscellaneous impacts reflected modeling improvements on Pensions resulting in a more accurate projection of liability cash flows. Modeling improvements included more granular policyholder information.

⁵ For the details of the valuation of the guarantee reserve, please refer to addendum 6 Methodology .

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United Kingdom

- ⚡ The embedded value operating margin on a constant currency basis was 5.8%.

Operating variance

- ⚡ The in-force variance included negative impacts from expenses, relating mainly to exceptional and project costs and the impact of a provision set up to cover policyholder redress under the customer redress program. In addition, there were negative contributions from tax and persistency, partially offset by better than expected mortality experience on both Life and Pensions business.

Operating assumption change

- ⚡ Changes to operating assumptions included a negative impact from the strengthening of assumptions relating to future lapse rates on Pensions business and negative impacts from increases to the assumed future costs of ongoing projects. The UK benefitted from the reduction in the corporation tax rate assumed on future profits, from 28% to 27%.

Investment variance and economic assumptions

- ⚡ The variance from long-term investment return was positive, due to a better than expected performance on Pensions business arising from equity market performance and narrowing spreads on corporate bonds. Life business also contributed a positive variance due to movements in assets backing the annuity portfolio and a change in the regulatory valuation basis.
- ⚡ On economic assumptions, a positive impact on Life business arose from a reduction in the default assumption on assets backing the annuity portfolio. On Pensions business, the widening of the risk margin and the increase in the expense inflation assumption had negative impacts.

Miscellaneous impacts

- ⚡ In Miscellaneous the most significant item was due to a change in reporting structure, with a portfolio of business previously being reporting as part of the UK now being reporting as part of Variable Annuities Europe. In addition, there was an exceptional payment to the staff pension scheme.

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New Markets

- ⌚ The embedded value operating margin on a constant currency basis was 12.4%.

Operating variance

- ⌚ The negative in-force operating variance arose largely due to the development expenses in some operations (particularly China and Turkey) and a negative persistency variance in Spain.

Operating assumption change

- ⌚ The change in operating assumptions was slightly negative overall with the negative impact of strengthening persistency assumptions in Spain and Hungary being largely offset by removing an assumed future decrease in the asset management fees in Poland and an improvement in persistency assumption in Slovakia.

Investment variance and economic assumptions

- ⌚ The positive variance from long-term investment return was largely due to the positive impact of better than expected investment return on Variable Annuity products.

Miscellaneous impacts

- ⌚ The most significant item in miscellaneous impacts was a negative impact in Hungary, due to changes in pension legislation and the introduction of a bank tax, partially offset by a reduction in the corporate tax in Hungary. In addition, the change in reporting structure and the inclusion for the first time in Variable Annuities of a portfolio of business previously reported in the UK was also included as a miscellaneous item.

Table of Contents**2.1.3 Value of new business**

Value of new business (VNB) represents the value created by new business sold during the reporting period. Table 9 links this value to modeled written premium⁶.

Table 9

Modeled new business APE ^(A) and deposits (amounts in EUR millions)	Premium business		Deposit business		VNB		
	APE ^(A)		Deposits ^(B)		2010	2009	%
	2010	2009	2010	2009	2010	2009	
Americas	1,084	997	13,792	17,753	230	293	(22)
The Netherlands	377	328	-	-	144	184	(22)
United Kingdom	1,047	1,070	91	-	65	170	(62)
New Markets	356	357	1,060	525	116	120	(3)
Asia	30	31	-	3	4	4	-
China	30	24	-	-	4	1	300
Taiwan ^(C)	-	7	-	3	-	2	(100)
Central and Eastern Europe	104	79	324	119	49	46	7
Czech Republic	12	12	33	49	4	6	(33)
Hungary	22	17	90	32	19	24	(21)
Poland	53	38	199	24	16	8	100
Romania	1	1	0	1	2	1	100
Slovakia	8	10	0	2	5	7	(29)
Turkey	8	1	2	12	3	1	200
Spain & France	222	247	51	-	51	82	(38)
France	99	99	-	-	5	4	25
Spain	123	148	51	-	46	77	(40)
Variable Annuities Europe	-	-	685	402	11	(11)	(200)
Total	2,864	2,753	14,943	18,278	555	767	(28)
VNB	440	611	115	156			

^(A) APE = recurring premium + 1/10 single premium.

^(B) Including on and off balance sheet deposits.

^(C) Activities in Taiwan divested in April 2009.

⁶ Refer to addendum 2 *Movement analysis per region and product segment* for the split of VNB per region and per reporting segment.

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Table 10 shows VNB as a ratio of the present value of new business premiums (PVNBP), as well as calculated internal rates of return.

Table 10

2010 VNB summary (amounts in EUR millions)	Premium business				Deposit business			Total VNB	Total IRR
	VNB	PVNBP	VNB/ PVNBP	VNB/APE	VNB	PVNBP	VNB/ PVNBP		
Americas	139	4,648	3.0%	12.8%	91	21,040	0.4%	230	12.9%
The Netherlands	144	2,491	5.8%	38.3%	-	-	-	144	14.1%
United Kingdom	65	6,829	1.0%	6.2%	- 0	91	0.0%	65	11.2%
New Markets	92	2,721	3.4%	25.8%	24	1,678	1.4%	116	33.9%
Asia	4	151	3.0%	15.1%	-	-	-	4	15.2%
China	4	151	3.0%	15.1%	-	-	-	4	15.2%
Central and Eastern Europe	37	597	6.2%	35.3%	12	903	1.4%	49	26.5%
Czech Republic	4	70	5.6%	31.3%	0	113	0.1%	4	17.5%
Hungary	13	136	9.5%	58.1%	6	270	2.3%	19	28.9%
Poland	12	310	3.8%	22.5%	5	451	1.0%	16	25.8%
Romania	0	5	8.2%	31.7%	2	50	4.0%	2	28.7%
Slovakia	5	45	10.1%	58.3%	0	3	2.6%	5	28.7%
Turkey	3	30	10.2%	40.8%	- 0	16	-2.9%	3	22.1%
Spain & France	51	1,973	2.6%	22.7%	0	90	0.4%	51	46.0%
France	5	1,215	0.4%	5.2%	-	-	-	5	10.8%
Spain	45	758	6.0%	36.9%	0	90	0.4%	46	>50.0%
Variable Annuities Europe	-	-	-	-	11	685	1.6%	11	19.1%
Total	440	16,689	2.6%	15.4%	115	22,809	0.5%	555	17.4%

In the Americas, VNB decreased 26% in US dollars (down 22% in euros), largely due to the strategic decision to de-emphasize fixed annuities. The main contributor to the decrease in VNB was the reduction in fixed annuity volumes, partially offset by better margins on the variable annuity business. As a result of an improved business mix, IRR in the Americas increased from 11.7% in 2009 to 12.9% in 2010.

The decrease in VNB in the Netherlands was mainly caused by a change in business mix. In particular the margins and production of mortgage business decreased and the annuities production increased, creating a less profitable business mix as a result. The IRR in the Netherlands decreased from 17.4% in 2009 to 14.1% in 2010.

The reduction in VNB in the UK was driven by lower production and lower margins of annuities. The IRR also decreased from 14.0% in 2009 to 11.2% in 2010.

The decrease in VNB in New Markets reflected lower sales and margins in Spain, partially offset by improved VNB results for CEE and Variable Annuities Europe.

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2.2 Sensitivities

Table 11 and table 12 reflect the impact of changing the underlying assumptions on the EVLI and the VNB respectively. In each sensitivity scenario, only the stated assumptions have been changed, while keeping other assumptions equal to the base case. However, any discretionary elements or policyholder behavior assumptions directly impacted by the changed assumption (e.g. bonus rates or dynamic lapses) are assumed to vary with the scenario, if appropriate. The sensitivity results include the impact on the allowances for financial options and guarantees.

2.2.1 Embedded value life insurance sensitivity

Table 11

Sensitivity analysis -	Americas	The Netherlands	United Kingdom	New Markets	Total 2010
Embedded value life insurance					
(amounts in EUR millions, after tax)					
Base case embedded value life insurance 2010	14,726	6,401	2,901	1,729	25,756
Required surplus at regulatory solvency	13%	2%	0%	2%	8%
100 bps decrease in risk discount rate	6%	6%	8%	7%	6%
100 bps increase in risk discount rate	-5%	-5%	-7%	-6%	-5%
100 bps decrease in risk-free rate, all asset returns and risk discount rate	-2%	7%	7%	2%	2%
100 bps increase in risk-free rate, all asset returns and risk discount rate	0%	-6%	-5%	-2%	-2%
100 bps decrease in equity and property returns	-2%	-5%	-4%	-1%	-3%
100 bps increase in equity and property returns	1%	4%	4%	1%	2%
10% fall in equity markets	-3%	0%	-5%	-1%	-2%
100 bps decrease in fixed interest	-5%	9%	4%	-3%	-1%
100 bps increase in fixed interest	4%	-4%	-3%	3%	1%
10% decrease in lapse rates	3%	0%	3%	3%	2%
5% decrease in mortality/ morbidity rates for mortality/ morbidity exposure business	7%	0%	0%	0%	4%
5% decrease in mortality/ morbidity rates for longevity exposure business	0%	-2%	-1%	-5%	-1%
1% mortality/ morbidity improvement per year for the entire projection period	9%	-5%	-3%	0%	4%
10% decrease in maintenance expenses	2%	2%	2%	2%	2%

The impact of the change in discount rate on the value of the business depends on the timing of future profits: the higher the average remaining duration, the higher the sensitivity and the asymmetry to changes in discount rates.

The difference in sensitivity to changes in investment returns between the regions mainly reflects the composition of the different in-force life portfolios and asset allocations. The asymmetry in sensitivity to investment returns can be attributed to the minimum guarantees in many products. As a result of these guarantees, future lower investment returns may not be fully offset by equally lower crediting rates.

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2.2.2 Value of new business sensitivity

Table 12

Sensitivity analysis -	Americas	The Netherlands	United Kingdom	New Markets	Total 2010
Value of new business					
<i>(amounts in EUR millions, after tax)</i>					
Base case value of new business 2010	230	144	65		