AEGON

STAYINGPOWER

AEGON IS ONE OF THE WORLD'S LEADING INSURANCE GROUPS, CAPITALIZING ON THE POWER OF SUCCESSFUL PARTNERING TO HELP CUSTOMERS, SHAREHOLDERS AND EMPLOYEES AROUND THE GLOBE CREATE BETTER FUTURES

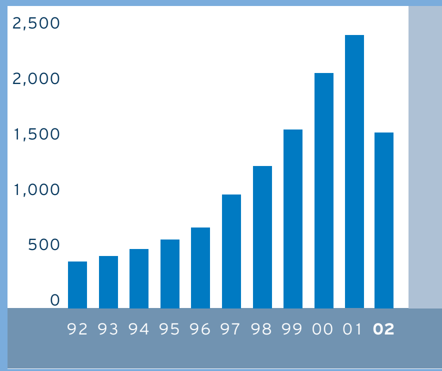
ANNUAL REPORT 2002

GROUP PROFILE

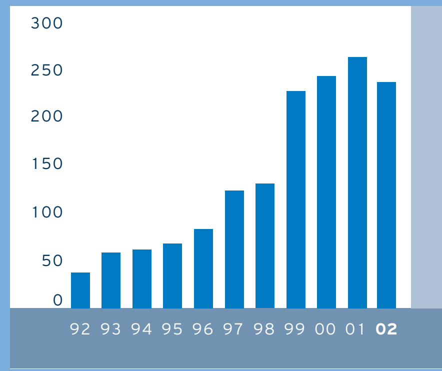
AEGON N.V. is the holding company of one of the world's largest listed insurance groups. The Group's businesses offer a diverse portfolio of products: principally in life insurance, pensions and related savings and investment products, but also in accident, health and general insurance.

AEGON Group businesses encourage product innovation and reward value creation. New products and service initiatives are developed by local business units who understand the needs of customers, intermediaries, partners and other distributors and are offered at the best price thanks to a continuous focus on cost control.

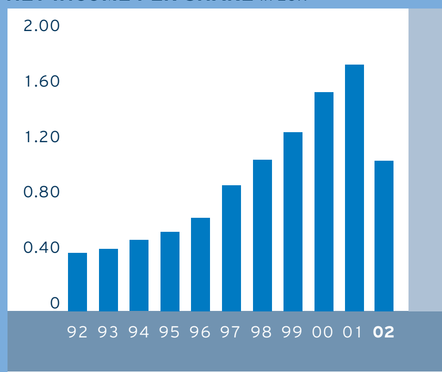
NET INCOME in EUR million



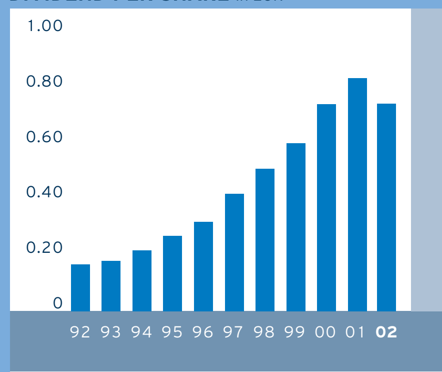
TOTAL ASSETS in EUR billion



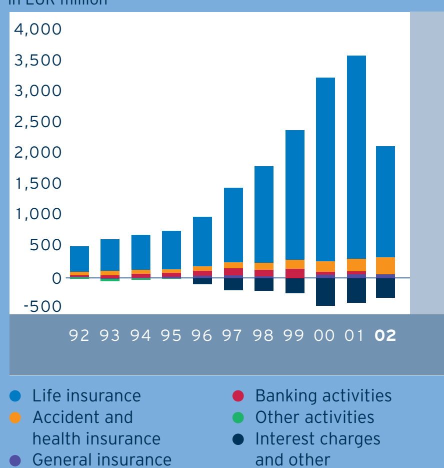
NET INCOME PER SHARE in EUR



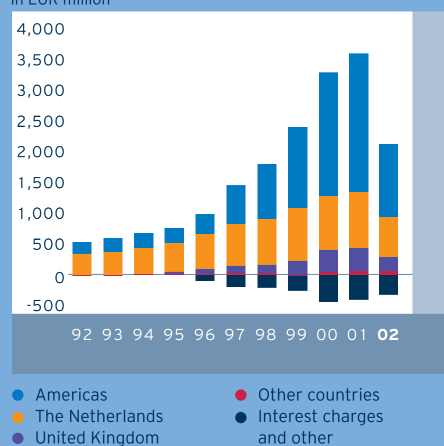
DIVIDEND PER SHARE in EUR



INCOME BEFORE TAX BY ACTIVITY
in EUR million



INCOME BEFORE TAX GEOGRAPHICALLY
in EUR million



CONTENTS

THE AEGON EXECUTIVE BOARD FROM LEFT TO RIGHT: DONALD J. SHEPARD, CHAIRMAN, 56, PAUL VAN DE GEIJN, 56, JOSEPH B.M. STREPPEL, 53, JOHAN G. VAN DER WERF, 50.

STAYINGPOWER

The historic correction experienced by financial markets made 2002 an unprecedented year for the insurance industry. Credit defaults, record low interest rates and a third consecutive year of falling stock prices worldwide contributed to a 35% decline in net income in 2002, which is in line with the guidance we issued in July and November of 2002. Earnings per share were 39% lower, the first decline in almost two decades.

However, earnings excluding all exceptional items in 2002 and 2001 were up marginally, with the US operations leading the way. We had a relatively good year for new production, with production up in many of our key product lines driven by our strong distribution capabilities. At the same time, we are addressing the issues financial markets are posing to us. We maintained the capital adequacy of the company at a high level and have approximately double the EU minimum required solvency. We are managing our balance sheet in a responsible way, for instance by increasing the average credit quality of our bond portfolio. And our operating units are committed to lowering their costs. Despite good new production in the US, operating costs were lower, and in the UK we are on track to cut operating costs 15% by year-end 2003.

ACHIEVEMENTS IN 2002

In the course of the year, AEGON successfully completed a number of strategic transactions, including the capital realignment with Vereniging AEGON in September. As a result AEGON raised EUR 2.1 billion of additional equity capital and Vereniging AEGON gave up its majority voting power and now holds about 33% of the voting rights in AEGON. AEGON also established an alliance with La Mondiale, a leading French provider of life insurance and pensions sold through banks and financial institutions. By taking a 20% interest in La Mondiale's non-mutual activities, AEGON further signaled its commitment to the European private pension sector, a market we believe is set for rapid growth. Coupled with our leading role as a pension provider in the Netherlands and the United Kingdom, the alliance reinforces AEGON's position as one of the EU's premier pension specialists.

In the United States, AEGON's largest market, our new life production grew 6% in 2002 from a broader distribution base, while we reduced operating costs by 4%. A major contributor to this structural improvement is the increased use of partnering as a means of expanding distribution and controlling costs. Our units are increasingly working together to improve efficiency through common processes, shared services, standardization or centralized ICT.

Broadening the commitment to its key distribution channel, AEGON UK has begun to invest directly in selected independent financial advisory firms, taking a controlling interest in several such agencies during 2002. The UK Stakeholder Pension initiatives and other regulatory developments are creating new business opportunities but are also putting pressure on margins; by extending its distribution expertise AEGON UK is preparing itself to respond effectively to these changes. Similarly, AEGON The Netherlands and AEGON Canada took a number of steps to strengthen relations with brokers and agents in their respective markets, through either expanded support services, financing or ownership. These moves illustrate the high importance we place on supporting our traditional distribution partners.

In Asia, our Taiwan company posted revenues of over EUR 168 million (USD 159 million) and achieved just over break-even. In China we took an important step forward with the signing of a joint venture agreement with China National Offshore Oil Corporation and the appointment of a CEO and a management team.

STRATEGY

COMMITMENT TO CORE BUSINESS
Insurance, with a strong emphasis on life insurance, pensions and related savings and investment products. AEGON focuses on the financial protection and asset accumulation needs of its clients.

DECENTRALIZED ORGANIZATION
Multi-domestic and multi-branded approach, giving a high degree of autonomy to the management of the individual country and business units, encouraging entrepreneurial spirit and action. AEGON requires local management to run local businesses.

EMPHASIS ON PROFITABILITY
Earnings per share growth of on average 10% per annum; the minimum return on investment is set to earn adequate returns well in excess of the cost of capital on the pricing of new business and acquisitions. Divestment of non-core activities and underperformers and disciplined expense management are key to the achievement of these objectives.

INTERNATIONAL EXPANSION
AEGON supplements its autonomous growth with selective acquisitions and partnerships, which are preferred in countries where AEGON already has a presence in order to build scale and enhance distribution.

MISSION

AEGON TOUCHES THE LIVES OF MILLIONS OF PEOPLE AROUND THE WORLD IN MANY DIFFERENT WAYS. OUR AIM IS TO HELP THEM ALL CREATE BETTER FUTURES. OUR ACTIONS TOWARDS THAT END ARE DRIVEN BY RESPECT, RESPONSIBILITY, AMBITION AND CLARITY.

For our customers this means delivering products that provide financial protection, asset accumulation and a service level that aims to be the best practice among peers.

For stockholders the emphasis is on achieving attractive shareholder returns, high levels of security and reassurance through the clarity of our strategy, the quality of our management and our strong financial track record.

For our employees we strive to create a thriving, energetic business culture in which personal respect is encouraged and performance is rewarded.

For the intermediaries and agents who sell our products in the market, creating better futures means giving them the market information, marketing tools, low operating costs and flexible administrative systems they need to deliver the best service to customers.

For the many trusted AEGON partners, it means generating new ideas and services that provide mutual benefit and creating partnerships based on clarity, honesty and integrity.

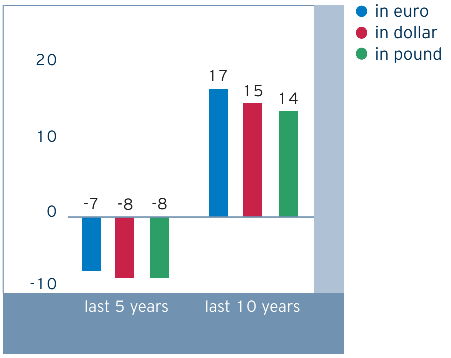
For all the many other stakeholders in our business too, we want to work hard to recognize and accept our wider responsibilities to the communities and environments in which we do business. We believe that a constructive approach to sustainability issues is essential in creating better futures for us all.

GROUP-WIDE APPROACH TO RISK

In the light of the recent highly volatile market environment, we have extensively re-examined our product portfolio and pricing strategies in terms of risk and reward. Today, financial turmoil underscores the need for products that give constant good value. Accordingly, we are modifying or eliminating the features of some products and scaling back exposures where required returns are not currently feasible at acceptable levels of risk. Similarly, following the corporate defaults of 2001 and 2002 we have reviewed and where appropriate redeployed our investment portfolio to reduce exposure to certain issuers and sectors. While we cannot immunize ourselves against defaults in the market, we are satisfied that the structure and performance of our bond portfolio compare well with our industry peers.

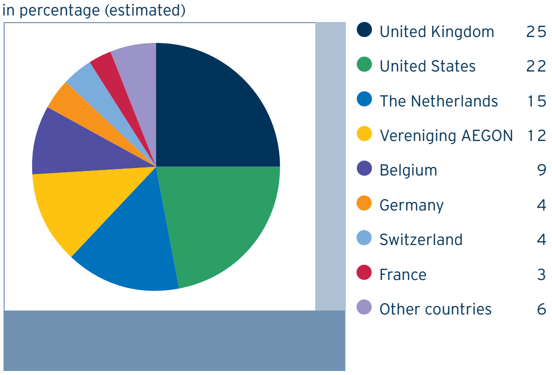
Once more, in 2002 the value of communication and transparency was confirmed. We recognized this and understand the need for straight talk and clear actions. Particular areas of communication force include providing more information on variable annuity policy acquisition costs, enhanced disclosure and coming changes in accounting rules. These issues are discussed in a special section (Straight talk, pages 7-10). In addition, a corporate responsibility program was launched under the direct supervision of the Executive Board and we are taking steps to codify and communicate what has always been our commitment to good corporate citizenship (page 40).

TOTAL RETURN AEGON SHARES*
% compound growth rate, average per year



* Price appreciation and dividends

SHAREHOLDER BASE AEGON N.V. COMMON SHARES
in percentage (estimated)



Demographic developments in our markets continue to bode well for AEGON; we expect the growth in pensions, savings and life insurance to exceed nominal GDP growth for many years to come, while the ‘pension gap’, or shortfall between present savings and future needs, has only been intensified by the economic downturn. Though partly masked by market turmoil, we believe the underlying dynamism of our business remains.

During the long bull market of the 1990s, the appreciation of financial assets helped AEGON to deliver high growth rates. The reversion to lower asset growth rates has had a profound impact. Nevertheless, we believe that by focusing on our core business, AEGON is strongly positioned to serve our growing markets. The theme of this year’s report – staying power – reflects that confidence.

On behalf of the Executive Board,
Donald J. Shepard, Chairman

REPORT OF THE SUPERVISORY BOARD

The AEGON Supervisory Board consists of ten business and social leaders of three nationalities.

M. TABAKSBLAT H. DE RUITER D.G. EUSTACE O.J. OLCAY K.M.H. PEIJS

G.A. POSTHUMUS T. REMBE W.F.C. STEVENS K.J. STORM F.J. DE WIT

ROLE OF THE SUPERVISORY BOARD

The duties of the Supervisory Board, which consists of ten non-executive members, are to supervise the Executive Board's management and advise the Executive Board. With the active assistance of its four specialized committees, the Supervisory Board decides on nominations, resignations and the compensation of Executive Board members, the quarterly and annual accounts, including accounting principles, dividends, funding, internal control procedures and risk management, and corporate strategy. We carried out our responsibilities in 2002 in close cooperation with the Executive Board, holding five regular and two extra meetings. All Board members attended the Annual General Meeting of Shareholders (AGM) held in 2002.

CORPORATE GOVERNANCE

We spent significant time reviewing corporate governance issues, in particular AEGON N.V.'s status as a company governed by the so called 'Structure Regime' under Dutch corporate law. For the outcome of these discussions we refer to the proposals to be made to the Annual General Meeting of shareholders on April 17, 2003, as explained in more detail in our 'Letter to shareholders' dated March 20, 2003.

SUPERVISORY BOARD MEETINGS

In accordance with the Board's Rules and Regulations, preparatory meetings attended by the Chairman and Vice-Chairman of the Supervisory Board, as well as the Chairman and a member of the Executive Board, preceded the regular meetings. All Executive Board members attended the regular meetings. The directors of the Group Finance and Corporate Actuarial departments, as well as representatives from Ernst & Young, AEGON's external auditor, attended the discussion regarding the results for 2001. As usual, special meetings of the Supervisory Board were dedicated to AEGON's budget for 2003 and its business strategy. Please refer to page 2 for AEGON's strategy.

Among the many other topics discussed in our meetings in 2002 were embedded value and fair value, the dividend policy and capital issues. We discussed and supported the Executive Board's intention to disclose AEGON's embedded value in mid-2003 and we endorsed and approved the transaction with Vereniging AEGON that resulted in a capital realignment and a reduction of Vereniging AEGON's shareholding.

We also devoted attention to acquisitions, joint ventures and alliances. We reviewed and supported the acquisition of several independent financial advisory firms in the UK and TKP Pensioen (an administrator of pension funds) in the Netherlands, as well as the alliance with La Mondiale in France and the joint venture with China National Offshore Oil Corporation in China.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board relies upon four committees to prepare specific issues for decision by the Board. Each committee has four members, drawn from the Supervisory Board. All the members of each committee are independent.

The Audit Committee, active since 1983, with Mr. Eustace as Chairman and Mrs. Rembe and Messrs. De Ruiter and Posthumus as members, held four meetings in 2002. In accordance with the Audit Committee Charter, the members are experienced and competent in financial and accounting matters. The Executive Board members and representatives from Ernst & Young also attended the Audit Committee meetings. Special items on the agenda in 2002 were discussions with internal and external auditors of several country units, who gave an insight into their audit work at these units.

Discussions in 2002 were dominated by the Committee's permanent agenda: the quarterly results, annual accounts and the auditing of these by Ernst & Young, accounting principles, internal control systems, the group-wide risk report as well as

Ernst & Young's independence and fees. The Audit Committee subsequently reported to the Supervisory Board on its findings. It also considered the consequences of the USA's Sarbanes-Oxley Act, especially for the current procedures within AEGON, the Supervisory Board and its committees as well as for the external auditor. We will continue to keep the subject under review.

The Compensation Committee, active since 1989, with Mr. Tabaksblat as Chairman and Messrs. De Ruiter, Stevens and De Wit as members, held one meeting in 2002, also attended by the Executive Board's Chairman. Discussions concentrated on the remuneration of the Executive Board members.

The Nominating Committee, active since 1993, with Mr. Tabaksblat as Chairman and Mrs. Peijs and Messrs. De Ruiter and Olcay as members, held two meetings in 2002, also attended by the Executive Board's Chairman. The Committee discussed the composition of the Executive Board following Mr. Storm's retirement and the composition of the Supervisory Board following Mr. Posthumus' retirement as a member of the Board in 2003.

The Strategy Committee, established in 2002, with Mr. Tabaksblat as Chairman and Messrs. De Ruiter, Olcay and De Wit as members, held two meetings, also attended by the Executive Board members. The purpose of the Strategy Committee is to review the major features of AEGON's strategy, to look at alternative strategic approaches and to consider material factors related to the implementation of the strategy.

SUPERVISORY BOARD CHANGES

Mr. Storm was appointed a member of the Supervisory Board as of July 1, 2002, after his retirement as Chairman of the Executive Board. The Dutch Central Works Council supported his appointment.

Mr. Posthumus will reach the retirement age of 70 in 2003 and will step down at the end of the AGM to be held on April 17, 2003. We intend to fill this vacancy by appointing Mr. L.M. van Wijk as of that date. Shareholders have not recommended another candidate, but they have the right to object to this appointment at the AGM in 2003. The Dutch Central Works Council has raised no objections to Mr. Van Wijk's appointment.

In 2004, Mr. De Ruiter will reach the retirement age of 70 and will step down at the end of the AGM in that year. We intend to fill this vacancy. Shareholders have the right to recommend candidates during the AGM in 2003.

Also in 2004, the four-year terms of office of Mrs. Peijs, Mrs. Rembe and Messrs. Olcay and De Wit will end. They are eligible for reappointment and are willing to remain on the Supervisory Board. We intend to reappoint them.

EXECUTIVE BOARD CHANGES

Upon Mr. Storm's retirement, Mr. Shepard was appointed Chairman of the Executive Board and Mr. Van der Werf a member of the Executive Board, both as of April 18, 2002. The Dutch Central Works Council had given its support and shareholders were duly notified of our intention to appoint Mr. Van der Werf.

ANNUAL ACCOUNTS AND DIVIDEND

This annual report includes the annual accounts for 2002, as submitted by the Executive Board, advised upon by the Audit Committee and adopted by us. We recommend that shareholders approve these accounts. Upon approval of the 2002 annual accounts, a total dividend for 2002 of EUR 0.74 per common share will be declared.

ACKNOWLEDGEMENT

We will remember 2002 as a difficult year marked by continuing depressed equity markets, poor credit markets and low interest rates. These unusually persistent factors – not only affecting AEGON but the whole of the life insurance industry – were the unfortunate cause of the decrease in net income in 2002, the first in AEGON's history.

We would like to express our gratitude to the Executive Board and all other members of the AEGON community worldwide for their continuing strong commitment and dedication towards growing AEGON's business. We thank them for their unabated energy and professionalism in responding to difficult and rapidly changing markets.

The Hague, March 5, 2003
On behalf of the Supervisory Board,
Morris Tabaksblat, Chairman

STRAIGHT TALK

AEGON CEO DON SHEPARD DISCUSSES BUSINESS ISSUES AND PROVIDES SOME CLARITY AND INSIGHT INTO OUR ACTIVITIES.

INTERVIEW WITH EXECUTIVE BOARD CHAIRMAN DONALD J. SHEPARD.

BUILDING OUR BALANCE SHEET

THE AEGON ASSOCIATION CAPITAL REALIGNMENT

Q: During 2002 major European insurers used rights issues to reinforce their capital. How did the transaction with Vereniging AEGON (the Association) differ?

A: AEGON's capital realignment in September was not a rights issue; no new shares were issued and the transaction was non-dilutive. Instead, our largest shareholder, the Association, reduced its voting interest from approximately 52% to approximately 33% by selling almost one quarter of the company's common stock worth EUR 3.5 billion. Largely as a result of this transaction the Association was able to lower its own debt and increase the paid-up capital of its AEGON preferred shares by EUR 2.1 billion. Additionally, the transaction widened ownership through a larger free-float of AEGON shares and improved index weightings. The realignment strengthened AEGON's equity capital and kept leverage within limits applied by AEGON and reinforces AEGON's capital base.

Q: Why did the Association reduce its holding?

A: The charter of the Association – which dates back to the merger creating AEGON in 1983 – requires it to support AEGON while balancing the interests of all stakeholders. In the past the Association provided material support for our acquisition strategy, by selling part of its AEGON shares to AEGON N.V. for exchange purposes. The buying back of shares in the open market resulted in some debt and as the price of the shares fell, the Association's leverage rose substantially, resulting in the need to stabilize the Association's financial base. The capital realignment achieved this, allowing the Association to more than halve its debt burden, and invest EUR 2.1 billion in preferred AEGON shares, which are a stable asset class, while at the same time bringing the Association's voting interest more closely in line with its ownership interest.

TALKING ABOUT ANNUITIES

VARIABLE ANNUITIES

Q: In 2002, AEGON wrote down a substantial amount of the deferred policy acquistion costs (DPAC) related to variable annuities sold in the United States. Your unlocking appears large. Can you explain why?

A: We entered the variable business in the early 1990s with the acquisition of Western Reserve, but our variable annuity business has grown significantly in recent years as a result of our decision to increase our presence in this market. Well over half of our variable annuity balances result from business added since 1999. So we have a relatively young book of business which was written when markets where high. During 2002, we had record sales with EUR 10.0 billion of variable annuity deposits while at year-end 2002 variable annuity balances totaled EUR 27.4 billion. Also, a part of the unlocking of DPAC in 2002 is the result of a change in our return assumptions. We lowered our equity return assumptions at the end of 2002 to 12% for the first five years and 9% thereafter. This amounted to a DPAC unlocking of EUR 81 million in the USA.

Q: Are your capitalization practices in the US aggressive or are your commission rates high?

A: We only capitalize 'pricing' acquisition costs. If our actual acquisition costs exceed what has been priced in the product, the excess is directly expensed. If actual acquisition expenses are less than pricing assumptions, only actual expenses are capitalized. Acquisition costs include policy issue and internal marketing expenses. Commission rates are around 6% and we believe that we are in the middle of the compensation range.

Q: Have the additional charges changed the company's appetite for future new business?

A: Fundamentally, we believe the business is profitable. Business written prior to a market drop will not deliver expected returns unless the market recovers substantially. But business written prior to significant market appreciation will deliver superior returns. Continuing to sell business in up and down markets is important in order to avoid a concentration of business originated in a bad market. However, the risks arising from the guarantee features of these products are continuously critically evaluated and if appropriate product design altered to reduce or mitigate risk. At the beginning of 2003 we discontinued the guaranteed minimum income benefit feature on our variable annuity products.

FIXED ANNUITIES

Q: With the corporate default levels much higher than expected, are you continuing to get your priced spreads on fixed annuities? What are your priced spread assumptions?

A: We believe long-term pricing spreads will be achieved over the life of the business. However, it is clear that with the current low level of interest rates and the high level of corporate bond defaults we are not achieving our return targets for fixed annuities at the moment. Pricing of general account products anticipates some level of defaults. For many years, defaults were less than the pricing allowance. In addition, excess product spreads were achieved on in-force annuities for several years as new money rates on competing products fell. Over the lifetime of the business we price for a 225–250 basis point spread.

Q: What are the new money rates on your fixed annuities and how do they compare with minimum interest credited guarantees?

A. New money crediting rates have declined throughout the year in line with the decline of investment yields and were as low as 2.7% during the fourth quarter. In response, we refiled products with the US state regulators effectively allowing us to lower the crediting rate on fixed annuities to 2%. Many US states have approved this change, allowing us to lower crediting rates on new sales to levels, which are more consistent with our profitability objectives. At the same time, we are leading an industry effort in the US to tie the level of guarantees to actual interest rates. This effort is still in progress.

EMBEDDED VALUE DISCLOSURE AND ACCOUNTING CHANGES

ACCOUNTING CHANGES AND DISCLOSURE

Q: Last August AEGON announced that in 2003 it would begin to disclose embedded value. What does this signify?

A: The complex payment flows and long time scales associated with insurance products make it hard to create an accurate snapshot of how much value is accumulating inside the company. Embedded value is a management tool showing the present value of future distributable earnings from an existing book of business, and is important for corporate planning, since capital and other resources are allocated so as to generate the greatest value.

"Embedded value is a management tool showing the present value of future distributable earnings from an existing book of business."

AEGON has long used embedded value as an internal management tool and will disclose it commencing in the summer of 2003. We believe that embedded value disclosure will help investors and analysts to understand our business and the value we create.

Q: What accounting changes is AEGON looking at?

A: Listed European companies must apply IAS, the harmonized accounting system adopted by the European Union, by 2005. There are important differences between IAS, the Dutch GAAP currently followed by AEGON, and US GAAP reporting. We have long disclosed the significant differences between these last two methods in our Dutch GAAP to US GAAP reconciliation. Given our long-term business perspective, we have used an earnings matching system, which has reflected the long-term nature of our business, but at the same time has made it difficult to compare AEGON with its US and European peers. Now, as we approach a new harmonization with the IAS, our main interest is to ensure a level playing field allowing fair comparison of all companies competing for capital, while for the life insurance industry in particular, to have a system which takes into account the long timeframes involved in life insurance and pensions. Also we have decided to change our accounting for capital gains on equities and real estate beginning January 1, 2004. We will stop using our indirect return system and instead recognize capital gains and losses as income when realized.

THE POWER OF PARTNERING

EXPANDING AND STRENGTHENING DISTRIBUTION AND FOCUSING ON COST MANAGEMENT ARE TWO KEY COMPONENTS SUPPORTING OUR LONG-TERM STRATEGY FOR PROFITABLE GROWTH AND UNDERPINNING THE POWER OF PARTNERING.

CAPITALIZING ON A CONSISTENT STRATEGY

Notwithstanding the financial market turmoil of 2002, the market for life insurance and pensions is broadening perceptibly with the aging of developed-country populations, (fiscal) stimulation programs, European integration and increased wealth. There is reduced public faith in the ability of government-sponsored social security programs to provide desired levels of living standards for retirees. At the same time, consolidation is reducing the number of private sector providers able to offer both protection and prudent investment on a sustainable basis. Together, these changes present opportunities for long-term growth. Both the expansion of distribution and cost management are critical for achieving the scale and expertise required to take advantage of these opportunities and form a part of AEGON's long-term strategy for profitable growth.

"Partnering covers a broad spectrum of alliances with other players in the world of financial services. This approach focuses on building efficient collaborative networks to reinforce AEGON's existing strengths and extending its reach to customers."

Expanding distribution is key to AEGON's growth strategy, which relies on strengthening existing sales channels while simultaneously building new capabilities. Across the decentralized AEGON Group, business and marketing units pursue multiple initiatives to reach customers more effectively. Yet a common thread is always to reinforce and expand distribution relationships. Reflecting this importance, AEGON's businesses are increasingly organized by distribution channel.

Effective distribution and cost efficiency are two of the principal keys to success. Multiple distribution channels, and targeted branding, have helped AEGON build an impressive client base of millions of clients around the world. This, together with a broad range of well-designed products and effective cost management, has made AEGON one of the leading publicly quoted life insurance companies in the world.

Despite showing many of the characteristics of a global industry, life insurance and pension and savings products have strong regional characteristics. In southern Europe for example, banks are the dominant distribution channel for these products, while in northern Europe professional intermediaries such as agents, brokers and independent financial advisors (IFAs) are the prime producers of new business. In addition, new direct sales techniques are growing in importance in all markets. Customers are demanding access, convenience and flexibility, creating new opportunities to sell insurance and savings products when shopping, surfing the web, or at work.

Because of the country-specific nature of insurance and pension products, AEGON partners must exhibit a high level of local market knowledge and specialization in order to contribute to AEGON's goal of expanding distribution and increasing cost effectiveness.

Partnering takes many shapes, including partial (or outright) acquisition, joint ventures, alliances and outsourcing. But whatever form it takes, AEGON seeks out certain core characteristics whenever and wherever partnering begins. More than ever, AEGON is working hard to build sales through all available channels, leading AEGON companies to cooperate closely with other specialized entities through partnering. In the United States, distribution through financial institutions is increasingly important. For example, Transamerica Capital, drawing together a wide range of products, serves as a highly effective partner to wirehouses and intermediaries serving retail customers. And a partnering strategy, jointly executed by Transamerica Capital and Transamerica Financial Institutions, brings the broadest product portfolio to clients, through commercial banks and leading brokerage firms. Offering an expanded portfolio of AEGON products through institutional partners has helped generate significant organic growth in 2002 for AEGON USA.

The growing importance of direct distribution techniques including direct mail, point of service, the internet, telemarketing and direct response advertising is evidenced by the strong performance of AEGON Direct Marketing Services (ADMS), following the 2001 acquisition of J.C. Penney's direct marketing insurance operations. The success of ADMS operations in Korea - which achieved a high response rate in the marketing of supplementary health products - demonstrates how the partnering of technology with direct sales expertise can provide a highly efficient means of entry into new international markets.

The opportunities for partnering are nowhere more important than in Europe, where we expect significant growth. Here, fundamental changes to pension provision are unfolding as state-funded retirement programs weigh heavily on the rising indebtedness of EU member states, already challenging the terms of the EU Stability and Growth Pact. Changing demographics, increased life expectancy and rising costs all render the European economy progressively less able to support the ongoing burden of the old 'pay as you go' schemes. The probable long-term solution is a migration to the largely funded approaches already adopted by the Netherlands and the United Kingdom, supported by country-specific solutions.

AEGON The Netherlands has launched a number of initiatives to create a more integrated distribution network and to extend its reach to customers. For example, AEGON The Netherlands joined forces with oil major TotalFina to help distribute supplementary pension plan products to truck drivers with loyalty cards.

As a result of an enhanced logistical partnership among AEGON Particulieren, Spaarbeleg and agents, clients were informed within a very short time about the effects of changes in the fiscal treatment of employee savings plans and about possible solutions.

In 2002, AEGON UK expanded distribution in its core business through a number of acquisitions, bringing access to over 700 independent financial advisors. The expansion in distribution will allow AEGON UK to accelerate its own ambitious product development plans in response to the ongoing regulatory changes aimed at simplifying the UK's complex rules on distribution. These investments clearly signal our commitment to our distribution strategy and our belief in the quality of the independent sector in the United Kingdom. In addition to building significant in-house sales capability, AEGON UK is also working to build closer links between insurer and intermediaries using web-based technology. An additional benefit of distribution ownership is that AEGON UK can develop better, more integrated servicing solutions through its improved understanding of customer and intermediary needs.

Joint venturing with strong local partners also provides the key to new growth markets. In China, AEGON announced in 2002 an agreement with China National Offshore Oil Corporation to launch a life insurance joint venture in which AEGON will provide insurance-industry expertise. The new company is expected to commence operations in the second quarter of 2003 to pursue the rapidly growing demand for asset accumulation and protection products among the Chinese population. Another step towards this came in September 2002 when AEGON announced an alliance with La Mondiale, the French mutual life insurance company. This alliance, formalized in December 2002, will create the first specialized European group pensions network, and the partners expect to benefit from the sharing of expertise, client referrals and administrative efficiency. In addition to serving the French market, where La Mondiale is one of the leading pension providers, the alliance aims to distribute specialized pension products through bank and agency channels in other EU countries, complementing AEGON's existing position.

> "The alliance with La Mondiale will complement AEGON's existing position as a leading pension provider in the Netherlands and the United Kingdom, and creates the first specialized European group pensions network."

The acquisition during 2001 by AEGON Canada of Money Concepts, a financial planning organization with 400 advisors, added a new distribution channel and a mutual fund dealership. In 2002, the dealership was rebranded as AEGON Dealer Services and made available to other AEGON Canada distribution channels. The launch in June 2002 of AEGON Fund Management and its imaxx™ mutual funds leveraged the segregated funds infrastructure to create a broader retail investment product offering. In Spain, various activities are being developed to double the number of specialized life insurance agents within a period of three years; in Hungary the network for life sales was strengthened by improving the independent agency channel and intensifying our cooperation with brokers. Preparations were made for the commencement of operations in neighboring Slovakia in 2003. In Taiwan, distribution was expanded beyond the captive agency network to include independent broker outlets as well as the bank channel. In early 2002, the acquisition of AXA's branch in Taiwan was successfully completed.

AEGON also puts technology - e.g. via internet - to work supporting distribution and more traditional forms of customer service. Web-based technology is used to help provide customers and agents with convenient on-line account information, and to support the sales process. Outsourcing with specialists in such areas as ICT, claims handling, telemarketing and administration also produced important results in 2002.

A STRATEGY OF COST MANAGEMENT AND EFFICIENCY

AEGON has always maintained a strong focus on cost management and efficiency, a key component to maintain long-term profitable growth. Our decentralized business model has long demonstrated its advantages in reaching customers. However, more than any other time, the current and future operating environment demands that the operating units manage and control expenses.

The goal for AEGON has always been to realize efficiency and cost benefits through outsourcing, sharing services across operating units or consolidating back-office administrative functions, while maintaining the entrepreneurial drive of sales and sales support teams in the front-office. Increasingly, the solution to these challenges has been found in internal shared service initiatives, in which business units share administrative and logistical support while the sales and marketing organizations retain the benefits of decentralization. The distinct management of the shared services strengthens operational support, encourages and allows for the utilization of best practices within the organization and permits sales and marketing managers to pursue targeted branding, product design and distribution strategies. In addition, it allows for better economies of scale across the organization.

"Our cost management activities are part of our long-term strategy, because we believe it is a continuing exercise that should be part of a growing profitable business. These goals present difficult decisions for management, but they have never been more important for the underlying growth of the business."

In 2002, AEGON again achieved improved efficiencies by streamlining and rationalizing administrative functions in almost all business units. Cost control again proved to be an important contributor to AEGON's results with the increased efficiencies providing a foundation for the future growth of the business.

On a comparable basis AEGON USA reduced its operating costs during the year while achieving strong sales growth. Its cost achievements were largely the result of shared business processes, ICT systems and centralized financial management within AEGON Financial Partners. Outsourcing, centralized purchasing and increased ICT support also contributed to the 2002 cost reduction.

AEGON Canada is providing administrative support for an affiliated business that specializes in sales of individual life and pension products through a fast-growing agency network.

AEGON The Netherlands has extended its relationship with outsourcing partners, which has improved the quality and cost-effectiveness of processing policies and claims. AEGON The Netherlands also expanded the range of administrative and technical support for independent advisors and smaller agents, helping them operate and compete more effectively through better database management and access to product support.

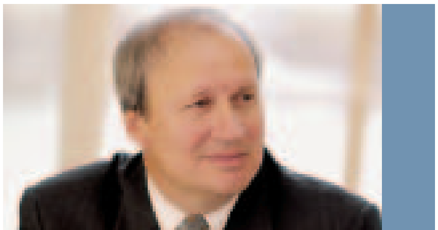
AEGON UK expects to achieve important cost savings in part as a result of the reduction in staffing and significant investments in technology, incurred over the last three years, coupled with administrative efficiencies.

Efficiency improvements are also being realized through information sharing within the AEGON Group. In terms of risk assessment, there is an expanded group-level review to assess and facilitate appropriate enterprise-wide exposure. Exchanges of information on technology, reinsurance, investment and other specialized aspects of insurance are carried forward by various Internal Working Groups, bringing together experts from across the AEGON Group to create more value.

Cost management and efficiency improvements do not always result from concentration. In the asset management field, a policy review has concluded that the major units should be left to pursue their distinctive models for asset liability management, reflecting regional needs, with no plans for full integration. However, the US, Dutch and UK investment units are working together to optimize the use of resources, improve coordination and reduce overlaps in research and execution of investment mandates. The goal is clear: but more than a common approach to achieve cost reduction, it also provides the added benefit of binding different parts of the AEGON Group together, creating common energy and purpose.

REVIEW OF OPERATIONS

A COMPREHENSIVE ACCOUNT OF AEGON'S PERFORMANCE AND ACHIEVEMENTS DURING 2002 AND OUR PRIORITIES FOR THE FUTURE.



PATRICK S. BAIRD (49)
PRESIDENT AND CEO AEGON USA.

AEGON USA showed its staying power and solid foundation in the face of the most serious market correction in several decades. 2002 was a year when asset related issues adversely affected earnings for AEGON USA as well as the entire US insurance industry. Higher credit losses, low interest rates, combined with lower fee income, seriously influenced financial performance. In the context of these developments, adhering to a disciplined long-term strategy that emphasizes diversification, excellent client and customer support, expense management and prudent risk management are of great importance.

FINANCIAL RESULTS

Net income totaled USD 916 million compared to USD 1,428 million for 2001. Depressed equity and credit markets led to additions to asset default provisions (USD 774 million), higher DPAC amortization (USD 407 million in the USA and CAD 31 million in Canada) and an increase in guaranteed minimum benefits provisions (USD 203 million in the USA and CAD 88 million in Canada). The acquired J.C. Penney direct marketing insurance operations had a positive impact of USD 89 million on pre-tax earnings while 2001 results included the gain of USD 307 million on the sale of divested operations in Mexico as well as USD 73 million of earnings from these operations.

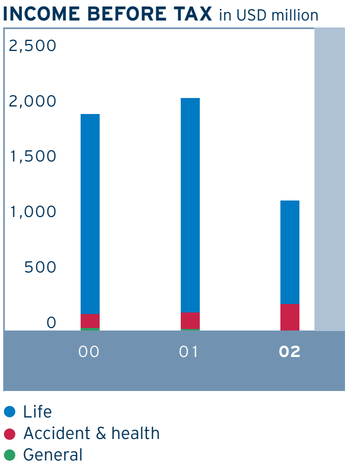
Total revenues were 1% higher. Although new business production contributed to the significant increase in general account assets, investment income was 1% lower as a result of lower yields. Commissions and expenses increased 16% due to higher production levels, the higher DPAC amortization and acquired businesses. When adjusted for acquired businesses, operating expenses for the US operations decreased by 4% from the prior year through the ongoing realization of administrative and marketing efficiencies. The organizational restructuring within the Agency Group and the creation of AEGON Financial Partners as an internal service provider have contributed to the cost reduction.

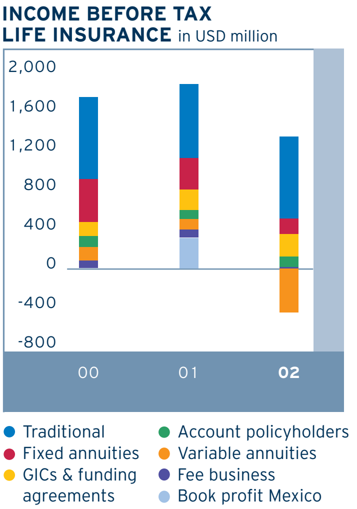
ABOUT OUR BUSINESS

Despite the difficulties, 2002 was a year of achievements. The diversity of products and expanded multiple distribution channels helped AEGON USA attain solid sales results in 2002. Revenues increased 1% to USD 16.4 billion, while annuity and institutional spread-based deposits reached USD 26.9 billion. Operating efficiency and client support was improved through internal partnering. AEGON USA's accomplishments also include the development of offerings that kept pace with evolving customer preferences, outstanding customer service, increased cross-selling initiatives and the strengthening of key distribution channel relationships.

AEGON USA attracted new distribution relationships while expanding its business with existing distributors. This was particularly true with banks, wirehouses and independent producers, which generated double-digit sales growth for annuities and traditional life products. While distributors look to AEGON USA for high-quality products, it is the responsiveness and service that AEGON USA provides to sales partners that offer a clear competitive advantage. Tailored product design, on-line producer support, combined with highly-trained wholesale and service teams and consistent and expedient underwriting and policy issue, are clearly valued by AEGON USA's partners.

During the year, the Agency Group offered key distributors the benefit of expanded scale and resources. The administration, technology and service functions of four distribution groups were combined to form a new internal service operation known as AEGON Financial Partners (AFP). However, sales and marketing support for each of the distribution groups supported by AFP – Transamerica Insurance & Investment Group, InterSecurities, World Financial Group and Life Investors Agency Group – remained separate and entrepreneurial under the current decentralized structure.





By leveraging economies of scale across the larger organization, primarily with the AFP realignment, AEGON USA improved capacity and lowered expenses.

The company's commitment to advancing service and improving efficiency is also evidenced by its investment in technology. During 2002, AEGON USA moved closer to becoming a one-stop customer service center through the ongoing development of the Enterprise Client System. This is part of AEGON USA's evolving strategy to give customers convenient access to their accounts by calling a single service center or logging on to a single website.

Investment Management's objective of maximizing long-term earnings while managing to appropriate levels of risk proved challenging in 2002, as market-wide corporate bond defaults escalated to unprecedented levels. Proactive efforts to reduce credit limits and tighten controls were put in place early in the year in anticipation of a difficult credit environment. Despite these efforts, elevated losses were experienced and USD 774 million was added to the default provision. At year-end less than 1.0% of total assets were non-performing assets, while bonds in default constituted less than 1.0% of the total bond portfolio. Invested asset balances general account increased USD 12.1 billion to USD 109.0 billion. Bonds comprise the majority of invested assets at USD 90.1 billion and AEGON USA slightly improved their average credit quality during the year. Commercial mortgage loans, alternative investments and equities contributed the balance of the portfolio. The total return of the portfolio over one and three year horizons has been 6.1% and 6.9% per annum, respectively.

ANNUITIES

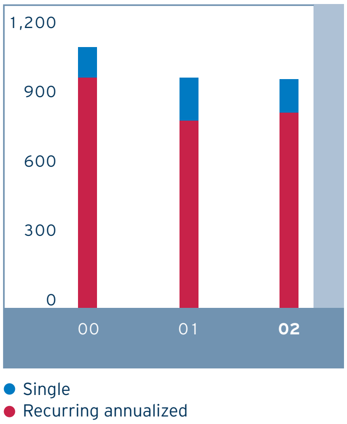
Fixed annuity earnings experienced the largest impacts from the weakened and volatile financial markets. Spread compression and bond defaults were the primary drivers for the decrease with 49%. Deposits increased to USD 7.2 billion in 2002, outpacing the previous year's performance by 6%. In 2002, Transamerica Financial Institutions, Inc. (TFI) maintained its leadership role in the bank channel by strengthening the relationships with its major partners. Due in large part to TFI's contributions, fixed annuity balances grew to USD 42.0 billion for the year.

Variable annuity deposits were USD 9.9 billion, an increase of 67% over 2001. Over two-thirds of this was driven by Transamerica Capital, Inc., which worked successfully to develop preferred relationships with major wirehouses and regional broker-dealer firms and secure prime shelf space for AEGON USA's variable annuity products. Outstanding wholesale efforts, quality products and leveraging the Transamerica brand spurred much of this growth. The weak equity markets reduced fee income and contributed to increased guaranteed minimum benefit provisions, resulting in a decline in variable annuity earnings.

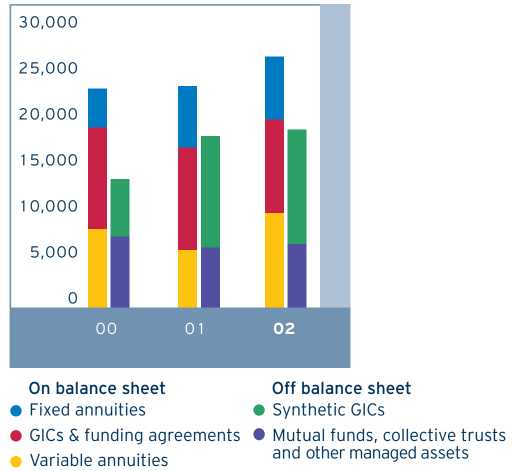
LIFE INSURANCE

Traditional life insurance income before tax increased 3% to USD 813 million for 2002, more than offsetting slower growth in variable life products. Transamerica Insurance & Investment Group had an especially strong year, benefiting from a well-positioned product portfolio and solid production from an agency distribution system that includes more than 400 general agencies and 40,000 independent producers. Monumental Life produced relatively stable earnings in a

STANDARDIZED NEW PREMIUM PRODUCTION in USD million



TOTAL DEPOSITS/ OFF BALANCE SHEET PRODUCTION
in USD million



volatile market and further improvements in its service and efficiency were realized through technology enhancements. Life Investors Agency Group focused on expanding its presence in the independent producer market while Transamerica Worksite Marketing positioned itself operationally for an expected increase in sales volume. At Transamerica Reinsurance, partners with the greatest value potential were targeted through establishing new relationships and increasing share in key existing accounts.

GUARANTEED INVESTMENT CONTRACTS AND FUNDING AGREEMENTS

AEGON Institutional Markets Division (IMD) achieved good results in 2002. Earnings on the institutional spread business totaled USD 257 million for 2002, a 33% gain over 2001. Sales of stable value products, primarily to retirement plans, were robust as investors continued to diversify away from volatile equity markets. In the funding agreement markets, medium term note programs grew substantially to USD 7.8 billion, with growth coming primarily from US fixed-income investors. Consistent with AEGON USA's plan, the municipal reinvestment business remained steady. Funding agreement sales to money market funds slowed due to continued discipline in marketing conservatively designed products.

MUTUAL FUNDS, COLLECTIVE TRUSTS & SYNTHETIC GICS

Our off balance sheet production had positive results for the year despite the weak market conditions. Deposits in synthetic GICs, in which IMD is the market leader, approached USD 12.2 billion. In 2002, IMD continued to expand this market platform. Our two principal pension providers, Diversified Investment Advisors, which focuses on the mid-to-large plan market, and Transamerica Retirement Services, which specializes in the smaller employer market, built on their solid foundations during a difficult year and increased assets.

At the same time, Transamerica Retirement Services asserted its leadership in the small business retirement plan market through a revitalized product line and by expanding relationships with strategic alliances, third-party administrators and broker-dealers.

2002 was also a positive year for Transamerica Investment Management, which increased assets under management to USD 2.8 billion despite the further deterioration of the equity markets. Increased emphasis on marketing existing products and diversifying into other sources of money management such as managed separate accounts paved the way for this growth.

SUPPLEMENTAL HEALTH

Health revenues, primarily supplemental and accidental death and dismemberment, increased 18% in USD in 2002, due largely to the full year inclusion of J.C. Penney's direct marketing insurance services. AEGON Direct Marketing Services (ADMS) focused on driving growth in its two key channels – Direct (to consumer) and Sponsored (through affinity partners) – capitalizing on the successful integration of the J.C. Penney direct marketing services acquisition. ADMS achieved growth in its membership products, the affinity market, and international markets, which now includes the United Kingdom, Australia, Japan and South Korea. ADMS generated over USD 2.4 billion in revenues in 2002 from its worldwide operations.

AEGON CANADA

Similarly in Canada the decline in equity markets negatively impacted earnings. Unit-linked sales slowed sharply as consumers sought more traditional products. Segregrated fund redemptions increased in the last half of the year, mitigated somewhat by encouraging client transfers to the newer Transamerica investment portfolio for segregated funds. 2002 heralded a stronger expense reduction focus, starting with minimizing operational costs and prioritizing resources on distribution critical functions. The new organizational structure, consisting of five operating subsidiaries created a wider framework for the fulfillment of AEGON Canada's vision to provide multiple financial services offering to customers.

TRANSAMERICA FINANCE CORPORATION

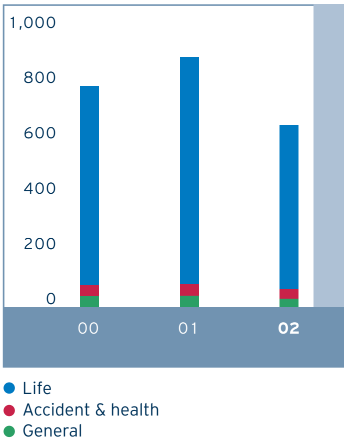
Transamerica Finance Corporation, with its focus on commercial finance, container leasing, equipment leasing and real estate information services, remains a non-core operation for AEGON USA. Nonetheless, it was a solid contributor in 2002, driven primarily by lower operating expenses across all business segments and improved credit quality within the Commercial Lending and Technology Finance units. Yet, earnings decreased in 2002 to USD 48 million. However, the Real Estate Information Services segment showed strong revenue growth resulting from increased refinancing activity.

BUSINESS OBJECTIVES

For 2003, AEGON Americas will pursue growth in our core business at an acceptable risk profile. In addition, the various cost saving initiatives will be vigorously pursued. Broadening and growing distribution relationships will accelerate as enhanced technology capabilities and management emphasis will bring more of AEGON USA's product offerings to each distribution channel.

JOHAN G. VAN DER WERF (50)
CEO AEGON THE NETHERLANDS.

INCOME BEFORE TAX in EUR million



The core strengths of AEGON The Netherlands were shown during a challenging year characterized by continuing market volatility and customer uncertainty. Management focused on reaching to customers by enhancing administration services and by extending distribution and the partnering principle. A disciplined focus on profitability helped underpin AEGON The Netherlands' low-cost producer status in each of its key product sectors.

FINANCIAL RESULTS

Net income was EUR 523 million compared to EUR 696 million for 2001. Depressed equity markets led to an additional provision for guaranteed minimum benefits of EUR 209 million.

New life production was EUR 345 million, down 2% for the year. Off balance sheet production increased 41% to EUR 1,223 million for the year while savings deposits and investment contracts were 21% and 52% lower, respectively. Sales in retail markets were lower due to fiscal changes and weak equity markets, while production in the group pension business was higher.

Total revenues were level with the prior year at EUR 6,052 million, despite 2% lower investment income on insurance activities, attributable to lower investment yields. Commissions and expenses increased 20% to EUR 666 million. This includes EUR 60 million in investment costs that are recognized on a gross instead of a net basis and which are offset by an equal amount in revenues. The change in presentation is the result of the establishment of AEGON Asset Management as a separate business unit to profile itself as a professional third party investment manager.

ABOUT OUR BUSINESS

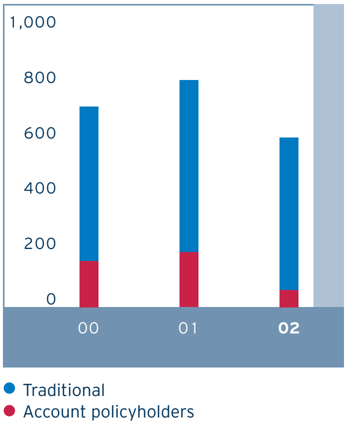
In 2002, AEGON The Netherlands revitalized its product lines, while consolidation and standardization helped raise the visibility of the AEGON brand name across all channels.

Overall, AEGON The Netherlands demonstrated both resilience and flexibility as the units adapted to the changing needs of a market with continued long-term growth potential.

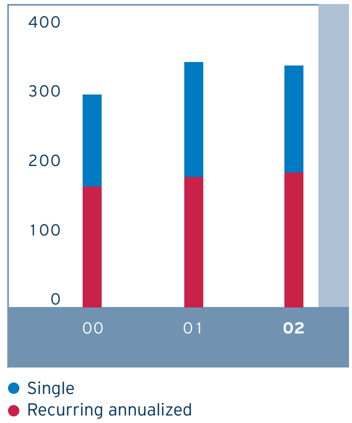
The Pensioen en Advies unit – the Netherlands' leading provider of group pension plans – performed well. Despite difficult market conditions, sales of group pensions outperformed 2001's figure and the potential for future growth remains positive thanks to AEGON The Netherlands' increasingly effective administration, state-of-the-art ICT support, customer accessibility and strong sales team. This flagship unit continued to build on improvements implemented in 2001. Worksite marketing, the concept pioneered by Pensioen en Advies, was extended to other distribution channels. AEGON The Netherlands bought TPG KPN Pensioen B.V. (TKP Pensioen), an administrator of pension funds, which included approximately 150,000 participants at the end of 2002. Our other group pension unit, Bedrijfspensioenen, which distributes through agents, had lower sales compared to the good year 2001. Group life sales held up well, in spite of changes to Dutch laws that negatively affected the tax treatment of certain life insurance products.

In the individual life sector, stock market weakness and fiscal uncertainties caused something like a buyer's strike among consumers. This led to a drop in sales and higher lapse rates among some plan holders. AEGON The Netherlands was able in part to compensate for this by marketing new products such as mortgage-related products (Beleggingshypotheek) and rejuvenating the more traditional life policies. To help minimize distribution bottlenecks and reduce costs, the organization of Van Nierop Assuradeuren was successfully merged with the AEGON Vermogensperspectief business unit, and renamed AEGON Van Nierop, serving high net worth individuals. AEGON Van Nierop's distribution was streamlined and we believe the unit is positioned to benefit from future opportunities for further growth.

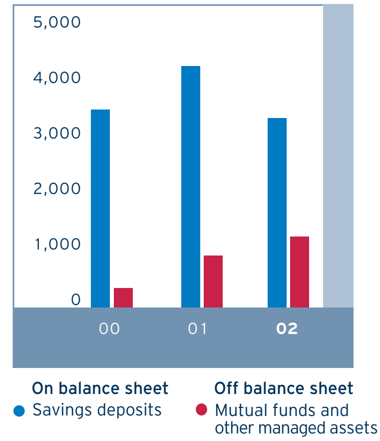
INCOME BEFORE TAX LIFE INSURANCE in EUR million



STANDARDIZED NEW PREMIUM PRODUCTION in EUR million



TOTAL DEPOSITS/ OFF BALANCE SHEET PRODUCTION in EUR million



Customers for individual life and pension products are traditionally served by independent agents, who AEGON The Netherlands focused on helping them operate and compete more effectively.

The non-life sector had a good year with sound profit, notwithstanding the October storms in the Netherlands, and a strong contribution from the motor and fire portfolios, reflecting the emphasis on underwriting quality. The health and disability cover segment is gaining market share and performed well. This market is poised for renewed expansion once changes in the laws on benefits take effect.

Savings deposits decreased 21% in 2002 from 2001. Savings deposits at AEGON Bank showed a strong inflow during the first half-year, although increased competition led to pressure on overall profitability and growth in the second half. Yet, AEGON Bank has chosen to emphasize profitability over volume. As part of distribution improvements and new lines, Spaarbeleg provided intermediaries with better access to products and services in order to meet consumers' requirements with respect to pension issues. In 2002 it became clear that under existing market conditions short-term equity savings plans or equity lease plans were currently not attractive to customers.

With respect to the Moneymaxx activities – a concept for unit linked life insurance products – in the various AEGON countries it was decided to incorporate these activities in the existing local AEGON units, unless the activities were large enough to operate independently. Consequently, in Hungary and Spain the Moneymaxx activities were incorporated in 2002, whereas AEGON Lebensversicherung-AG in Germany and AEGON Belgium continued to operate independently. For Italy it was decided to end these activities because of direct sales results lagging behind expectations. In France and Japan we are considering whether Moneymaxx can operate in collaboration with local partners.

Innovation again proved an important element of success. In 2002, AEGON The Netherlands entered into an agreement with major oil company TotalFina to create a loyalty program for truck drivers who can earn supplementary pension plan contributions by refuelling at the TotalFina stations. And there was a sound growth to 260,000 savers using the AH Geldzaken simple savings plan marketed through the Albert Heijn supermarket chain.

Despite a volatile and adverse year for the securities markets, and thanks to the high quality of its asset portfolio, investments by AEGON Asset Management outperformed those of its peers in 2002. While fixed investments were not affected by any major bond default, the value of the equity and real estate portfolio in the Netherlands declined by EUR 1,347 million in 2002. Overall, off balance sheet production enjoyed a 41% increase over 2001 to EUR 1,223 million.

BUSINESS OBJECTIVES

Without losing sight of the strategic commitment to local responsibility or to proven business principles, such as reliability, teamwork and responsiveness, AEGON The Netherlands will continue during 2003 to modernize and enhance links with distribution channels and consolidate brand perception and back-offices, while focusing on partnering both inside and outside the organization is the key to strengthening and speeding business flow.

DAVID HENDERSON (58)
GROUP CHIEF EXECUTIVE AEGON UK.

As a leading provider of group and individual pensions and life products through independent financial advisors (IFAs) and a major asset manager, AEGON UK showed resilience in the face of uncertain equity markets and ongoing regulatory changes by focusing on its cost base and taking steps to capture greater benefits along the distribution chain.

FINANCIAL RESULTS

Net income was GBP 112 million compared to GBP 165 million for 2001. Net income is lower as a direct result of weak equity markets leading to lower management and fund related fees as well as the setting up of provisions to meet costs associated with the expense reduction program.

Standardized new life production was GBP 588 million, 8% lower than 2001 (GBP 638 million). Off balance sheet production increased to GBP 437 million, a 59% gain over 2001.

Total revenues increased 3%. Investment income increased GBP 30 million reflecting higher general account assets and capital. Commissions and expenses increased to GBP 314 million, up GBP 93 million due to setting up provisions for restructuring costs, inclusion of operating costs of the acquired distribution companies, additional costs associated with the completion of a major ICT systems project and the growth in our protection businesses.

ABOUT OUR BUSINESS

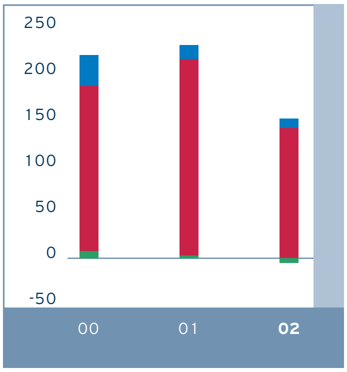
Although AEGON UK's new premium income fell in 2002, three business sectors delivered significant growth with institutional asset management mandates up 66%, individual protection up 57% and UK offshore investment sales up 44%. However, stock market weakness led to some corporate and private clients deferring decisions to set up pension or investment arrangements helping to decrease the core pension business (down by 10%).

Regulatory change contributed to the ongoing development of the UK market. The Financial Services Authority provided greater freedom to intermediaries by allowing ownership of important distributors by life insurance companies. The Sandler review added impetus to the concept of simple, low risk products and a transparent approach to the 'With Profits' concept.

AEGON UK is implementing strategies to take full advantage of the opportunities created to strengthen relationships with intermediaries – including ownership of distributors – to offer 'second tier' selling in the workplace and to improve the profitability of its core life and pensions business by greater integration of technology and simpler administration models. Greater focus on distribution and manufacturing capability is expected to generate profitable growth in the UK business.

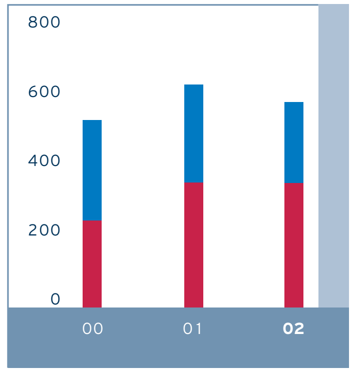
AEGON UK made important strides with its policy of building and buying distribution capability in the intermediary sector where IFAs are the primary channel. During the year AEGON UK made four IFA acquisitions, giving access to over 700 registered financial sales consultants: Advisory & Brokerage Services, Momentum Financial Services, Positive Solutions (Financial Services) and Wentworth Rose Ltd.

INCOME BEFORE TAX LIFE INSURANCE in GBP million



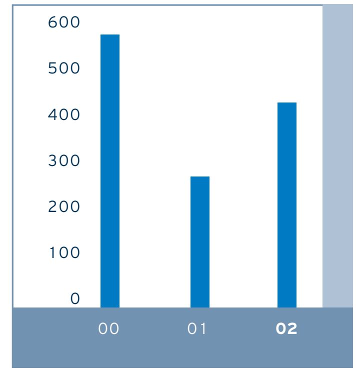
- Traditional
- Account policyholders
- Fee business

STANDARDIZED NEW PREMIUM PRODUCTION in GBP million



- Single
- Recurring annualized

OFF BALANCE SHEET PRODUCTION in GBP million



- Mutual funds and other managed assets

In addition, AEGON UK made minority investments in a number of other distributors with access to over 3,500 sales consultants, giving AEGON UK a strong presence in the UK financial services distribution.

Other acquisitions and investments are being considered in order to capture greater distribution margins and ultimately establish a strong position with the leading IFA organizations covering the UK market.

By extending the number of investment management partnerships external to the group, AEGON UK's core pensions business achieved a leading position in this important area of the markets for corporate pensions and high net worth individuals.

In addition, AEGON UK launched a replacement for the traditional 'With Profits' product that levels investment returns without including guarantees – a product that will permit more efficient management of AEGON UK's capital base. This investment offering is consistent with the direction recommended by the Sandler review of the UK retail savings industry. The launch of critical illness cover and income protection products in the individual protection market further strengthened AEGON UK's product offerings.

In the asset management sector, new products were created for the increasingly important fixed income market, where AEGON Asset Management UK retained in 2002 the title of 'Fixed Income Manager of the Year' for institutional pension business.

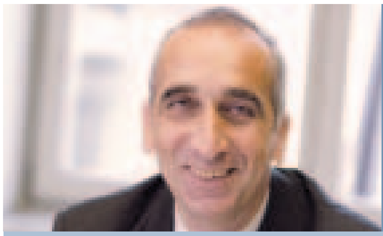
Cost management continued to be a key priority with the identification of considerable annual savings. AEGON UK is on track to cut costs by 15% at year-end 2003. A significant proportion of these cost savings result from investment in information technology made over the last three years, which are expected to improve profitability. Another part will come from the planned reduction of 600 jobs in the work force across the UK operations.

A significant development was the extension of AEGON UK's offshore business to Dublin's International Financial Services Centre, a move that is expected to permit increased product flexibility and which contributed to the sales in 2002.

BUSINESS OBJECTIVES

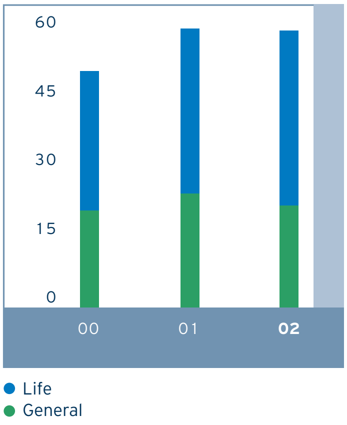
AEGON UK remains confident that the market for savings, pensions and insurance has significant growth potential and is strongly positioned to benefit from expected consolidation as weaker life companies withdraw from active market participation. AEGON UK will focus on delivery of cost savings in 2003, while continuing to invest in delivering excellence to its target markets of corporate pensions, employee benefit packages, pre- and post-retirement investment and insurance business.

Finally, management and process improvements in AEGON UK's investment management are expected to deliver strong future performance in the equity and managed fund arena and to sustain growth in the institutional marketplace.

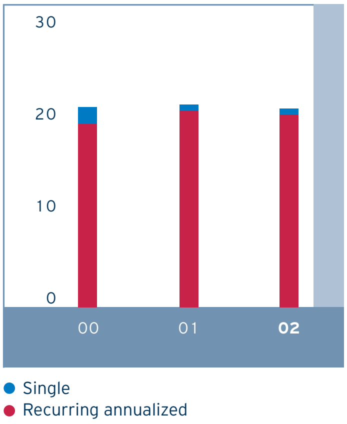


GÁBOR KEPECS (48)
CEO AEGON HUNGARY.

INCOME BEFORE TAX in EUR million



STANDARDIZED NEW PREMIUM PRODUCTION in EUR million



HUNGARY

As one of the country's top sellers of standard life insurance products and – as of 2002 – household insurance products, AEGON Hungary celebrated its 10th anniversary as part of the AEGON Group with a solid year, despite the less favorable economic environment, and maintained its leading market position.

Pre-tax earnings totaled EUR 59 million, compared to EUR 60 million in 2001. Profit after tax was EUR 48 million, which is 4% lower than the profit for 2001.

AEGON Hungary experienced important developments in distribution in 2002 with the further expansion of its specialized life agent network to supplement the activities of its traditional distribution network. AEGON Hungary is also building support among brokers and independent agents and expects that a growing portion of sales will come from these new channels. Banks are also emerging as important distribution partners, particularly for life-linked mortgage insurance and mutual fund notes.

AEGON Hungary retained its position as one of the country's top three asset managers and won the 'Best Institutional Investor 2001' award. The value of the assets managed by AEGON Hungary for third-parties reached EUR 471 million as of December 31, 2002, a significant increase compared to 2001.

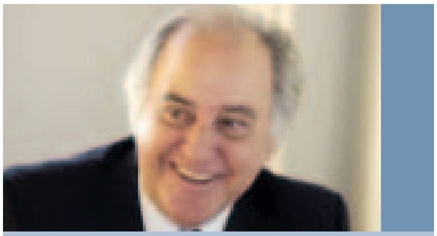
The non-life segment performed well: despite greater competition and Hungary's extensive summer flooding, household insurance made a meaningful contribution to the company's profit, while the motor sector also maintained profitability. Overall, AEGON Hungary maintained its position in the market due to the high quality of its underwriting and a narrowing of risks covered.

In preparation for the commencement of operations in neighboring Slovakia, AEGON Hungary began adapting local products for the Slovak market, building a linked ICT infrastructure. In the beginning of 2003 a license application was submitted to the Slovak regulatory authorities.
The Slovak venture will be set up as a branch office of AEGON The Netherlands. A CEO has been appointed for the new venture, which is expected to commence activities in the second half of 2003.

To improve service and enhance the safety of systems, AEGON Hungary took a number of steps, including the transformation of its customer call center and the upgrading of ICT systems designed to enhance web access for agents. These measures are also expected to provide better cost control while speeding claims settlement and other forms of customer service. They will also enable AEGON Hungary to consolidate further its leading position in a market expected to grow significantly thanks to the forthcoming entry to the European Union.

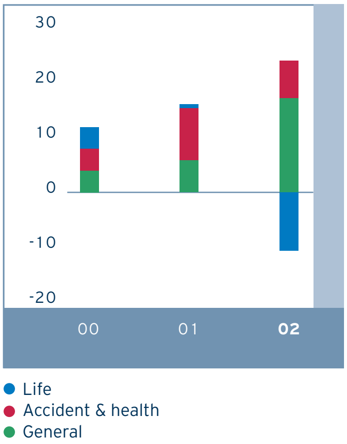
BUSINESS OBJECTIVES

AEGON Hungary's objectives for 2003 are to further build its life and investment distribution channels providing the best quality products in the Hungarian market and implementing its new life portfolio ICT systems.

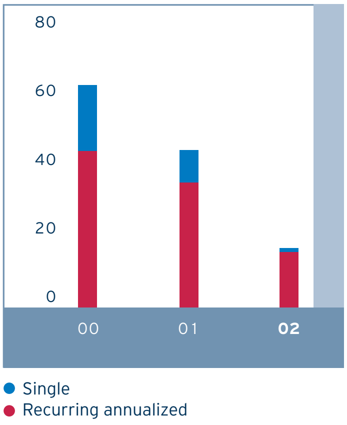


JESÚS QUINTANAL (60)
CEO AEGON SPAIN.

INCOME BEFORE TAX in EUR million



STANDARDIZED NEW PREMIUM PRODUCTION in EUR million



SPAIN

The good returns from the non-life sector helped to offset lower earnings from the life business due to weakened stock markets. Overall, pre-tax earnings totaled EUR 12 million, compared to EUR 16 million in 2001, profit after tax was EUR 9 million, which is substantial lower than the profit for 2001.

In 2002, AEGON Spain continued to implement the strategy introduced in 1999: specialization in personal lines of business and a significant reduction in exposure to industrial risks. Internal reorganization has led to a leading role for branch offices in ensuring portfolio quality and agent productivity, with consolidation of thirty-one provincial offices into fourteen regional areas. These measures have produced a sharp fall in loss ratios and administrative expenses. Positive results were again generated in the health insurance business, in line with recent years.

The Spanish life insurance market has been profoundly affected by the downturn in single premium issuance, which represents 72% of the total life insurance market. The extremely poor performance of the financial markets has caused a sharp drop in individual business, due to both a decline in new production and an increase in the lapse rate.

This situation has had a negative impact on AEGON Spain's revenues. Conversely however, there was significant growth in the area of pensions, resulting from a new law mandating third party administration of corporate pension commitments. The Moneymaxx activities in Spain have been integrated into AEGON Spain's operations.

In the immediate future, AEGON Spain will continue to concentrate on the recurring premiums business, a market whose growth in Spain has been limited by the lack of a specialist sales network. AEGON Spain also plans to double the number of specialized life agents in its network to over 2,000 within a period of three years.

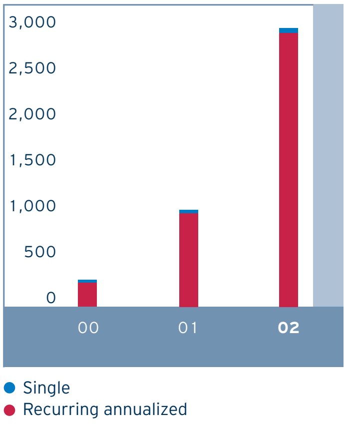
AEGON Spain is also exploiting recent changes in tax regulations to adapt its products to appeal to particular market segments.

BUSINESS OBJECTIVES

AEGON Spain's objectives for 2003 are to boost production of recurring premium insurance while improving the quality of the portfolio by intensifying training of the career agents. AEGON Spain will also continue to explore strategic alliance opportunities with financial institutions.

JAMES H.C. LIU (44)
CEO AEGON TAIWAN.

STANDARDIZED NEW PREMIUM PRODUCTION in NTD million



TAIWAN

The Taiwan insurance market can be characterized as a market where the growth rate of life insurance, pensions and savings is faster than GDP growth and where AEGON Taiwan has the potential to become a profitable top five player.

AEGON Taiwan enjoyed a strong 2002, increasing revenues by 81% over 2001 and achieving just over break-even status seven years after its greenfield establishment. With its absorption of the business of Transamerica Taiwan and the acquisition of AXA's local portfolio, AEGON Taiwan has completed its transformation from a start-up to a fully-fledged member of the AEGON Group, with significant revenue generation.

AEGON Taiwan was one of the first companies in the Taiwanese market to introduce variable universal life insurance. Revenues on this product doubled in 2002 from the previous year and management expects continued fast growth in the future. This market also exhibits great potential for individual and group pension products as the Taiwanese government moves to implement a national pension plan.

During 2002 AEGON Taiwan successfully transformed from 100% agency distribution to multiple distribution channels. The company was strengthened by the establishment of a broker and a bank channel in addition to its existing agency channel. Further ties with the bank channel are being explored.

BUSINESS OBJECTIVES

In 2003, AEGON Taiwan will continue to emphasize profitability while strengthening and deepening its multiple distribution channels. Significant business growth will be generated by new distribution channels. AEGON Taiwan will also seek to exploit the emerging opportunities in the pension market, with an initial focus on the retail segment of the market. AEGON Taiwan's short-term objective is to be one of the top foreign insurers in Taiwan.

ASIA

AEGON's activities in mainland China took a significant step forward in May 2002 with AEGON's entry into a joint venture agreement with China National Offshore Oil Corporation, China's third largest oil company, which is experienced in working with foreign partners. The joint venture has established offices in the Pudong business district near Shanghai and expects to begin selling insurance by mid-2003. The joint venture's objective in 2003 is to establish a strong network of approximately 1,000 agents and to develop a distinctive marketing approach to build substantial annual premium income over the coming decade.

Elsewhere in Asia, AEGON's Indian representative office continues to evaluate local partnership opportunities. AEGON sold its activities in the Philippines in December 2002 in line with AEGON's strategy to focus on markets where it has a leading position with sufficient scale. Following the establishment of a Tokyo liaison office existing activities in the Asia-Pacific life reinsurance markets will be integrated. In Japan AEGON continues to study business opportunities.

FINANCIAL HIGHLIGHTS
Amounts in millions

2002 USD	2001 USD	%		2002 EUR	2001 EUR	%
			INCOME BY PRODUCT SEGMENT			
1,379	1,394	-1	Traditional life	1,457	1,557	-6
165	321	-49	Fixed annuities	174	358	-51
257	193	33	GICs and funding agreements	272	215	27
351	566	-38	Life for account policyholders	371	632	-41
-437	107		Variable annuities	-462	120	
2	84	-98	Fee business	2	94	-98
–	307		Book profit Mexico	–	343	
1,717	2,972	-42	Life insurance	1,814	3,319	-45
263	187	41	Accident and health insurance	278	209	33
59	60	-2	General insurance	62	67	-7
2,039	**3,219**	**-37**	**TOTAL INSURANCE**	**2,154**	**3,595**	**-40**
8	**40**	**-80**	**BANKING ACTIVITIES**	**8**	**45**	**-82**
-296	**-355**	**-17**	**INTEREST CHARGES AND OTHER**	**-313**	**-397**	**-21**
1,751	2,904	-40	Income before tax	1,849	3,243	-43
-334	-822	-59	Corporation tax	-353	-918	-62
48	64	-25	Transamerica Finance Corporation	51	72	-29
1,465	**2,146**	**-32**	**NET INCOME**	**1,547**	**2,397**	**-35**
			INCOME GEOGRAPHICALLY			
1,142	2,034	-44	Americas	1,206	2,272	-47
624	827	-25	The Netherlands	659	924	-29
221	333	-34	United Kingdom	233	372	-37
60	65	-8	Other countries	64	72	-11
2,047	3,259	-37	Income before tax business units	2,162	3,640	-41
-296	-355	-17	Interest charges and other	-313	-397	-21
1,751	2,904	-40	Income before tax	1,849	3,243	-43
-334	-822	-59	Corporation tax	-353	-918	-62
48	64	-25	Transamerica Finance Corporation	51	72	-29
1,465	**2,146**	**-32**	**NET INCOME**	**1,547**	**2,397**	**-35**
6,686	7,000	-4	Gross margin	7,061	7,817	-10
4,935	4,096	20	Commissions and expenses	5,212	4,574	14
			AMOUNTS PER COMMON SHARE OF EUR 0.12			
1.02	1.58	-35	Net income[1]	1.08	1.76	-39
1.02	1.57	-35	Net income fully diluted[1]	1.08	1.75	-38
As at Dec. 31 2002	As at Dec. 31 2001			As at Dec. 31 2002	As at Dec. 31 2001	
8.99	10.06	-11	Shareholders' equity[2]	8.57	11.41	-25
9.54	10.50	-9	Shareholders' equity after full conversion[2]	9.10	11.91	-24
			NUMBER OF EMPLOYEES	**26,659**	**25,663**	**4**
			Outstanding common shares:			
			– Number of common shares (millions)	1,445	1,422	2
			– Weighted average number (millions)	1,402	1,357	3

[1] Based on the weighted average number of common shares, adjusted for repurchased own shares.
[2] Based on the number of common shares outstanding at the end of the period, adjusted for repurchased own shares.

JOSEPH B.M. STREPPEL
CFO AND MEMBER EXECUTIVE BOARD AEGON N.V.

FINANCIAL RELATIONS

AEGON's international business activity is matched with a geographically diverse investor base. AEGON's common shares are listed on the stock exchanges in Amsterdam, New York, London, Frankfurt, Zurich and Tokyo. Its common shares are also included in many major indices.

AEGON has an active investor relations program focusing on providing investors around the world with information required to make appropriate investment decisions. Much attention is given to ensuring that the information provided is consistent, coherent and comprehensive, and disclosed on a non-selective basis and in a timely fashion. Current and evolving industry disclosure practices as well as feedback from the financial community are closely monitored to keep AEGON attuned to changes in the markets. Clear communications on the complexities and dynamics of our business activities and the related financial issues are important.

Along with periodic news releases and shareholder reports, investor and analyst briefing materials, financial interviews and our corporate website, mainstays of our investor relations program include management 'road shows' and investor days, as well as web casts and teleconferencing. In addition, investor relations' staff are available to answer questions and to maintain an open dialogue between AEGON and the financial community, including its investors.

Selected results of our sensitivity analyses are presented throughout this annual report to show the estimated sensitivity of net income and shareholders' equity to various scenarios in 2003. It should be noted, however, that the results should be read as indicative only, as they are derived from static analyses which are performed without taking into account correlation between factors and assuming unchanged conditions for all other assets and liabilities and only limited management responsive actions. Results of the analyses also cannot be extrapolated for wider variations since effects do not tend to be linear.

DISCLOSURE

AEGON is committed to providing information on key factors that drive its business and affect its financial condition, results and value. Our disclosure practices have been developed over many years with due consideration of the needs and requirements of our stakeholders, including regulators, investors and research analysts. We have substantive supplemental information in our annual and quarterly accounts to provide transparency of our financial results. We have provided insight into the methodologies we apply to manage both risk and accounting practices for deferred policy acquisition costs and guaranteed minimum benefits. In the summer of 2003 we will begin reporting our embedded value and will also provide a detailed analysis of the sensitivity of our embedded value to various factors, such as equity market returns, interest rates, discount rates and lapse rates. This additional disclosure will be provided in order to give the financial community increased understanding of AEGON's value now and in the future.

RESULTS

Net income for 2002 of EUR 1,547 million was 35% lower than last year. Results were adversely affected by additions to the provision for bond defaults (EUR 817 million), accelerated amortization of deferred policy acquisition costs (EUR 450 million) and increased provisions for products with guaranteed minimum benefit (EUR 482 million). Comparison with the prior year's result is positively influenced by the additional earnings from the acquired J.C. Penney direct marketing insurance operations (EUR 94 million). The 2001 gain on the sale of operations in Mexico (EUR 343 million) and the loss of earnings on these divested operations (EUR 81 million) negatively influences the comparison with the prior year. Adjusting for the above items, pre-tax earnings would have been marginally higher in 2002 than in 2001. The influence of currency exchange rates on net income was minus 2%.

Total revenues were 2% lower (1% higher, excluding currency influence) and gross margin was 10% lower (excluding currency influence 6% lower). The decline in gross margin is due primarily to lower investment returns, higher bond default provisions and provisions for guaranteed minimum benefits. Commissions and expenses were 14% above last year (19% excluding currency influence), which includes the higher DPAC amortization and the expenses of acquired operations. Excluding the acquired operations and the additional DPAC amortization, commissions and expenses were 3% higher.

The effective tax rate for 2002 was 19% compared to 28% for 2001. The lower effective tax rate is largely due to a reduction of the deferred tax liability, favorable adjustments resulting from the filing of the 2001 corporate tax returns in the US, lower taxable income relative to tax preferred investments and tax-exempt income in the Netherlands and the US, and a tax loss in the UK.

Results for Transamerica Finance Corporation were USD 48 million as compared to USD 64 million last year. This reflects lower asset balances for 2002 as well as tax benefits and investment gains included in 2001 results, which are non-recurring.

LINE OF BUSINESS

THE AMERICAS

Traditional life results of USD 813 million, up 3%, include USD 160 million of bond defaults compared to USD 157 million for 2001. Fixed annuity results of USD 165 million , down 49%, include USD 401 million of bond defaults compared to USD 229 million for 2001. Fixed annuity results also include a net reduction of DPAC amortization of USD 34 million compared to a positive unlocking of USD 20 million for 2001. GICs and funding agreement results of USD 257 million, up 33%, include bond defaults of USD 174 million compared to USD 159 million for 2001. Life for the account of policyholders results were USD 106 million, up 14%, reflecting lower expense levels. Variable annuity reported a loss of USD 437 million compared to a profit of USD 107 million in 2001. Due to declining equity markets and the adjustment of our equity return assumptions, additional DPAC amortization of USD 327 million and CAD 31 million and guaranteed minimum benefit provisions of USD 199 million and CAD 88 million were charged against results. Fee business results were USD 5 million, USD 69 million lower than 2001. The 2001 results included earnings from divested pension operations in Mexico. Accident and health results increased 60% to USD 233 million due to the acquired direct marketing insurance operations of J.C. Penney.

THE NETHERLANDS

Traditional life results of EUR 552 million were 10% lower than 2001 results, due to lower interest results and higher lapse rates. Life for the account of policyholders results were EUR 49 million, down from EUR 192 million the prior year. This is primarily due to the provisions for guaranteed minimum benefits of EUR 209 million. Accident and health results of EUR 26 million were EUR 10 million lower than in 2001 and reflect higher claims as well as lower investment returns. General insurance results were EUR 24 million, down EUR 13 million from the prior year, due to the October storm claims and lower investment returns. Banking activities were EUR 8 million, down EUR 37 million from 2001, reflecting lower production and investment spreads, as well as increased provisions for credit risk.

UNITED KINGDOM

Life for the account of policyholders results were GBP 75 million lower, mainly as a result of lower management and fund-related fees.

OTHER COUNTRIES

Net income from other countries was EUR 52 million, a 15% decrease from 2001. The lower result was due primarily to lower results in Spain and start-up activities in Asia. Taiwan showed a modest profit for the first time.

CAPITAL GAINS

EUR 758 million was released as indirect return to income before tax compared with EUR 723 million for 2001. The revaluation account balance at December 31, 2002 was EUR 2,598 million, of which realized gains of EUR 2,056 million and unrealized gains of EUR 542 million.

With International Accounting Standards becoming AEGON's reporting standard in 2005, it is AEGON's intention to discontinue the indirect return system of accounting for capital gains after 2003. Beginning with the first quarter 2004 capital gains and losses will be reported as earnings in the income statement when realized. Based on current stock market levels, AEGON expects to recognize indirect income in 2003 of approximately EUR 450 million. The remaining realized portion of the revaluation reserve not recognized in 2003 will be transferred directly to the surplus fund at year-end 2003.

DIVIDEND

The Executive Board has proposed a dividend of EUR 0.74 per common share for the year 2002 (2001: EUR 0.83). After taking into account the interim dividend of EUR 0.37, this represents a final dividend of EUR 0.37 per common share. The final dividend will be paid entirely in stock. For every 25 shares held one new share will be paid. The stock fraction for the share dividend has been based upon the average price of the AEGON share on the Euronext Amsterdam Stock Exchange for the five trading days from February 27 up to and including March 5. AEGON shares will be quoted ex-dividend on April 23, 2003. The dividend will be payable as of May 13, 2003.

The Executive Board has proposed to pay the final 2002 dividend entirely in shares as a measure of prudence and to retain financial flexibility in uncertain political and economic times. Over the past years, approximately 45% of AEGON's dividends have been paid in shares. AEGON recognizes the importance of offering its shareholders a stable and adequate dividend, which is supported by the company's cash flow and capital position.

	1998	1999	2000	2001	2002
S&P 500	1,229	1,469	1,320	1,148	880
Nasdaq	2,193	4,069	2,471	1,950	1,336
FTSE 100	5,883	6,930	6,222	5,217	3,940
AEX	538	671	638	507	323
10-year Treasury	4.65	6.43	5.1	5.04	3.82
10-year Dutch government	3.95	5.47	4.99	5.11	4.23

RISK MANAGEMENT

AEGON is exposed to a variety of risks. Some risks are related to the international nature of the Group, such as currency translation risk. Other risks include insurance-related risks, such as changes in mortality and morbidity. However, the largest part of our risk lies in our exposure to financial markets: changes which affect the value of our investments and provisions (including deferred policy acquisition costs) through our exposure to interest rate, credit and equity market risks. During the benign investment environment in the 1990s, AEGON's earnings and capital benefited from rising equity markets, low credit defaults and relatively stable interest rates. However, more recently most segments of the financial markets have experienced unfavorable conditions, which have affected our earnings and our capital.

In 2002, particularly weak equity markets and a high level of corporate bond defaults adversely impacted AEGON's net income and capital.

The table on this page sets forth certain information concerning trends in the performance of equity markets (as represented by certain major indices) and US Treasury and Dutch government bond yields for the period from 1998 through 2002.

AEGON performs sensitivity analyses for its most significant business risks to assess the variability of income and shareholders' equity based on changes to the selected risk parameters and reviews the scenarios included in these analyses each year. The insights drawn from these analyses are used by AEGON's management to consider actions that may be taken, if necessary.

CURRENCY RISK

AEGON manages its currency risk using established currency risk policies. For investments, these policies are based on asset liability matching principles. Equity held in subsidiaries is kept in local currencies to the extent shareholders' equity is required to satisfy (local) regulatory and self-imposed capital requirements. As a result, currency fluctuations may affect the level of AEGON's shareholders' equity as a result of translation into euro. The remainder of AEGON's capital base (capital securities and subordinated and senior debt) is held in or swapped into various currencies proportionally to the value of AEGON's activities in those currencies such that AEGON's debt-to-total-capital ratio is not materially affected by currency volatility. We also run a translation risk on earnings generated by the various country units. AEGON does not hedge these income streams. As a result, earnings may also fluctuate due to currency translation risk.

As of December 31, 2002, shareholders' equity declined by EUR 2,190 million as a result of currency translation, mainly caused by the effect that the decline of the US dollar had on the value of our US operations when expressed in euro. The lower average currency translation rate for both the US dollar and the UK pound had a negative effect of approximately 2% on reported earnings for 2002.

The sensitivity analysis table on this page shows the effect on net income and shareholders' equity of movements in the exchange rates of AEGON's most important currencies relative to the euro. The table shows that a decrease of 10% of the US dollar, Canadian dollar and UK pound exchange rates would result in a negative impact on net income of approximately 6% and on shareholders' equity of approximately 10.5%. Conversely, an increase of 10% in these exchange rates would result in a positive impact on net income of the same magnitude.

SENSITIVITY ANALYSIS OF NET INCOME AND SHAREHOLDERS' EQUITY[1] TO CURRENCY MARKETS[2]

Movement of markets	Effects on net income	Effects on shareholders' equity
Increase versus the euro of USD, GBP and CAD of 10%	between 5.5% and 6.5%	between 10.0% and 11.0%
Decrease versus the euro of USD, GBP and CAD of 10%	between –5.5% and –6.5%	between –10.0% and –11.0%

[1] Basic assumptions: no correlation between markets and risks; unchanged conditions for all other assets and liabilities; limited management actions taken; all changes are relative to net income and shareholders' equity. Effects do not tend to be linear and therefore cannot be extrapolated for larger increases or decreases.
[2] The effect of currency movements is reflected as a one-time shift in value of the US dollar, the Canadian dollar and the UK pound up or down on January 1. Movements of other currencies have a negligible influence on both net income and shareholders' equity.

ASSET LIABILITY RISK MANAGEMENT

The keys to AEGON's risk management are the asset liability management (ALM) processes and procedures we perform in our country units. All of our country units have robust ALM models in place, which drive the risk management process of both the country units and the AEGON Group as a whole.

Over the past several years, we have been strengthening our global risk management framework. Capital management is a central function in the AEGON Group and we have been and will continue to closely align the AEGON Group's capital management with the risk management performed by the country units. During 2003, we will further expand the AEGON Group's risk management practices, aiming to further optimize risk and capital management on a group-wide basis.

LIABILITY RISKS

TECHNICAL PROVISIONS

Actuarial assumptions and their sensitivities underlie the calculation of technical provisions, which are based on generally accepted reserve valuation standards. In the ordinary course of business, AEGON makes assumptions such as estimates of premiums, mortality, morbidity, investment returns, lapses, surrenders and expenses. These assumptions are initially based on best estimates of future experience at the policy inception date, in some instances taking into account a margin for the risk of adverse deviation from these assumptions. The assumptions used are regularly reviewed, compared to actual experience and, if necessary, depending on the type of products, updated.

The AEGON Group is exposed to both mortality and longevity risk in its products. In the United States, we are on balance exposed to mortality risk as a result of AEGON USA's large life insurance business, while in the Netherlands we are on balance exposed to longevity risk as a result of AEGON The Netherlands' large defined benefit pension business. The AEGON Group maintains a well-balanced portfolio of businesses in terms of mortality and longevity risks. Therefore, we believe that changes to mortality and longevity factors are not a current concern relative to our reserving basis and our mix of business.

Assumptions are made regarding future investment yields for both the pricing and for the assessment of profitability of many general account and for account of policyholders products. Assumed yields are based on management's best estimates. Periodically, AEGON assesses the impact of fluctuations of future investment yields on pricing and profitability. For products where AEGON offers explicit benefit guarantees to its clients, product pricing reflects these guarantees.

EMBEDDED DERIVATIVES

The technical provision for life insurance includes provisions for guaranteed minimum benefits related to products for which the regular technical provision is included in technical provisions with investments for the account of policyholders. The main products are:

- guaranteed minimum benefits on variable products in the United States;
- guaranteed minimum accumulation benefits on segregated funds in Canada;
- guaranteed return on certain unit-linked products in the Netherlands.

Most provisions are calculated using stochastic models.

DEFERRED POLICY ACQUISITION COSTS

AEGON defers and amortizes a part of its acquisition costs. These policy acquisition costs are costs that are related to the sale of life insurance contracts. Policy acquisition costs are deferred to the extent that they are recoverable from future expense loadings in the premiums or from estimated gross profits, depending on the type of product. Deferred policy acquisition costs (DPAC) are deducted from the technical provision for life insurance.

DPAC are subject to recoverability testing at the end of each reporting period. DPAC related to insurance contracts with fixed premiums are amortized as a percentage of premiums over the life of the contracts. The assumptions are locked in at issue and additional amortization is recorded if loss recognition testing indicates unrecoverability. For flexible premium insurance and investment type contracts, variable annuities, unit-linked products and fixed annuities, the DPAC is amortized as a percentage of gross profits. For products in the Americas the assumptions are unlocked periodically and the amortization is adjusted over time as actual gross profits emerge. For flexible premium products in the Netherlands and the UK the amortization pattern established at issue is followed and recoverability testing is performed.

For separate account products in the Americas (for account of policyholders), such as variable annuities, variable universal life and segregated funds, estimated gross profits are computed based upon assumptions related to the underlying policies including mortality, lapse, expenses, and asset growth rates. Because equity market movements have a significant impact on the value of variable annuity accounts and the fees earned on these accounts, estimated future profits can increase or decrease with movements in the equity markets. AEGON USA currently assumes long-term equity returns of 9.0%, fixed income returns of 6% and money market returns of 3.5%. As equity markets do not move in a systematic manner, AEGON uses its best estimates giving consideration to the effect of short-term swings in the equity markets. As a result, a 12% equity growth rate has been assumed for the next five years reverting to 9% thereafter.

All returns quoted above are gross returns and hence are before any asset management or insurance management and expense fees are deducted. Such fees would be deducted from the assumed market returns when projecting the policyholders' account values. Variable annuity fees range from approximately 1% to 2.5%.

Every year AEGON tests the recoverability of DPAC from the future profits and future premium loadings that are forecasted to emerge from in-force contracts. It should be noted that testing of the DPAC is focused on recoverability only for all products in the Netherlands and the United Kingdom and fixed premium products in the Americas. Flexible premium and investment type contracts in the Americas are tested for recoverability but also for the appropriateness of the proportional amortization. Additional amortization will occur for products in the Netherlands and the UK and for fixed premium products in the Americas only when DPAC is no longer deemed recoverable, while unlocking will occur for flexible premium insurance and investment type contracts in the Americas when long-term return assumptions and therefore expected future profit streams are changed. Recoverability for these products could still be ample when unlocking occurs. This page shows some sensitivity of net earnings to changes in long-term return assumptions.

Included in AEGON's DPAC is a substantial amount of value of business acquired (VOBA) resulting from acquisitions, which in its nature is similar to DPAC and is subject to the same testing and amortization requirements. At year-end 2002, this amounted to approximately EUR 5.3 billion, 2001: EUR 7.2 billion.

PORTFOLIO COMPOSITION AND ASSET RISKS

AEGON country units are responsible for the management of their own investment portfolios. The asset liability management policies employed in the units specify the level of risk and exposure that can be assumed by the relevant country unit based on changes in interest rates, credit quality, equity markets and exchange rates. Those policies are also monitored at AEGON Group level. As mentioned in this review, during 2003 we will continue the ongoing process of integrating asset and liability risk management with capital management.

ONE-TIME EFFECT OF CHANGES IN LONG-TERM ASSUMPTIONS

	approx. USD
Effect on net earnings of lowering long-term equity assumptions by 1%	-110 million
Effect on net earnings of eliminating the higher short-term equity growth rate assumptions	-230 million
Effect on net earnings of lowering long-term fixed income assumptions by 1%	-30 million

PORTFOLIO COMPOSITION

In 2002, AEGON's general account investment assets decreased 5.8% from 2001 to EUR 123.1 billion. These assets represent 44.4% of AEGON's total managed assets. On general account assets, AEGON carries the investment risk and earns a spread. The general account assets in the Americas and the Netherlands represented 97% of AEGON's general account assets at December 31, 2002. The decrease during 2002 was mainly driven by currency exchange rate differences. In local currencies, the general account asset base of AEGON Americas grew 12.5% to USD 109 billion due to strong new production in traditional life products and fixed annuities. In the Netherlands, the total general account asset base decreased by 11.1%, mainly as a result of the decline of the value of our equity investments by 17.4% in 2002. In 2002, AEGON also rebalanced its portfolio from equities to fixed income investments while increasing slightly the credit quality of the fixed income portfolio despite the further deterioration of credit markets during the year by reinvesting at a slightly higher average credit quality.

Investments for the account of policyholders (34.2% of AEGON's total managed assets in 2002) decreased by 16.4% in 2002 to EUR 94.7 billion, driven by currency exchange rate changes and declines in equity markets. Strong new production in variable annuities in the Americas of USD 9.9 billion partially offset the impact of equity market declines. On investments for the account of policyholders, the investment risk is generally borne by the policyholders, in certain cases subject to minimum benefit guarantees provided by AEGON, and AEGON earns fee income through policy expense charges. For these investments, the shift toward fixed income allocations already apparent in the past two years continued in 2002, as the allocation in fixed income securities (49%) was brought almost equal to the allocation in equities (51%). Assets related to banking activities increased 1.7% in 2002 to EUR 7.2 billion.

Off balance sheet investments (third-party asset management, mutual funds and synthetic GICs), on which we also earn fees, represented 18.8% of total managed assets and declined slightly in 2002 to EUR 52 billion as a result of the lower USD exchange rate, more than offsetting increased new production in third-party asset management and synthetic GICs.

INTEREST RATE RISK

The general account fixed income portfolios of the Americas and AEGON The Netherlands accounted for 97.3% of the total general account fixed income portfolio of the AEGON Group at December 31, 2002. AEGON USA and AEGON The Netherlands are the only country units that actively manage their duration mismatch. Presently, the other country units target the duration of their assets to equal approximately the duration of their liabilities. Duration means essentially the weighted average life of all cash flows related to an investment or a liability.

For our AEGON USA business, the average duration of assets is approximately 3.8 years. This relatively low duration as compared to the long-term nature of AEGON USA's business is driven by the asset liability management process applied to the institutional markets business in the United States (GICs and funding agreements). Both the assets and the liabilities for this business are managed on a floating rate basis, with extensive use of interest rate swaps. As a result, these assets and liabilities, which represent a little over a quarter of the total general account assets and liabilities of AEGON USA, have an average effective duration of less than one year. The maximum allowed duration mismatch between the assets and liabilities of AEGON USA is plus or minus one year.

In the Netherlands, the average duration of assets is approximately 5.4 years with a maximum allowed duration mismatch between assets and liabilities of plus or minus two years. The combined market value weighted duration mismatch of AEGON USA and AEGON The Netherlands was around 0.2 years at December 31, 2002.

AEGON conducts both interest rate sensitive and interest rate insensitive business. A simultaneous decrease of worldwide interest rates of 1% from the current levels would have a positive effect on AEGON's net income of approximately EUR 25 million. Conversely, an increase of worldwide interest rates of 1% would have an approximately EUR 110 million negative influence on net earnings. The main driver for the asymmetric effects of an immediate change of interest rates up or down by 1% is the interest rate risk of AEGON USA. An immediate increase of 1% will have a negative effect on earnings mainly as a result of a sudden rise in lapse rates on fixed annuities. A sudden decrease of 1% will cause a positive effect as a result of lower lapse rates, which is largely offset by the compression of spreads. A gradual increase of interest rates would have a substantially more benign effect on earnings.

During 2002, interest rates decreased substantially, lowering the new money spreads on our traditional life insurance and causing initial crediting rates on fixed annuities to be as low as 2.7%. We have refiled products with the US state regulators allowing us to lower the crediting rate to 2% (subject to a 3% minimum guarantee on 90% of the original premium, consistent with current US non-forfeiture law). Many US states have approved this change to lower crediting rates on new sales to levels, which are more consistent with our profitability objectives. At the same time, we are leading an industry effort in the United States to tie the level of guarantees to actual interest rates. This effort is still in progress.

CREDIT RISK

AEGON is exposed to credit risk on its fixed income portfolio, which includes bonds, mortgages, over-the-counter derivatives and reinsurance contracts. Country units apply specific guidelines for the acceptable level of credit risk and provide for default losses.

AEGON monitors its aggregate exposure to credit counterparties at AEGON Group level. For that purpose AEGON aggregates exposures from its country units to assess overall credit risk. Most of the AEGON Group's credit risk lies with AEGON USA. To manage its credit risk, AEGON USA applies exposure limits, including exposures from derivatives transactions, which depend on our assessment of the credit quality of a counterparty. The exposure limits are shown in the table elsewhere on this page.

Rating category	Exposure limit on single name (in USD millions)	% of general account assets
AAA or AA	620	0.57%
A	465	0.43%
BBB	310	0.28%
BB	155	0.14%
B	93	0.09%
CCC	31	0.03%

SENSITIVITY ANALYSIS OF NET INCOME TO INTEREST RATES[1,2]

Movement of markets	Effects on net income
Immediate parallel yield curve shift up of 100 basis points	approx. EUR –110 million
Immediate parallel yield curve shift down of 100 basis points	approx. EUR 25 million

[1] Basic assumptions: no correlation between markets and risks; unchanged conditions for all other assets and liabilities; limited management actions taken; all changes are relative to net income. Effects do not tend to be linear and therefore cannot be extrapolated for larger increases or decreases.
[2] The effect of interest rate movements is reflected as the effect of an immediate parallel shift up or down of all relevant yield curves on January 1.

2002 SELECTED EXPOSURE REDUCTIONS AS PER DECEMBER 31, 2002

	Amounts reduced since in USD	Average sales price*
Airlines	-241	84.5
Auto	-352	96.2
Communications	-1,124	86.3
Utilities	-1,002	88.7
Other	-928	97.5
Total	-3,647	

*per USD 100 face value

AEGON USA assigns internal ratings to assess counterparty creditworthiness, based on both published ratings by rating agencies and in-house analyses. In general, the internal ratings tend to be in line with the ratings issued by the rating agencies. If an exposure exceeds the stated limits as a result of a downgrade, the exposure must be readjusted as soon as is practical to the limit for the rating category, which varies with the asset quality of the security. In all cases, exceptions to these limits can only be made after explicit approval in advance from AEGON senior management. Almost all of the AEGON Group's general account securities rated BB or lower (below investment grade) are held by AEGON USA.

As markets deteriorated, AEGON USA expanded its credit risk modelling to reflect more closely current market circumstances. The modelling now takes into account increased market volatility and considers a wider range of outcomes before investment decisions are taken.

Under certain circumstances, AEGON uses credit derivatives, mainly in specific cases where synthetic corporate bonds are being created. The total underlying amount of these credit derivatives is small relative to the entire fixed income portfolio and amounted for the AEGON Group to approximately EUR 500 million at December 31, 2002.

In 2002, AEGON USA reinvested at a slightly higher average credit quality, increasing the average credit quality of its portfolio. In addition, it actively reduced exposures in certain sectors, reallocating credit risk to the consumer non-cyclical and energy sectors. For more detail on our exposure reductions, please refer to the table on this page, which includes the average prices at which we sold these securities.

The fixed income portfolio of AEGON The Netherlands is of very high average credit quality. More than 80% of the portfolio is invested in AAA/AA-rated securities while of the remainder (excluding mortgages) around 5% is BBB-rated and less than 1% is below investment grade or not rated. With respect to the portion of AEGON The Netherlands' fixed income portfolio composed of residential mortgages, the actual default experience is very low, corresponding to an annual effect of approximately 0.02% on the total return of the fixed income portfolio. AEGON establishes provisions for credit risk in the ordinary course of business. AEGON USA added USD 774 million to its default provisions during 2002 while USD 791 million was released, leaving a balance at year-end of USD 281 million.

US CORPORATE BONDS BY SECTOR

Sector	12/31/01 %	12/31/02 %
Financials	33	29
Industrials – Basic industry	6	6
• Capital goods	5	6
• Communications	12	10
• Consumer cyclical	8	7
• Consumer non-cyclical	9	14
• Energy	4	7
• Technology	1	3
• Transportation	6	5
Foreign	1	2
Utilities	15	11
Total	100	100

DERIVATIVES

AEGON uses derivative financial instruments, such as interest rate swaps, options, credit derivatives, futures and foreign exchange contracts, to manage its exposures related to investments and borrowings. AEGON does not hold or issue derivative instruments for speculative trading purposes.

We plan to use AEGON Derivatives N.V., a wholly owned subsidiary, as the counterparty for all over-the-counter derivatives transactions executed by AEGON Group units and guaranteed by AEGON N.V. enabling centralized monitoring and netting of exposures with derivatives counterparties. This subsidiary will also facilitate collateral management of derivative transactions.

During 2002, AEGON Derivatives N.V. began acting as counterparty in some derivatives transactions. In 2003, we plan to transfer most of our outstanding over-the-counter derivatives transactions to AEGON Derivatives N.V., and will start to use collateral agreements, which are being put in place with our derivative counterparties. AEGON's derivative policy states that AEGON entities may only engage in medium- and long-term over-the-counter uncollateralized derivative

SENSITIVITY ANALYSIS OF NET INCOME AND SHAREHOLDERS' EQUITY TO EQUITY AND REAL ESTATE MARKETS[1,2]

Movement of markets	Effects on net income	Effects on shareholders' equity
Increase of equity and real estate markets of 10%	approx. EUR 180 million	approx. EUR 715 million
Decrease of equity and real estate markets of 10%	approx. EUR –280 million	approx. EUR –750 million

[1] Basic assumptions: no correlation between markets and risks; unchanged conditions for all other assets and liabilities; limited management actions taken; all changes are relative relative to net income and shareholders' equity. Effects do not tend to be linear and therefore cannot be extrapolated for larger increases or decreases.
[2] The effect of movements in equity and real estate markets is reflected as a one-time increase or decrease of worldwide equity and real estate markets on January 1.

contracts if the rating of the counterparty is at least double A. AEGON Derivatives N.V. will employ collateralization to limit counterparty exposure, which will allow transactions with single A rated counterparties.

AEGON's exposure and use of the various derivatives contracts is explained in quantitative terms on page 71 and 72.

EQUITY MARKET RISK

The general account equity portfolios of the Americas and AEGON The Netherlands accounted for 96.3% of the total general account equity portfolio of the AEGON Group of EUR 6,325 million at December 31, 2002.

Of our country units, AEGON The Netherlands holds the largest amount of investments classified as equities, both in absolute terms and expressed as a percentage of total general account investments. The largest part of the equity portfolio of AEGON The Netherlands consists of a diversified portfolio of global equities and 5% equity holdings in Dutch companies which include non-redeemable preferred shares. Convertible bonds and alternative investments are also included under equities, with common equity investments accounting for 15%.

AEGON's shareholders' equity is directly exposed to movements in the equity markets. Beginning in 2004, AEGON will change its accounting policy to recognize in income realized gains and losses on equities and real estate, which may lead to increased sensitivity of earnings to movements in equity markets. In addition, as 51% of investments held for the account of policyholders is currently allocated to equity securities, net income is sensitive to the fees earned on these assets as well as the amortization of deferred policy acquisition costs and provisioning for minimum product guarantees. The sensitivity analysis on this page shows that net income would be approximately EUR 280 million lower and shareholders' equity approximately EUR 750 million lower in the event of a decrease of 10% in equity and real estate markets. Conversely, an increase of 10% in these markets would result in a positive impact on net income of approximately EUR 180 million and on shareholders' equity of approximately EUR 715 million.

The sensitivity of shareholders' equity and earnings to changes in equity and real estate markets reflects changes in market value of our portfolios, indirect return, changes in DPAC amortization, contributions to pension plans for our employees and guaranteed minimum benefits strengthening, when applicable. The main reason for the difference in effects of an additional immediate change up or down of 10% is that a change down will cause additional DPAC amortization and guaranteed minimum benefits provisioning while an increase of 10% will not. AEGON is not directly exposed to commodity markets.

Ratings	Standard & Poor's	Moody's
Credit ratings		
Commercial paper	A-1+*	P-1*
Senior debt	AA-*	A2*
Subordinated debt	A+*	A3*
Insurance financial strength		
AEGON The Netherlands	AA+*	
AEGON USA	AA+*	Aa3
Scottish Equitable	AA+*	A1

* Outlook negative

Capital base	2002 EUR million	%	2001 EUR million	%
Shareholders' equity	14,231	70.9	15,923	70.2
Capital securities	2,008	10.0	2,101	9.3
Subordinated (converted) debt	616	3.1	670	3.0
Senior debt related to insurance activities	3,203	16.0	3,982	17.5
Total capital base	**20,058**	**100.0**	**22,676**	**100.0**

CAPITAL MANAGEMENT

During 2002, AEGON's capital position improved slightly. Shareholders equity was EUR 14,231 million compared to EUR 15,923 million at December 31, 2001. The EUR 1,692 million decrease is primarily due to negative exchange rate differences of EUR 2,190 million, unrealized investment losses of EUR 1,560 million, net income of EUR 1,517 million after preferred dividend and paid-in capital on preferred stock of EUR 2,064 million contributed on our existing preferred shares by Vereniging AEGON, our largest shareholder, as part of the capital realignment effected in September 2002. As a result, shareholders' equity as a percentage of the capital base increased from 70% at December 31, 2001 to 71% at December 31, 2002.

In September 2002, AEGON effected a non-dilutive capital realignment whereby Vereniging AEGON sold 350 million of the common shares, of which 143.6 million common shares were sold directly by Vereniging AEGON in a secondary offering outside the United States and 206.4 million common shares were purchased by AEGON from Vereniging AEGON. AEGON subsequently sold these common shares in a global offering. The purchase price for the 206.4 million common shares sold by Vereniging AEGON to AEGON was EUR 2,064 million which amount Vereniging AEGON contributed as additional paid-in capital on AEGON's existing preferred shares, all held by Vereniging AEGON. Through these transactions AEGON was able to raise equity capital without ownership dilution and to increase the free-float of AEGON's common shares substantially. This has had a positive effect on AEGON's weightings in equity indices.

In 2002, AEGON only accessed the term debt markets through the issuance of approximately EUR 600 million in notes in several small tranches under its USD 6 billion Medium Term Note Program, all through private placements. Funding needs were largely driven by operational financing, which almost entirely consisted of refinancing of maturing funding of the Transamerica Finance Corporation (TFC) businesses.

AEGON maintains access to the debt capital markets through its Medium Term Note Program and its existing shelf registration in the United States, while its EUR 2 billion Commercial Paper Program facilitates access to international and domestic money markets when required.

AEGON also maintains back-up credit facilities, with more than USD 4.5 billion (EUR 4.3 billion) of facilities committed by banks of excellent standing and credit quality. In addition, AEGON enjoys an extensive amount of additional credit lines, while TFC has secured USD 3.25 billion (EUR 3.1 billion) of back-up facilities for its own Commercial Paper Program.

During 2002, Standard and Poor's maintained AEGON's ratings at AA level with a negative outlook, while Moody's Investors Service lowered AEGON's long-term credit ratings. AEGON's senior debt is now rated A2 by Moody's, while the important financial strength rating of the AEGON USA companies remained unchanged at Aa3 with a stable outlook.

AEGON is committed to a strategy of continued financial strength as reflected by the development of AEGON's capital base, which has kept leverage within our prescribed tolerances. At December 31, 2002, equity capital represented 71% of our capital base, while senior and dated subordinated debt raised to support insurance operations comprised 19% of our capital base. The remaining 10% comprised capital securities, consisting primarily of perpetual subordinated securities.

The capital adequacy of our operating units continues to be strong. AEGON manages its capital adequacy to a higher standard than required by the regulators, and as of December 31, 2002, solvency for AEGON N.V. was more than double the minimum EU capital requirement. Relative to the National Association of Insurance Commissioners requirements in the United States, we held in excess of 350% of the minimum required capital. Other indicators we use to monitor levels of capitalization include capital adequacy models developed by rating agencies.

The Hague, March 5, 2003
The Executive Board

ABOUT OUR BUSINESS

TALKING ABOUT OUR CORPORATE RESPONSIBILITY AND INFORMATION ABOUT OUR COUNTRY UNITS, PRODUCTS AND SERVICES.

AEGON's mission of helping customers, business partners, shareholders and employees to 'create better futures' through protection against loss and increasing wealth through prudent investment requires a long-term vision, a sound strategy, staying power and a responsible ethic, underpinned by a sustainable business. AEGON has embarked on a company-wide effort to codify the disciplines and opportunities of corporate responsibility.

Recognizing that good business performance and long-term profitability go hand in hand with good business practices, and that corporate ethics are complex but increasingly important to today's multinational organization, Corporate Responsibility in AEGON is being led by the Executive Board, supported by a newly appointed Group Staff specialist and by an International Working Group, formed from among the main country units. Initial tasks are to identify and define policy requirements, manage the information gathering and reporting process, formulate a group environmental policy and identify alignment with international standards during 2003. One objective is the eventual disclosure of externally verified data and information.

> "AEGON has made a promising start by putting in place the governance process, defining priorities, identifying areas for improvement and setting parameters for reporting"

The focus on corporate responsibility is to support our business, and is a natural response to increasing interest expressed by stakeholders, customers, employees, shareholders and business partners.
Our Corporate Responsibility policy will evolve over time, but AEGON has made a promising start by putting in place the governance process, defining priorities, identifying areas for improvement and setting parameters for reporting. Dialogue with stakeholders and the monitoring of local activities will become an important feature. Understanding and definitions of Corporate Responsibility are evolving rapidly and where cultural and geographic differences emphasize the need for local solutions, AEGON will set realistic goals and key performance indicators.

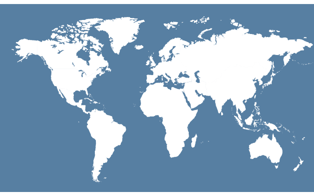
An important achievement of 2002 was the development of a formal Code of Conduct and Values, the result of a company-wide effort to articulate standards that guide our business practices. It represents concepts gathered directly from our employees worldwide forming the foundation on which our actions and policies are based. This is a significant step on the AEGON Corporate Responsibility journey and implementation is being phased in through 2003. Full Corporate Responsibility implementation and integration are important for AEGON's continued inclusion in the major sustainability indices and also for assessment by external rating agencies.

Once more, in 2002 the value of communication and transparancy was confirmed. We recognized this and understand the need for straight talk and clear actions.

Finally, AEGON continues to work to fulfill its responsibilities to the general communities of which it is a part. AEGON's corporate citizenship program aims to build recognition and goodwill by supporting projects in the arts, athletics, education, medical research and international understanding. The Group's country and local operating units work on a grassroots level to support the quality of life of their employees and the communities in which they operate and live. For more information please visit the Corporate Responsibility section on our website www.aegon.com.

United States
Canada

www.aegonins.com
www.transamerica.com
www.transamerica.ca



USA

NUMBER OF EMPLOYEES 14,537

MAIN OFFICES BALTIMORE, CEDAR RAPIDS

MAIN PRODUCT AREAS
Traditional, universal and variable universal life insurance, bank- and corporate-owned life insurance; fixed and variable annuities, life reinsurance, supplemental health insurance, traditional and synthetic GICs, funding agreements, pensions and 401(k) plans, mutual funds

MAJOR CUSTOMER SEGMENTS
Individuals, companies and institutions

DISTRIBUTION CHANNELS
Independent and employee agents, marketing companies, financial institutions, broker-dealers, wirehouses, affinity groups, direct response, worksite marketing, institutional intermediaries

KEY COMPETITIVE STRENGTHS
- Market leader in nearly every business segment
- Products distributed through diverse, broad-based channels of distribution
- Broad product offerings; balanced mix of businesses
- Efficient, targeted product development, coupled with advanced actuarial and administrative systems
- Strong financial position; highly rated companies
- Decentralized decision-making, supported by streamlined, low cost operations

BUSINESS OBJECTIVES FOR 2003
- Earnings growth within an acceptable risk profile
- Vigorously pursue cost savings initiatives
- Continue broadening distribution
- Enhance competitive position with product and service delivery

CANADA

NUMBER OF EMPLOYEES 856

MAIN OFFICE TORONTO

MAIN PRODUCT AREAS
Traditional life, universal and term life, segregated funds, mutual funds, annuities, mutual fund dealer services, financial planning services and professional portfolio management

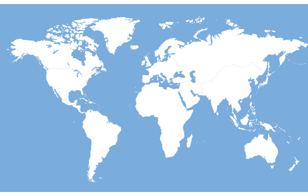
MAJOR CUSTOMER SEGMENTS
Middle and upper income individuals

DISTRIBUTION CHANNELS
Independent advisors, brokers, financial planners, financial institutions

KEY COMPETITIVE STRENGTHS
- Distribution diversification
- Market share strength
- Low cost producer
- Strong financial management

BUSINESS OBJECTIVES FOR 2003
- Rationalize investment options on existing products
- Reduce operating expenses in investment products
- Significantly improve distributor/advisor satisfaction
- Improve fund performance on investment products
- Launch ‘next generation’ life and investment products

Netherlands



www.aegon.nl

NUMBER OF EMPLOYEES 3,030

MAIN OFFICES THE HAGUE, LEEUWARDEN, NIEUWEGEIN

MAIN PRODUCT AREAS
Individual and group life and pension products, savings and investment products, asset management, accident and health insurance, general insurance

MAJOR CUSTOMER SEGMENTS
Middle and upper income individuals, companies

DISTRIBUTION CHANNELS
Independent and tied agents, direct marketing, franchise sales force, worksite marketing, internet, retailers

KEY COMPETITIVE STRENGTHS

- Full line insurer profitably serving virtually every market segment
- Full line of distribution channels with a broad range of communication instruments
- Strong relationships between business units and distribution channels; chain integration
- Excellent cost and margin control

BUSINESS OBJECTIVES FOR 2003

- Consolidate activities on production platforms to maintain cost leadership and improved customer service
- Focus the product line with emphasis on savings and specialized insurance and pension products
- Standardize and utilize ICT and on-line services to extend and develop the distribution network and to support professional agents
- Enhance accessibility of administration for distribution partners and customers

United Kingdom

www.aegon.co.uk

NUMBER OF EMPLOYEES 6,018

MAIN OFFICES EDINBURGH, LYTHAM ST ANNE'S

MAIN PRODUCT AREAS
Individual and group life and pension products, asset management, mutual funds, third party pension scheme administration, financial advice

MAJOR CUSTOMER SEGMENTS
Middle and upper income individuals, companies and institutions

DISTRIBUTION CHANNELS
Independent financial advisors

KEY COMPETITIVE STRENGTHS

- Market leader in the pensions and protection markets
- Experienced product provider with quality image and highly rated service capability
- Delivery of rapid market response to regulatory changes
- Focus on low costs of manufacture
- Market leader in institutional fixed interest investment arena
- Ownership of quality distribution capability

BUSINESS OBJECTIVES FOR 2003

- Emphasis on profitability while taking full advantage of growth opportunities
- Consolidate investments in distribution companies to deliver synergies across the group
- Further strengthen relationships with distribution partners
- Take advantage of full integration of ICT systems to improve efficiency and customer service and lower costs further

Other countries

www.aegon.hu
www.aegon.es
www.aegon.com.tw

AEGON HUNGARY

NUMBER OF EMPLOYEES 716

MAIN OFFICE BUDAPEST

MAIN PRODUCT AREAS
Life, pension and household insurance, asset management

MAJOR CUSTOMER SEGMENTS
Middle and upper income individuals

DISTRIBUTION CHANNELS
Independent and tied agents, pension advisors, direct and worksite marketing

KEY COMPETITIVE STRENGTHS
- Range of distribution channels
- Targeted product development
- Excellent cost control

BUSINESS OBJECTIVES FOR 2003
- Emphasis on profitability, while retaining sales leadership
- Introduction of new sales channels
- Update and renew ICT and internet access
- Investigate growth opportunities elsewhere in the region

SPAIN

NUMBER OF EMPLOYEES 701

MAIN OFFICE MADRID

MAIN PRODUCT AREAS
Life, general and health insurance

MAJOR CUSTOMER SEGMENTS
Middle income individuals

DISTRIBUTION CHANNELS
Independent and tied agents, brokers, internet, financial institutions

KEY COMPETITIVE STRENGTHS
- Segment and product specialization
- Enhanced quality of the back-office service for agents

BUSINESS OBJECTIVES FOR 2003
- Strong development of the existing agent networks
- Increase the use of Servimed* by agents
- Commercial segmentation policy and specific product design for the different segments
- Exploitation of agent portfolio and boost cross-selling

* Servimed is a software tool

TAIWAN

NUMBER OF EMPLOYEES 801

MAIN OFFICE TAIPEI

MAIN PRODUCT AREAS
Traditional life, variable universal life, term life, group life, accident and health

MAJOR CUSTOMER SEGMENTS
Middle and upper income individuals, companies

DISTRIBUTION CHANNELS
Tied agents, brokers, banks

KEY COMPETITIVE STRENGTHS
- Professional image and brand name
- Strong relations with tied agents and other distribution partners
- Disciplined financial control

BUSINESS OBJECTIVES 2003
- Continued development of professional agency force
- Strengthen distribution partnership with brokers and banks
- Emphasis on innovative product development
- Preparations for the entrance into the pension market
- Enhancement of the efficiency of administrative support, business processes and ICT systems

GENERAL ACCOUNT

With general account life insurance products, AEGON carries the investment risk, earns a spread (difference between investment performance and crediting rates to customers) and realizes mortality results.

TRADITIONAL LIFE

Traditional life comprises permanent and term life insurance. Permanent life insurance provides life-long financial protection. Most permanent policies have a cash value feature with minimum rate guarantee that accumulates tax-deferred over the life of the policy and can be used to help fund financial goals, particularly in retirement. Whole life insurance is a common form of policy where premiums remain constant over the life of the policy.

Universal life insurance is a flexible or single premium, adjustable benefit contract that allows the customer to pay premiums at any time, in virtually any amount, subject to a minimum and a maximum. The interest rate at which the cash value accumulates adjusts periodically.

Term life insurance covers the insured for a specific period of time. The policy pays death benefits only if the insured dies during the term.

This category also includes life insurance sold as part of defined benefit pension plans, endowment policies and post-retirement annuity products. Bank- or company-owned life insurance (BOLI/COLI) funds the costs of employee benefits, usually with key employees of the company as the insured persons.

CUSTOMERS	DISTRIBUTION
individuals pension funds companies banks	(independent) agents brokers direct response worksite marketing financial institutions

FIXED ANNUITIES

Annuities allow the client to save for the future on a tax-deferred basis and allow payout options that meet the client's need for income upon maturity. This can be in the form of a lump sum, income for life or income for a period of time.

A fixed annuity is a contract upon which the client is guaranteed a fixed minimum payout. Payments can either start immediately or be deferred to start later. Should the insured die prior to annuitizing the policy, the beneficiary receives the accumulated cash value death benefit. Fixed annuities have a specified rate of interest that can be reset periodically.

CUSTOMERS	DISTRIBUTION
individuals pension funds	(independent) agents financial institutions brokers direct response

GICS AND FUNDING AGREEMENTS

GICs are contracts issued to tax qualified institutional investors, guaranteeing a rate of return on assets for a fixed period and payment of principal and accumulated interest at the end of the period (usually between three and five years).

GICs are sometimes used to fund the fixed-income plan in defined contribution plans, e.g. 401(k) plans.

Funding agreements are issued to non-tax qualified clients. These are usually perpetual with no stated final maturity and liquidity option. The contract is terminated at the notification of the client; notice provisions range from six months to thirteen months in advance of the payout date.

CUSTOMERS	DISTRIBUTION
pension funds* financial institutions* money market funds** municipalities** overseas investors**	(independent) agents brokers direct

* tax qualified
**non-tax qualified

ACCOUNT OF POLICYHOLDERS

On account of policyholder products the policyholders carry the investment risk. AEGON earns management and administration fees and mortality results.

LIFE FOR ACCOUNT OF POLICYHOLDERS

Represents several forms of life insurance and pension products whereby death benefits and cash values vary with the performance of a portfolio of investments. Premiums can be allocated among a variety of investments that offer different degrees of risk and reward including stocks, bonds, combinations of both, or investment products that guarantee interest and principal.

Includes variable universal life (North-America), tontine plans (the Netherlands) and unit-linked life insurance (Europe).

Variable universal life products are similar to universal life products, but have the added feature of investment options and investment assets are maintained in a separate account.

CUSTOMERS	DISTRIBUTION
individuals	(independent) agents marketing organizations financial institutions worksite marketing franchise organizations brokers

VARIABLE ANNUITIES

Annuities allow the client to save for the future on a tax-deferred basis and allow payout options that meet the client's need for income upon maturity. This can be in the form of a lump sum, income for life or income for a period of time.

Premiums paid on variable annuity contracts are invested in funds offered by the insurance company, including bond and stock funds. Selection of funds is dependent upon a client's chosen level of risk. Account value reflects the performance of the funds. This category includes segregated funds (Canada).

CUSTOMERS	DISTRIBUTION
individuals pension funds	(independent) agents marketing organizations brokers financial institutions

FEE BUSINESS

This includes products that generate fee income for AEGON by providing management, administrative or risk services related to off balance sheet assets (i.e. equity or bond funds, third-party managed assets and collective investment trusts). Much of this income is generated by synthetic GICs which differ from traditional GICs by being structured as an off-balance fee-based product with the customer retaining ownership and control of the asset. The trust GIC permits the purchaser to own and manage the investment asset related to these contracts while receiving a guarantee from the company to provide cash advances in the event that qualified plan benefit requests exceed plan cash flow. The cash flow advances allow the customer to avoid liquidation of assets to pay benefits.

CUSTOMERS	DISTRIBUTION
individuals pension funds asset managers	(independent) agents marketing organizations financial institutions direct

OTHER ACTIVITIES

BANKING

Includes savings accounts and investment contracts (i.e. security lease products). Both products generate investment spread income for AEGON.

Savings accounts offer attractive interest rates while retaining flexibility.

Security lease products provide a combination of monthly interest payments on a loan and a final payout based on the performance of the investments. This category also includes investment products, which offer index-linked returns and generate fee income on the performance of the investments.

CUSTOMERS	DISTRIBUTION
individuals companies	(independent) agents direct marketing retailers franchise organizations

ACCIDENT AND HEALTH INSURANCE

Limited forms of health insurance, including disability insurance (Netherlands) and accidental death and dismemberment (USA), are offered. AEGON offers no major medical coverage.

Supplemental health insurance normally pays a specified amount for a covered occurrence, or a deductible or coinsurance amount not paid by primary coverage.

Long-term care insurance protects the insured's income and retirement savings from the costs of long-term nursing home or home health care.

CUSTOMERS	DISTRIBUTION
individuals companies	(independent) agents brokers direct marketing

GENERAL INSURANCE

Limited forms of general insurance offered in selected mar kets, i.e. car insurance, liability insurance, household insurance and fire protection.

CUSTOMERS	DISTRIBUTION
individuals companies	(independent) agents brokers

GENERAL ACCOUNT	United States	Canada	Netherlands	United Kingdom	Hungary	Spain	Taiwan
Traditional life	■	■	■	■	■	■	■
Fixed annuities	■	■					
GICs and funding agreements*	■						
ACCOUNT OF POLICYHOLDERS							
Life for account of policyholders	■		■	■	■	■	■
Variable annuities	■	■					
Fee business	■	■	■	■	■		
OTHER ACTIVITIES							
Banking			■				
Accident and health insurance	■		■		■	■	■
General insurance			■		■	■	

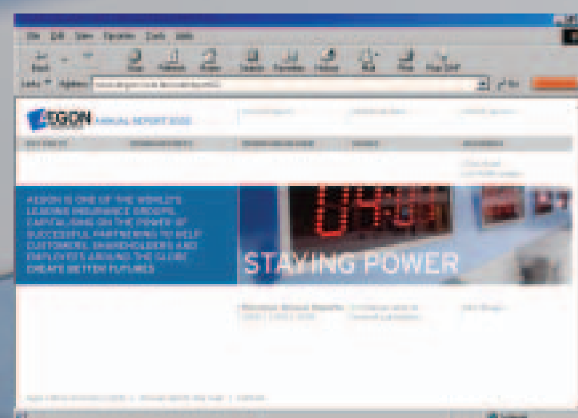
*Also distributed internationally from the United States.

EARNINGS CONTRIBUTION 2002	
GENERAL ACCOUNT	
Traditional life	1,457
Fixed annuities	174
GICs and funding agreements	272
	1,903
ACCOUNT OF POLICYHOLDERS	
Life for account of policyholders	371
Variable annuities	-462
Fee business	2
Accident and health insurance	278
General insurance	62
Banking	8
	259
TOTAL EARNINGS	**2,162**

FINANCIAL INFORMATION

AEGON IS COMMITTED TO PROVIDING TRANSPARENT INFORMATION AND QUALITY SERVICES TO EXISTING AND POTENTIAL SHAREHOLDERS.

IN ADDITION TO THE ANNUAL REPORT, WE PUBLISH THE HISTORICAL DATA BOOKLET 1992-2002, WHICH PROVIDES FURTHER INFORMATION AND TREND DATA OVER AN 11-YEAR PERIOD. BOTH THESE PUBLICATIONS ARE AVAILABLE ON OUR CORPORATE WEB SITE, WHICH CONTAINS INVESTOR INFORMATION AND PRESS RELEASES IN BROWSABLE AND DOWNLOADABLE FORMATS.



www.aegon.com/annualreport02

EXCHANGE RATES AT DECEMBER 31, 2002

	EUR	USD	GBP	CAD	HUF	NTD
1 EUR	-	1.0487	0.6505	1.6550	235.900	36.110
1 USD	0.954	-	0.620	1.578	224.945	34.433
1 GBP	1.537	1.612	-	2.544	362.644	55.511
1 CAD	0.604	0.634	0.393	-	142.538	21.819
100 HUF	0.424	0.445	0.276	0.702	-	15.307
100 NTD	2.769	2.904	1.801	4.583	653.282	-

WEIGHTED AVERAGE EXCHANGE RATES 2002

	EUR	USD	GBP	CAD	HUF	NTD
1 EUR	-	0.9468	0.6283	1.4847	242.880	32.770
1 USD	1.056	-	0.664	1.568	256.527	34.611
1 GBP	1.592	1.507	-	2.363	386.567	52.157
1 CAD	0.674	0.638	0.423	-	163.589	22.072
100 HUF	0.412	0.390	0.259	0.611	-	13.492
100 NTD	3.052	2.889	1.917	4.531	741.166	-

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31

In accordance with Dutch Accounting Principles
Amounts in millions

2002 USD	2001 USD		Note number	2002 EUR	2001 EUR
		INVESTMENTS			
2,319	2,050	Real estate	1	2,211	2,326
3,729	2,891	Group companies and participations	2	3,556	3,280
134,615	119,688	Other financial investments	3	128,364	135,809
35	26	Deposits with ceding undertakings	4	33	30
140,698	**124,655**			**134,164**	**141,445**
99,341	**99,827**	**INVESTMENTS FOR THE ACCOUNT OF POLICYHOLDERS**	5	**94,728**	**113,272**
		RECEIVABLES			
2,218	1,511	Receivables out of direct insurance	6	2,115	1,714
586	407	Receivables out of reinsurance		559	462
1,194	3,659	Other receivables	7	1,138	2,295
3,998	**5,577**			**3,812**	**4,471**
		OTHER ASSETS			
412	316	Equipment	8	393	358
1,664	765	Liquid assets	9	1,587	868
40	59	Other assets		38	67
2,116	**1,140**			**2,018**	**1,293**
		PREPAYMENTS AND ACCRUED INCOME			
1,614	1,386	Accrued interest and rent		1,539	1,573
2,040	132	Other prepayments and accrued income	10	1,945	2,007
3,654	**1,518**			**3,484**	**3,580**
249,807	**232,717**	**TOTAL ASSETS**		**238,206**	**264,061**

For notes: see page 57 and following.

2002 USD	2001 USD		Note number	2002 EUR	2001 EUR
14,924	**14,033**	**SHAREHOLDERS' EQUITY**	11	**14,231**	**15,923**[1]
2,106	**1,852**	**CAPITAL SECURITIES**	12	**2,008**	**2,101**
646	**590**	**SUBORDINATED LOANS**	13	**616**	**670**
17,676	**16,475**	**EQUITY AND SUBORDINATED LOANS**		**16,855**	**18,694**
		TECHNICAL PROVISIONS	14		
106,735	93,572	Life insurance		101,778	106,175
1,043	683	Unearned premiums and unexpired risks		995	775
2,428	2,113	Claims outstanding		2,315	2,398
319	251	Profit sharing and rebates		304	285
537	628	Other technical provisions		512	712
111,062	97,247	Gross		105,904	110,345
-3,136	-2,727	Reinsurers' share		-2,990	-3,094
107,926	**94,520**			**102,914**	**107,251**
		TECHNICAL PROVISIONS WITH INVESTMENTS FOR THE ACCOUNT OF POLICYHOLDERS	15		
100,574	100,150	Gross		95,904	113,639
-1,233	-323	Reinsurers' share		-1,176	-367
99,341	**99,827**			**94,728**	**113,272**
1,913	**2,571**	**PROVISIONS**	16	**1,824**	**2,917**
4,044	**4,480**	**LONG-TERM LIABILITIES**	17	**3,856**	**5,084**
24	**26**	**DEPOSITS WITHHELD FROM REINSURERS**		**23**	**29**
		CURRENT LIABILITIES			
2,771	2,741	Payables out of direct insurance		2,642	3,110
380	155	Payables out of reinsurance		362	176
4,469	2,851	Amounts owed to credit institutions		4,262	3,235
6,674	5,690	Entrusted savings accounts and deposits		6,364	6,456
3,656	2,498	Other payables	18	3,486	2,835[1]
17,950	**13,935**			**17,116**	**15,812**
933	**883**	**ACCRUALS AND DEFERRED INCOME**	19	**890**	**1,002**
249,807	**232,717**	**TOTAL EQUITY AND LIABILITIES**		**238,206**	**264,061**

[1] Amounts adjusted by EUR 631 million (USD 556 million) due to the change in presentation of dividend.

For notes: see page 57 and following.

SUMMARIZED CONSOLIDATED INCOME STATEMENTS

In accordance with Dutch Accounting Principles
Amounts in millions (except for per share data)

2002 USD	2001 USD		Note number	2002 EUR	2001 EUR	2000 EUR
		REVENUES				
20,220	19,321	Gross premiums		21,356	21,578	20,771
8,873	8,894	Investment income	3	9,372	9,933	9,612
394	344	Income from banking activities	4	416	384	324
29,487	**28,559**	**TOTAL REVENUES**		**31,144**	**31,895**	**30,707**
		BENEFITS AND EXPENSES				
2,397	1,665	Premiums to reinsurers		2,532	1,859	1,819
11,693	10,670	Benefits to policyholders		12,350	11,916	13,135
7,029	7,893	Change in technical provisions	5	7,424	8,815	7,513
179	222	Profit sharing and rebates	6	189	248	370
4,935	4,096	Commissions and expenses	7	5,212	4,574	4,100
691	771	Interest charges		730	862	796
812	338	Miscellaneous income and expenditure	9	858	378	135
27,736	**25,655**	**TOTAL BENEFITS AND EXPENSES**		**29,295**	**28,652**	**27,868**
1,751	2,904	Income before tax		1,849	3,243	2,839
-334	-822	Corporation tax	11	-353	-918	-833
48	64	Net income unconsolidated group companies	12	51	72	60
1,465	**2,146**	**NET INCOME**		**1,547**	**2,397**	**2,066**
1.02	1.58	Net income per share		1.08	1.76	1.57
1.02	1.57	Net income per share fully diluted		1.08	1.75	1.55

For notes: see page 74 and following.

CONSOLIDATED INCOME STATEMENTS

In accordance with Dutch Accounting Principles
Amounts in EUR millions

	Note number		2002		2001		2000
TECHNICAL ACCOUNT LIFE INSURANCE							
PREMIUMS FOR OWN ACCOUNT							
Gross premiums		17,741		18,281		17,983	
Premiums to reinsurers		-1,977		-1,257		-1,210	
	1		**15,764**		**17,024**		**16,773**
INVESTMENT INCOME	3		**8,694**		**9,339**		**9,182**
INVESTMENT INCOME FOR THE ACCOUNT OF POLICYHOLDERS			**-11,524**		**-9,515**		**-3,495**
BENEFITS AND SURRENDERS OWN ACCOUNT							
Benefits to policyholders							
Gross		-11,490		-11,218		-12,521	
Reinsurers' share		765		883		758	
			-10,725		**-10,335**		**-11,763**
CHANGE IN OTHER TECHNICAL PROVISIONS OWN ACCOUNT							
Provision for life insurance							
Gross		3,283		94		-4,466	
Reinsurers' share		1,197		889		662	
		4,480		983		-3,804	
Other technical provisions		-5		-39		-37	
			4,475		**944**		**-3,841**
PROFIT SHARING AND REBATES	6		**-189**		**-248**		**-370**
OPERATING EXPENSES	7		**-3,548**		**-3,233**		**-3,058**
INVESTMENT CHARGES	8		**-271**		**-242**		**-296**
OTHER TECHNICAL CHARGES OWN ACCOUNT	9		**-862**		**-415**		**-129**
			1,814		**3,319**		**3,003**
INVESTMENT INCOME ALLOCATED TO THE NON-TECHNICAL ACCOUNT	10		**-1,030**		**-1,011**		**-940**
RESULT TECHNICAL ACCOUNT LIFE			**784**		**2,308**		**2,063**

For notes: see page 74 and following.

CONSOLIDATED INCOME STATEMENTS

In accordance with Dutch Accounting Principles
Amounts in EUR millions

	Note number		2002		2001		2000
TECHNICAL ACCOUNT NON-LIFE INSURANCE							
PREMIUMS EARNED FOR OWN ACCOUNT							
Gross premiums		3,615		3,297		2,788	
Premiums to reinsurers		-555		-602		-609	
			3,060		2,695		2,179
Change in technical provision unearned premiums and unexpired risks							
Gross		-439		-546		-198	
Reinsurers' share		155		198		-20	
			-284		-348		-218
			2,776		**2,347**		**1,961**
INVESTMENT INCOME	3		**631**		**501**		**352**
CLAIMS FOR OWN ACCOUNT							
Claims incurred							
Gross		-1,927		-1,945		-1,853	
Reinsurers' share		302		364		481	
		-1,625		-1,581		-1,372	
Change in provision for claims							
Gross		-154		238		-171	
Reinsurers' share		63		-134		212	
		-91		104		41	
			-1,716		**-1,477**		**-1,331**
OPERATING EXPENSES	7		**-1,305**		**-1,053**		**-738**
INVESTMENT CHARGES	8		**-2**		**-6**		**-9**
OTHER TECHNICAL CHARGES OWN ACCOUNT	9		**-44**		**-36**		**-3**
			340		**276**		**232**
INVESTMENT INCOME ALLOCATED TO THE NON-TECHNICAL ACCOUNT	10		**-26**		**-27**		**-27**
RESULT TECHNICAL ACCOUNT NON-LIFE	2		**314**		**249**		**205**
NON-TECHNICAL ACCOUNT							
RESULT TECHNICAL ACCOUNT LIFE INSURANCE			**784**		**2,308**		**2,063**
RESULT TECHNICAL ACCOUNT NON-LIFE INSURANCE			**314**		**249**		**205**
INVESTMENT INCOME	3		**47**		**93**		**78**
INCOME FROM BANKING ACTIVITIES	4		**416**		**384**		**324**
ALLOCATED INVESTMENT INCOME TRANSFERRED FROM TECHNICAL ACCOUNTS	10		**1,056**		**1,038**		**967**
OPERATING EXPENSES BANKING ACTIVITIES AND OTHER EXPENSES	7		**-125**		**-96**		**-85**
INVESTMENT CHARGES	8		**-691**		**-806**		**-710**
MISCELLANEOUS INCOME AND EXPENDITURE	9		**48**		**73**		**-3**
INCOME BEFORE TAX			**1,849**		**3,243**		**2,839**
CORPORATION TAX	11		**-353**		**-918**		**-833**
NET INCOME UNCONSOLIDATED GROUP COMPANIES	12		**51**		**72**		**60**
NET INCOME			**1,547**		**2,397**		**2,066**

For notes: see page 74 and following.

CONSOLIDATED CASH FLOW STATEMENTS

In accordance with Dutch Accounting Principles
Amounts in millions

2002 USD	2001 USD		2002 EUR	2001 EUR	2000 EUR
		CASH FLOW FROM OPERATING ACTIVITIES			
1,465	2,146	Net income	1,547	2,397	2,066
4,024	8,793	Increase technical provisions net of reinsurance	4,250	9,820	6,572
26,907	23,622	Annuity, GIC and funding agreement deposits	28,419	26,381	25,506
-17,297	-17,066	Annuity, GIC and funding agreement repayments	-18,269	-19,059	-21,593
-736	-437	Change in provisions	-777	-488	348
1,749	1,273	Amortization of policy acquisition costs	1,848	1,422	1,284
80	91	Amortization of interest rate rebates	84	102	118
95	71	Depreciation of equipment	100	79	61
2,176	657	Change in current liabilities	2,299	734	-763
-87	1,125	Change in entrusted funds	-92	1,257	-95
-2,733	-2,290	Deferred policy acquisition costs	-2,887	-2,558	-2,393
-47	-84	Interest rate rebates granted	-50	-94	-61
-43	-809	Change in receivables	-45	-904	-796
15,553	**17,092**		**16,427**	**19,089**	**10,254**
		CASH FLOW FROM INVESTING ACTIVITIES			
		Invested and acquired			
-3,234	-3,564	Real estate and shares	-3,416	-3,980	-7,072
-1,081	-1,498	Shares of group companies and subsidiaries	-1,142	-1,673	-979
-95,210	-80,556	Other investments	-100,560	-89,966	-53,671
-153	-174	Equipment	-162	-194	-159
		Disposed and redeemed			
3,770	2,986	Real estate and shares	3,982	3,335	7,955
299	1,044	Shares of group companies and subsidiaries	316	1,166	1,374
84,990	70,069	Other investments	89,766	78,254	49,413
11	10	Equipment	12	11	5
-718	-647	Indirect return real estate and shares	-758	-723	-595
-3,980	-6,233	Change in investments for account of policyholders	-4,204	-6,961	-6,076
-61	-299	Other	-65	-335	-323
-15,367	**-18,862**		**-16,231**	**-21,066**	**-10,128**
		CASH FLOW FROM FINANCING ACTIVITIES			
-747	991	Change in subordinated and other long-term loans	-789	1,107	588
0	-19	Repurchased and sold own shares	0	-21	-423
0	1,509	Issuance of common shares	0	1,685	0
1,944	0	Paid-in capital / withdrawal of preferred shares	2,053	0	-15
-1	26	Change in deposits withheld from reinsurers	-1	29	0
0	3	Options exercised	0	3	7
-6	-64	Cash settlement stock options	-6	-71	-200
–	-61	Cash settlement subordinated convertible loan	–	-68	-24
-695	-487	Dividend paid	-734	-544	-298
495	**1,898**		**523**	**2,120**	**-365**
681	**128**	**CHANGE IN LIQUID ASSETS**	**719**	**143**	**-239**
0.9468	0.8954	Translation rate EUR/USD: weighted average exchange rate			

The cash flow statement has been set up according to the indirect method. Only those changes affecting liquid assets have been taken into account. The effects of revaluation and currency exchange rate differences have therefore not been included. The impact of currency exchange rate differences on liquid assets denominated in foreign currencies is not material.

INTRODUCTION

These financial statements have been drawn up in accordance with the rules for financial statements of insurance companies in the Netherlands, embodied in Title 9, Book 2 of the Dutch Civil Code. A summarized consolidated income statement has been added to the required formats for balance sheet and profit and loss account in order to present a comprehensible view of the results of the AEGON Group.

For some of the required information refer to the separate publication of AEGON's Historical Data 1992-2002, which is an integral part of the financial statements.

AEGON is exposed to a variety of risks. Some risks are related to the international nature of the group, such as currency translation risk. Other risks include insurance related risks, such as changes in mortality and morbidity. However, the largest part of the risk lies in the exposure to financial markets: changes in financial markets affect the value of the investments and provisions (including deferred policy acquisition costs) through the exposure to interest rate, credit and equity market risks.

For an extensive description and detailed information about risks and sensitivity of the group for movements in the interest rate markets, the currency markets and the equity and real estate markets, and their effects on net income and shareholders' equity, refer to the financial review on page 30.

Application of the accounting policies in the preparation of the annual accounts requires management to use judgements involving assumptions and estimates concerning future results or other developments including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ from those estimates. Accounting policies that are critical to the financial statement presentation and that require significant judgement or involve complex estimates are the policies concerning the determination of default provisions for fixed rate investments, the other than temporary impairments of equity securities, the technical provisions for life insurance including amortization of deferred policy acquisition costs, the provisions for minimum benefit guarantees, and the pension expense. For further explanation refer to the notes of the related items.

As of 2002, in line with a new accounting guideline of the Council for Annual Reporting (CAR), the amount of dividend on common shares is not accrued until it is declared. The impact on shareholders' equity at December 31, 2002 was EUR 516 million positive and on shareholders' equity at January 1, 2002 EUR 631 million positive.

Also in line with CAR accounting guidelines, valuation and classification of non-redeemable preferred shares were changed. These investments are now recognized under shares and valued at market value. In previous years these investments were shown under bonds and valued at amortized cost. The impact on shareholders' equity at January 1, 2002 and on net income 2002 is not material. Prior year's amounts have been adjusted for comparability.

In 1997 AEGON put a cap of 7% after tax on the indirect return. As announced in the annual report 2000, to bring the application of this method in line with current general practice, the cap on indirect return was removed in 2001. The positive impact on 2001 pretax earnings amounted to EUR 72 million.

In 1993 AEGON acquired Diversified Investment Advisors Inc., the former group pension operation of Mutual Life Insurance Company of New York. The original transaction involved the transfer of general account assets and liabilities which were classified and aggregated as assets and liabilities for the account of policyholders as the risks remained at the seller. Therefore the transaction was structured in such a way that AEGON did not participate in the earnings of the existing business for the subsequent nine years, whereas renewals from the existing business and new business would be fully for the benefit of AEGON from 1994 onwards.

In 2002, according to the agreement AEGON purchased the remainder of the existing business pursuant to a formula described in the agreement. As AEGON is now the full owner, the assets and liabilities have been classified as general account assets and liabilities. This includes a shift from policyholders account assets and liabilities to general account assets and liabilities for an amount of EUR 1.3 billion for the related assets and liabilities.

On May 9, 2002, AEGON and the China National Offshore Oil Corporation (CNOOC) announced the establishment of a joint venture for life insurance activities in China. CNOOC and AEGON entered this joint venture as equal partners and will each contribute 50% to the initial capital base of approximately EUR 27 million. The joint venture's headquarters will be located in Shanghai and, subject to receiving regulatory approval, will launch its operations in the course of 2003.

On September 5, 2002, AEGON and La Mondiale, established in Lille, France, announced that they had entered into an alliance for the development of new pension ventures in Europe. La Mondiale is a mutual life insurance company, specialized in life insurance and pensions. The cooperation has been given shape by AEGON taking a 20% participation in La Mondiale Participations, the holding company under which the non-mutual activities of La Mondiale have been grouped. The participation was realized on December 26, 2002. The agreement provides for extension of the participation to 35% in the next few years.

In September 2002, AEGON effectuated a non-dilutive capital restructuring whereby Vereniging AEGON sold 350 million common shares, of which 143.6 million common shares were sold directly in a secondary offering outside the United States and 206.4 million shares were purchased by AEGON and subsequently sold in a global offering. The purchase price for the 206.4 million common shares was EUR 2,064 million, which amount Vereniging AEGON contributed as paid-in capital on AEGON 's existing preferred shares, all of which Vereniging AEGON holds. Vereniging AEGON and AEGON agreed to set off their respective payment obligations to each other; accordingly, no cash was exchanged as part of these transactions. Due to this restructuring, the voting interest of Vereniging AEGON reduced from approximately 52% to approximately 33% (excluding issued common shares held in treasury).

On December 2, 2002, AEGON announced that an agreement had been reached with Paramount Life & General Insurance Corporation in the Philippines for the transfer of AEGON's activities in the Philippines with immediate effect. The agreement includes the transfer of the existing book of business. Approval of the relevant regulatory authorities has been received for this transaction.

In the course of the financial year AEGON announced the acquisition in whole or in part of several independent advisory companies in the United Kingdom. The purchases were realized through AEGON UK plc and form part of the strategic goal to invest in distribution capability in the United Kingdom.

CONSOLIDATION PRINCIPLES

In the consolidated financial statements of AEGON N.V. all group companies have been included, except group companies for which the aggregate financial effect is relatively insignificant and companies which are not intended to be held for a long-term. Also group companies of which the consolidation would not result in a fair view of the group because of dissimilar activities have not been consolidated. The consolidated financial statements of these latter companies have been added separately in the notes. Their results are presented in the income statements on a separate line.
Consolidated entities also include special purpose entities set up in connection with the sale of investment products in the United States.
Participations in joint ventures have been consolidated proportionally.
Due to their insignificance the minority interests are included under other current liabilities.
A list of names and locations of the most important group companies is given on page 96.
With regard to the income statements of AEGON N.V., article 402, Book 2 of the Dutch Civil Code has been applied, allowing a simplified format.

CAPITAL BASE		**2002**		2001
	EUR mln	%	EUR mln	%
Shareholders' equity	14,231	70.9	15,923	70.2
Capital securities	2,008	10.0	2,101	9.3
Subordinated debt	616	3.1	670	3.0
Senior debt related to insurance activities	3,203	16.0	3,982	17.5
TOTAL CAPITAL BASE	**20,058**	**100.0**	**22,676**	**100.0**

AEGON's capital base reflects the capital employed in its insurance activities. AEGON endeavors to manage its capital base to contain at least 70% shareholders' equity, between 5% and 15% capital securities, and a maximum of 25% subordinated and senior debt. The decrease in senior debt is primarily caused by redemption of long-term liabilities out of the proceeds received from the transactions with Vereniging AEGON, and translation results on USD denominated debt.

FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are converted into euro at the year-end exchange rates after consideration of transfer risks, where necessary. Currency exchange rate differences resulting from the conversion of foreign currencies investments in equities and real estate are accounted for in shareholders' equity.

Income statement items in foreign currencies are converted at the weighted average currency exchange rates for the reporting period. Calculation differences resulting from using year-end exchange rates in the balance sheet and weighted average exchange rates in the income statement are charged or credited directly to shareholders' equity under the caption currency exchange rate differences.

Equity held in subsidiaries not accounted for in euro, to the level of self-imposed requirements applied within the group, is not hedged against currency exchange rate movements. Equity amounts in excess of these requirements held in subsidiaries can be hedged. All currency results related to equity held in subsidiaries and the funding thereof, including results and related costs from hedging transactions on those subsidiaries, are accounted for in shareholders' equity under the caption currency exchange rate differences. Other currency exchange rate differences are included in the income statements.

The most important closing rates are:	**2002**	2001
US Dollar (USD)	1.04870	0.88130
Swiss Franc (CHF)	1.45240	1.48290
Pound Sterling (GBP)	0.65050	0.60850
Canadian Dollar (CAD)	1.65500	1.40770
Japanese Yen (JPY)	124.39000	115.33000
Hungarian Forint (HUF)	235.90000	246.33000
Taiwan Dollar (NTD)	36.11000	30.47000

Weighted average exchange rates applied for income statement items:	**2002**	2001	2000
US Dollar (USD)	0.94680	0.89540	0.92350
Pound Sterling (GBP)	0.62830	0.62130	0.60900
Canadian Dollar (CAD)	1.48470	1.38850	1.37450
Hungarian Forint (HUF)	242.88000	257.30000	260.05000
Taiwan Dollar (NTD)	32.77000	29.68200	28.78500

Amounts in EUR millions

ACCOUNTING PRINCIPLES

Where not otherwise stated, balance sheet items are carried at face value. If necessary a provision for bad and doubtful debts is deducted.

Provisions for future losses on fixed income investments (bonds, mortgage loans and private placements) are established as a result of default or other credit related issues. A regular process is in place for the monitoring of debt securities for signs of impairment. The provisions for debt securities are determined based on exposure limits, counterparty credit ratings and securities expected to have a higher probability of default relative to the market in which they trade. Credit risk on mortgages is monitored by assessing delay of payment classification combined with a related level of provision. Other asset provisions are formed when credit risk emerges. Assets identified with potential credit issues are monitored and placed on a watch list. Discussions about those assets on the watch list are held on a regular basis to determine necessary updates.
In the United States a reduction in the carrying value is made and charged against any default provision when impairment of a specific fixed income investment is determined. This can be the case when such investments have experienced a significant downgrade in their credit rating or a significant decline in their market value. The determination of the amount of the write down is based upon best estimation of the future recoverable value of the fixed income investment and takes into account underlying collateral or estimations of liquidation values of issuing companies.
In the other countries the provision is accrued until the receivable has legally ceased to exist.

Assets and liabilities from banking activities and gains and losses on these activities are accounted for in accordance with the regulations for banks. The impact on group equity and net income from the differences in accounting principles compared to the rules applied at insurance companies is not material.

1 REAL ESTATE

	2002	2001
Real estate for own use	345	375
Other real estate	1,866	1,951
	2,211	**2,326**

Real estate is shown at market value, being the selling-value under normal market circumstances. Each property is valued at least once in every five-year period. Valuation is largely based on external appraisal. In 2002 97% of the portfolio was valued.
New property is valued at construction cost including interest during the construction period, or at purchase price.
Unrealized and realized gains and losses on real estate investments as well as results, expenses and currency exchange rate differences from hedging transactions are recognized in the revaluation account, taking into account the related (deferred) taxes.
The participation in the joint venture AMVEST Vastgoed is accounted for under this caption.
Purchase price of the portfolio amounts to EUR 1,799 million (2001: EUR 1,832 million).

2 GROUP COMPANIES AND PARTICIPATIONS

	2002	2001
Shares in group companies:		
Transamerica Finance Corporation	873	1,273
Other group companies	153	59
Total group companies	1,026	1,332
Loans to group companies:		
Transamerica Finance Corporation	2,342	1,735
Other group companies	77	142
Total loans to group companies	2,419	1,877
Other participations	105	71
Loans to other participations	6	0
	3,556	**3,280**

Interests in companies in which AEGON is able to influence operating policy, as well as group companies which are not consolidated because of their relative financial insignificance, are accounted for by inclusion of AEGON's proportion of the equity and the net income of the companies, based on AEGON accounting principles. Loans to group companies and other participations are valued at face value.
Interests in short-term holdings are valued at cost less provisions where necessary. Dividends declared are included in the consolidated income statements.
The interest in the Transamerica non-insurance businesses (Transamerica Finance Corporation) is accounted for under shares in group companies at net asset value. These group companies are not consolidated because the nature of their businesses is dissimilar to the rest of the AEGON Group businesses. Consolidated financial statements of Transamerica Finance Corporation are presented on page 84 and following.

Amounts in EUR millions

MOVEMENTS IN GROUP COMPANIES AND PARTICIPATIONS	Shares in group companies and participations		Loans to group companies and participations	
	2002	2001	2002	2001
Balance at January 1	1,403	1,667	1,877	633
Capital contribution and acquisitions	169	89	903	1,216
Divestitures and redemptions	-316	-454	0	0
Net income for the financial year	77	109	-	-
Dividend distributed	-11	-17	-	-
Revaluations	-176	57	-289	32
Other movements	-15	-48	-66	-4
BALANCE AT DECEMBER 31	**1,131**	**1,403**	**2,425**	**1,877**

3 OTHER FINANCIAL INVESTMENTS	2002	2001
Shares	6,324	9,135
Bonds and other fixed rate securities	75,697	72,861
Loans guaranteed by mortgages	18,568	20,537
Other loans	21,632	26,831
Deposits with credit institutions	1,577	1,553
Other financial investments	4,566	4,892
	128,364	**135,809**

SHARES	6,324	9,135

Shares, non-redeemable preferred shares and convertible debentures reported under this caption are valued at their quoted price or, if unquoted, at estimated market value.
Unrealized and realized gains and losses on shares as well as results, expenses and currency exchange rate differences from hedging transactions are recognized in the revaluation account, taking into account the related (deferred) taxes.

	Cost price	Unrealized gains	Unrealized losses	Fair value
Amounts at December 31,				
2002	**6,069**	**982**	**-727**	**6,324**
2001	**8,783**	**972**	**-620**	**9,135**

For shares of which the market value is considered to be impaired on an ‘other than temporary’ basis (durable), a realized loss is recorded. Shares are generally considered to be other than temporarily impaired if the market value is below cost for a period of at least six months. However, independent third-party documentation about the financial condition and near-term prospects of the issuer and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery are also important factors taken into account. These factors typically require significant management judgement. The impairment for the financial year amounted to EUR 1,057 million (2001: EUR 36 million). Within the application of the indirect return method this loss has been recognized in the realized part of the revaluation account with an offset in the unrealized part of the revaluation account.
When optional dividend is taken up in shares, an amount equal to the cash dividend is credited to income.
The participation in AEGON Aandelenfonds N.V. is also accounted for under this caption.
Shares and convertible debentures lent out are included and amount to EUR 651 million (2001: EUR 785 million). No shares and convertible debentures were borrowed.

	2002	2001
BONDS AND OTHER FIXED RATE SECURITIES	**75,697**	**72,861**

Bonds are shown at amortized cost less write-downs for uncollectable amounts, representing the cash value at the balance sheet date of future interest and principal repayment components based on the effective interest rate on the date of acquisition.
Included in other fixed rate securities are redeemable preferred shares and money market investments. Redeemable preferred shares are valued at amortized cost; money market investments are valued at cost.
Realized gains and losses from transactions within the bonds and private placements portfolios, unless a loss is considered a default loss, are deferred and released to the income statements in annual installments over the estimated average remaining maturity term of the investments sold.
In the United States a reduction in the carrying value is made for bonds which have experienced a significant downgrade in their credit rating or a significant decline in their market value. Such reductions are charged against the bond default provision. In the other countries the provision is accrued until the receivable has legally ceased to exist.

	2002	2001
Redemption value of the bonds	76,496	74,516
Deferred purchase differences	-4,931	-5,713
Amortization value bonds	71,565	68,803
Other fixed rate securities	4,132	4,058
	75,697	72,861

The carrying value and fair value of the bonds and other fixed rate securities are as follows:

	Carrying value	Unrealized gains	Unrealized losses	Fair value
Amounts at December 31, 2002				
US Government	4,505	103	-17	4,591
Dutch Government	670	42	-1	711
Other Government	4,419	301	-15	4,705
Mortgage backed securities	16,169	472	-311	16,330
Corporate bonds	49,934	3,250	-961	52,223
Total	75,697	4,168	-1,305	78,560
Amounts at December 31, 2001				
US Government	2,494	52	-15	2,531
Dutch Government	931	32	-11	952
Other Government	3,539	186	-90	3,635
Mortgage backed securities	18,021	303	-157	18,167
Corporate bonds	47,876	1,989	-1,368	48,497
Total	72,861	2,562	-1,641	73,782

The carrying value and fair value of bonds and other fixed rate securities by contractual maturity at December 31, 2002 are as follows:

	Carrying value	Fair value
Due in one year or less	5,805	5,862
Due after one year through five years	24,575	25,501
Due after five years through ten years	22,526	23,678
Due after ten years	22,791	23,519
	75,697	78,560

For a proper understanding it should be noted that the market value is not part of the matching of these investments with the related insurance liabilities, which are not stated at market value either.
The doubtful debts provision for bonds and other fixed rate securities not yet written down amounts to EUR 249 million (2001: EUR 238 million).
Bonds and other fixed rate securities lent out are included and amount to a market value of EUR 5,469 million (2001: EUR 5,819 million). No bonds and other fixed rate securities were borrowed.

	2002	2001
LOANS GUARANTEED BY MORTGAGES	**18,568**	**20,537**

Loans guaranteed by mortgages are valued at redemption value. Discounts granted are deferred and amortized to income over the contractual period of interest fixation.
Market value of the portfolio amounts to EUR 20,039 million (2001: EUR 21,179 million). As no market exists for these investments, market value is calculated based on current interest rate, maturity and risk assumptions. For a proper understanding it should be noted that this market value is not part of the matching of these investments with the related insurance liabilities, which are not stated at market value either.
The provision for doubtful debts for these investments amounts to EUR 38 million (2001: EUR 53 million).
Impaired mortgage loans amount to EUR 123 million (2001: EUR 72 million). From the above provision an amount of EUR 23 million (2001: EUR 22 million) has been earmarked to reduce the carrying value of these mortgage loans to the expected future cash flows.
Investment income related to impaired mortgage loans is recognized when received. Interest foregone for these loans was not material for 2002.

Amounts in EUR millions

	2002	2001
OTHER LOANS	**21,632**	**26,831**

Private placements are shown at amortized cost less write-downs for uncollectable amounts. Amortized cost represents the cash value at the balance sheet date of future interest and principal repayment components based on the effective interest rate on the date of acquisition.
Realized gains and losses from transactions within the private placements and bond portfolios valued at amortized cost, unless the loss is considered a default loss, are deferred and released to the income statements in annual installments over the estimated average remaining maturity term of the investments sold.
In the United States realized losses on loans which have experienced a significant downgrade in their credit rating are charged against the loans default provision. In the other countries the provision is accrued until the receivable has legally ceased to exist.

	2002	2001
Redemption value	22,231	27,524
Deferred purchase differences	-599	-693
Amortization value	21,632	26,831

The carrying value and fair value of the private placements are as follows:

	Carrying value	Unrealized gains	Unrealized losses	Fair value
Amounts at December 31, 2002				
US Government	12	1	–	13
Dutch Government	1,288	83	-9	1,362
Other Government	819	22	-21	820
Mortgage backed loan agreements	7,010	197	-343	6,864
Corporate private placements	12,503	846	-474	12,875
Total	21,632	1,149	-847	21,934
Amounts at December 31, 2001				
US Government	10	2	–	12
Dutch Government	1,959	305	-154	2,110
Other Government	801	8	–	809
Mortgage backed loan agreements	8,864	93	-226	8,731
Corporate private placements	15,197	549	-565	15,181
Total	26,831	957	-945	26,843

The carrying value and fair value of the private placements by contractual maturity at December 31, 2002 are as follows:

	Carrying value	Fair value
Due in one year or less	1,535	1,534
Due after one year through five years	7,709	7,903
Due after five years through ten years	6,787	7,019
Due after ten years	5,601	5,478
	21,632	21,934

As no market exists for these investments, market value is calculated based on current interest rates, term to maturity and risk assumptions. For a proper understanding it should be noted that the market value is not part of the matching of these investments with the related insurance liabilities, which are not stated at market value either.
The provision for doubtful debts for not yet written-down private placements amounts to EUR 32 million (2001: EUR 75 million).

	2002	2001
DEPOSITS WITH CREDIT INSTITUTIONS	**1,577**	**1,553**

This item relates to amounts that can be called up after a minimum period of one year.
Market value of the deposits is equated with book value.

	2002	2001
OTHER FINANCIAL INVESTMENTS		
Policy loans	1,636	1,838
Receivables out of share lease agreements and others	2,930	3,054
	4,566	**4,892**

Market value of policy loans is set equal to book value. The market value of receivables out of share lease agreements and others amounts to EUR 2,672 million (2001: EUR 3,131 million).
The provision for doubtful debts amounts to EUR 17 million (2001: EUR 34 million).

4 DEPOSITS WITH CEDING UNDERTAKINGS	2002	2001
	33	**30**

Debentures related to reinsurance contracts that are not at free disposal.
Market value amounts to EUR 33 million (2001: EUR 30 million).

CHANGES IN INVESTMENTS GENERAL ACCOUNT	Balance at January 1, 2002	Acquired	Disposed and redeemed	Revaluations	Currency exchange rate differences and other changes[1]	Balance at December 31, 2002
Real estate	2,326	131	-128	12	-130	2,211
Group companies and participations	3,280	1,072	-316	-	-480	3,556
Shares	9,135	3,285	-3,854	-1,572	-670	6,324
Bonds and other fixed rate securities	72,861	86,369	-74,523	-	-9,010	75,697
Loans guaranteed by mortgages	20,537	4,355	-4,073[2]	-	-2,251	18,568
Other loans	26,831	8,311	-9,892	-	-3,618	21,632
Deposits with credit institutions	1,553	143	-121	-	2	1,577
Other financial investments	4,892	1,379	-1,157	-	-548	4,566
Deposits with ceding undertakings	30	3	0	-	0	33
TOTAL	**141,445**	**105,048**	**-94,064**	**-1,560**	**-16,705**	**134,164**
BALANCES AND CHANGES OF 2001	121,737	95,333	-82,153	-1,051	7,579	141,445

[1] Including reallocation from investments for account of policyholders for an amount of EUR 1,278 million due to the final settlement of the Diversified Investment Advisors acquisition.
[2] Of which a decrease of EUR 1,750 million from securitizations.

OVERVIEW DEFAULT PROVISIONS FOR INVESTMENTS GENERAL ACCOUNT	Balance at January 1	Addition charged to income statement	Charged for default	Other	Balance at December 31
2002					
Bonds and other fixed rate securities	238	818	-744	-63	249
Loans guaranteed by mortgages	53	2	-11	-6	38
Other loans	75	8	-3	-48	32
Other financial investments	34	2	-3	-16	17
TOTAL	**400**	**830**	**-761**	**-133**	**336**
2001					
Bonds and other fixed rate securities	110	728	-492	-108	238
Loans guaranteed by mortgages	184	0	-127	-4	53
Other loans	74	3	-4	2	75
Other financial investments	34	4	-4	0	34
TOTAL	**402**	**735**	**-627**	**-110**	**400**

Amounts in EUR millions

5 INVESTMENTS FOR THE ACCOUNT OF POLICYHOLDERS

Investments for the account of policyholders and insurance-linked savings deposits are investments of which the investment risk is borne by the policyholders. They are valued at market value. Separated investments for group life contracts with full profit sharing are valued according to the terms of the related contracts.
Total return of these investments is accounted for in the technical account life insurance on a separate line.

	2002	2001
Balance at January 1	113,272	114,286
Acquired	31,452	47,728
Disposed and redeemed	-25,918	-40,866
Investment income including revaluations	-11,524	-9,515
Currency exchange rate differences and other changes	-12,554[1]	1,639
BALANCE AT DECEMBER 31	**94,728**	**113,272**

[1] Including reallocation to the general account investments for an amount of EUR 1,278 million due to the final settlement of the Diversified Investment Advisors acquisition.

6 RECEIVABLES OUT OF DIRECT INSURANCE

	2002	2001
Policyholders	1,666	1,519
Agents	449	195
TOTAL RECEIVABLES OUT OF DIRECT INSURANCE	**2,115**	**1,714**

The provision for doubtful debts for these receivables amounts to EUR 149 million (2001: EUR 42 million).

7 OTHER RECEIVABLES

	2002	2001
Investment receivables	110	81
Sale partnership interests Mexico	–	828
Other receivables	1,028	1,386
TOTAL OTHER RECEIVABLES	**1,138**	**2,295**

Other receivables mature within one year. The provision for doubtful debts for the total other receivables amounts to EUR 11 million (2001: EUR 9 million).

8 EQUIPMENT

Equipment is shown at original cost less depreciation over the estimated useful life.

	Data processing systems	Office furniture and other equipment	Total equipment
Total cost of equipment			630
Accumulated depreciation			-272
Balance at January 1, 2002	247	111	358
Investments	127	35	162
Depreciation	-67	-33	-100
Disposals and other changes	-2	-25	-27
BALANCE AT DECEMBER 31, 2002	**305**	**88**	**393**
Accumulated depreciation			450
Total cost of equipment			843

The increase of investments in data processing systems results from major long-term information technology projects in several country units.

9 LIQUID ASSETS

	2002	2001
Cash on hand and balances with banks	1,146	357
Short-term investments	441	511
TOTAL LIQUID ASSETS	**1,587**	**868**

Liquid assets are at free disposal.

10 OTHER PREPAYMENTS AND ACCRUED INCOME

	2002	2001
Prepaid pension costs on employee plans	1,730	1,857
Other prepayments and accrued income	215	150
TOTAL OTHER PREPAYMENTS AND ACCRUED INCOME	**1,945**	**2,007**

For an explanation of the prepaid pension costs on employee plans refer to page 80.

11 SHAREHOLDERS' EQUITY

For the notes to the share capital, reserves, stock options and stock appreciation rights refer to page 99 and following.

12 CAPITAL SECURITIES

	2002	2001
Perpetual cumulative subordinated loans	1,517	1,517
Trust Pass-through Securities	491	584
	2,008	**2,101**

PERPETUAL CUMULATIVE SUBORDINATED LOANS			
This item comprises the following loans:	Year[1]		
Interest rate 8%, coupon date June 8	2005	114	114
Interest rate $7\frac{7}{8}$%, coupon date September 29	2005	114	114
Interest rate $7\frac{3}{4}$%, coupon date December 15	2005	136	136
Interest rate $7\frac{1}{8}$%, coupon date March 4	2011	203	203
Interest rate $7\frac{5}{8}$%, coupon date July 10	2008	114	114
Interest rate $7\frac{1}{4}$%, coupon date October 14	2008	136	136
Interest rate $6\frac{7}{8}$%, coupon date December 20	2005	700	700
TOTAL PERPETUAL CUMULATIVE SUBORDINATED LOANS		**1,517**	**1,517**

[1] Year of first call.

The coupons for the EUR 114 million 8% bonds are set at 8% until June 8, 2005. The coupons for the EUR 203 million $7\frac{1}{8}$% bonds are set at $7\frac{1}{8}$% until March 4, 2011, while the EUR 136 million $7\frac{1}{4}$% bonds are set at $7\frac{1}{4}$% until October 14, 2008. On these dates, and after every consecutive period of ten years, the coupons will be reset at the then prevailing yield of 9-10 years Dutch government bonds plus a surcharge of 0.85%. The coupons of the other four loans are fixed.
The loans have the same subordination provisions as dated subordinated debt. In addition, the conditions of the loans contain certain provisions for interest deferral and for the availability of principal amounts to meet losses.
Although the loans have no stated maturity, AEGON has the right to call the loans for redemption at par for the first time on the coupon date in the years as specified above. Thereafter AEGON has the right to call the loans for redemption at par every consecutive ten year period on the coupon date, with the exception of the $6\frac{7}{8}$% bond. This bond is callable every year on the coupon date after the initial call date in 2005.
The market value of these loans amounts to EUR 1,327 million (2001: EUR 1,584 million).

TRUST PASS-THROUGH SECURITIES			
This item comprises the following loans			
USD 100 million $7\frac{4}{5}$% Capital Trust Pass-through Securities	1996/2026	95	113
USD 225 million $7\frac{13}{20}$% Capital Trust Pass-through Securities	1996/2026	215	255
USD 190 million $7\frac{5}{8}$% Capital Trust Pass-through Securities	1997/2037	181	216
		491	**584**

Capital Trust Pass-through Securities (TRUPS) are securities through which the holders participate in a trust. The assets of these trusts consist of junior subordinated deferrable interest debentures of Transamerica Corp. The trusts have been included in the consolidated financial statements. The TRUPS carry certain provisions with regard to deferral of distributions. Earlier redemption is possible for the USD 100 million $7\frac{4}{5}$% Capital Trust Pass-through Securities on or after December 1, 2006.
The market value of these loans amounts to EUR 686 million (2001: EUR 634 million).

Amounts in EUR millions

13 SUBORDINATED LOANS

	Remaining terms between 0-3 years	between 4-5 years	over 5 years	**Total 2002**	Total 2001
EUR 227 million floating rate/fixed rate	159			159	159
EUR 125 million 6½%	98			98	98
USD 400 million 8%		252		252	300
Other subordinated loans	32	41	34	107	113
TOTAL SUBORDINATED LOANS	**289**	**293**	**34**	**616**	**670**

These loans are subordinated to all other liabilities and borrowings. The interest rates vary from 6.42% to 8.25%. The market value of these loans amounts to EUR 647 million (2001: EUR 739 million).

14 TECHNICAL PROVISIONS

	Balance at January 1, 2002	Increase charged to the income statement	Exchange rate fluctua-tions and other changes[1]	Balance at December 31, 2002
LIFE INSURANCE:				
Life insurance	53,359	2,150	-6,264	49,245
Fixed annuities	38,170	1,716	177[2]	40,063
GICs and funding agreements	27,943	934	-4,122[3]	24,755
	119,472	4,800	-10,209	114,063
Deferred policy acquisition costs	-15,264			-14,089
Unamortized interest rate rebates	-424			-389
SUBTOTAL LIFE INSURANCE	**103,784**			**99,585**
NON-LIFE INSURANCE:				
Unearned premiums and unexpired risks	1,760	284	-262	1,782
Deferred policy acquisition costs	-1,202			-1,109
	558			673
Claims outstanding	1,912	91	-163	1,840
SUBTOTAL NON-LIFE INSURANCE	**2,470**			**2,513**
PROFIT SHARING AND REBATES	**285**			**304**
OTHER	**712**	**4**	**-204**	**512**
TOTAL	**107,251**	**5,179**		**102,914**

[1] Including reallocation from the technical provisions policyholders account amounting to EUR 1,278 million relating to the liabilities of the pension business of Diversified Investment Advisors due to the final settlement of the acquisition.
[2] Of which the balance of deposits and withdrawals is EUR 3,237 million.
[3] Of which the balance of deposits and withdrawals is EUR 685 million.

LIFE INSURANCE

The provision for *life insurance* represents the present value of future benefits and related expenses less the present value of future net premiums to be paid to, or on behalf of policyholders. The provision is calculated using actuarial methods that include assumptions such as estimates of premiums, mortality, investment performance, lapses, surrenders and expenses. These assumptions are initially based on best estimates of future experience at policy inception date, in some instances taking into account a margin for the risk of adverse deviation. The assumptions used are regularly reviewed, compared to actual experience and, if necessary, depending on the type of products, updated.

Included in premiums is a loading for expenses. When the premiums are actually received or become receivable, the loadings emerge and are available to offset actual expenses, including maintenance expenses, non-deferrable acquisition expenses and amortization of the deferred policy acquisition costs (DPAC).

For products that have guaranteed benefits over the lifetime of the policy or at maturity, the premiums also include loadings for the expected cost of the guarantee. The pricing of the guarantee is based on assumptions for future investment performance, including reinvestment assumptions.

Part of the risk is covered by reinsurance contracts.

The provision for life insurance also comprises the provision for unexpired risks as well as the provision for claims outstanding.

In case the premium-paying period is shorter than the lifetime of the policy, a provision for future expenses is set up to cover any estimated future expenses after the premium-paying period. Future costs in connection with benefit payments are also provided for.

The technical provision for life reinsurance assumed is included in this provision as well and amounts to EUR 2,966 million (2001: EUR 3,290 million).
The average interest rate used is 5.04% (2001: 5.33%). Taking into account the capitalized interest rate rebates, the average interest rate used is 5.25% (2001: 5.57%).

In various countries products are sold that contain minimum guarantees. For these products the regular technical provision is recognized under technical provisions with investments for account of policyholders. The technical provision life insurance includes provisions for guaranteed minimum benefits related to contracts where the policyholder otherwise bears the investment risk.
The main products are summarized below:

		2002	2001
PROVISIONS			
Guaranteed minimum benefits on variable products in the United States	USD	269	80
Guaranteed minimum accumulation benefits on segregated funds in Canada	CAD	126	38
Guaranteed return on certain unit-linked products in The Netherlands	EUR	236	27

In the United States a common feature in variable annuities is a guaranteed minimum death benefit (GMDB). This means that when the insured dies, the beneficiaries receive the highest of the account balance or the guaranteed amount. The latter is calculated using the total deposits made by the contract holder, less any withdrawals and sometimes includes a roll-up or step-up feature thereby increasing the guarantee with interest or with increases in the account value, respectively.
The provision for life insurance includes a provision in connection with the guarantees issued. A cap and a floor for this provision is calculated using stochastic prospective methods (probability weighted calculation using multiple future scenarios) and current assumptions. Within the cap and floor corridor, the accrual method based on pricing assumptions with valuation interest less actual claims incurred is followed. Outside the cap and floor corridor, a surplus or shortfall of the provision will cause an extra charge or credit to the income statement.
In Canada the variable annuity products sold are known as segregated funds. Segregated funds are similar to mutual funds except with a 'capital protection guarantee' for mortality and maturity. The initial guarantee period is ten years. The ten year period may be reset at the clients' option. The management expense ratios ('MER's') charged to the funds are not guaranteed and can be increased at the management's discretion. The provisions for the minimum guarantees on segregated funds are established consistent with the method described for the minimum guarantees on the variable annuity contracts sold in the United States.
In the Netherlands Fundplan policies have a guaranteed return of 3% or 4% at maturity or upon the death of the insured if premium paid for a consecutive period of ten years is invested in Mix Fund and/or Fixed Income Fund. For this guaranteed return a provision is established based on stochastic modelling. The provision is developed applying the accrual method based on pricing assumptions less actual claims incurred. A corridor for the provision is determined regularly based on stochastic modelling methods. If the provision develops outside the corridor, a charge or credit to the income statement is recorded. Minimum interest guarantees on group pension contracts in the Netherlands are given for nominal benefits, based on the 3% or 4% actuarial interest, after retirement of the employees. Due to the nature of the product, these guarantees have a long-term horizon of about 30 to 60 years. The provision is developed applying the accrual method based on pricing assumptions less actual deductions.

Provisions for *fixed annuities* are for annuity contracts sold in the United States. Fixed annuities are typically single premium insurance products where the paid-in amounts accumulate with interest credits less applicable loads or fees. The interest crediting rate is fixed during a period, at the end of which it can be reset by the company. The funds grow on a tax deferred basis and have significant long-term savings characteristics. The benefit provisions are equal to the full accumulated contract values.

The provision for *GICs and funding agreements* is the amount due for these products which are sold in the United States. Both Guaranteed Investment Contracts (GICs) and Funding Agreements (FAs) are generally issued on a fixed or floating rate basis and provide for a return of principal and a guaranteed rate of interest. In certain products the customer only receives a return based on the change in a published index such as the S&P 500. GICs are primarily sold to tax qualified benefit plans, while FAs are typically sold to non-tax qualified institutional investors. FAs are also issued to certain trusts or special purpose entities, which in turn issue medium term notes or commercial paper secured by these FAs to institutional investors. The benefit provisions are equal to the full accumulated contract values. These contracts contain provisions limiting surrenders, including penalties for early surrenders and minimum notice requirements. They also may contain put provisions which give customers the option to terminate a contract, at book value, prior to maturity provided they give a minimum notice period.

Amounts in EUR millions

	2002	2001
DEFERRED POLICY ACQUISITION COSTS		
Balance at January 1	15,264	13,459
Deferred during the year	2,486	2,256
Amortization charged to the income statement[1]	-1,520	-1,203
Other changes[2]	-2,141	752
BALANCE AT DECEMBER 31	**14,089**	**15,264**
Of which value of business acquired (VOBA)	5,347	7,158

[1] Of which unlocking EUR 450 million (2001: EUR -22 million).
[2] Mainly caused by currency exchange rate differences.

These policy acquisition costs are costs that are directly or indirectly related to the sale of life insurance contracts. Policy acquisition costs are deferred to the extent that they are recoverable from future expense loadings in the premiums or from expected gross profits, depending on the nature of the contract. Deferred policy acquisition costs are deducted from the technical provision life insurance.

The deferred policy acquisition costs are amortized over the life of the underlying contracts, which are periods not to exceed the premium-paying periods for fixed products (traditional life and fixed universal life) and for flexible insurance contracts and investment type contracts in proportion to emerging gross profits. The periods are generally between 7 and 40 years.

For fixed products deferral of policy acquisition costs is based on prudent assumptions including mortality, lapses and expected maturity. The costs for these products are amortized as a percentage of premiums over the life of the contracts. The amortization pattern can be disturbed by mortality and excess lapses. In case of mortality the unamortized DPAC write-off is covered by the mortality risk loadings included in the regular expense loadings. In case of lapses the unamortized DPAC can generally be recovered in whole or in part from surrender penalties; if not then an extra write-off will occur. Every year the deferred policy acquisition costs are tested by country unit and product line to assess the recoverability from future premium loadings. The amount not recoverable will be recognized as an expense in the income statement.

For flexible products, including fixed and variable annuities, variable universal life and unit linked contracts, deferral and amortization of policy acquisition costs is based on prudent assumptions underlying the calculation of expected gross profits determined based on management's best estimates, supported by historical experience and management judgement as to future experience. These estimates include but are not limited to: an economic perspective in terms of long-term bonds and equity returns, mortality, disability and lapse assumptions, maintenance expenses, and future expected inflation rates. Deferred policy acquisition costs for flexible insurance contracts and investment type contracts are amortized generally in proportion to emerging gross profits over the life of the contracts. The amortization pattern can be disturbed by mortality, lapses and movements in the equity markets. In case of mortality the unamortized DPAC write-off is covered by the mortality risk loadings included in the regular expense loadings. In case of lapses the unamortized DPAC can in some cases be recovered in whole or in part from surrender penalties; if not then an extra write-off will occur.
Movements in equity markets can have a significant impact on the value of the flexible contract accounts and the fees earned on these accounts. As a result estimated future profits increase or decrease with these movements. Similarly, changes in interest rate spreads for fixed annuity products (interest credited less interest earned) will affect management's assumptions with respect to estimated gross profits.
In the United States (and Canada), the DPAC is amortized at a constant rate based on the present value of the estimated gross profit amounts expected to be realized over the life of the policies. If appropriate, the assumption for the annual long-term net growth rate of the equity markets used in the determination of DPAC amortization is adjusted. As equity markets do not move in a systematic manner, assumptions are made as to the net long-term growth rate after considering the net effects of short-term variances from the long-term assumptions (a 'reversion to the mean' assumption). At December 31, 2002 the US reversion to the mean assumptions for variable products, primarily annuities, were as follows: gross long-term equity growth rate is 9%, gross short-term growth rate is 12%, the reversion period for the short-term rate is five years, the gross short- and long-term fixed security growth rate is 6% and the gross short- and long-term growth rate for money market funds is 3.5%. The reconsideration of assumptions may affect the original DPAC amortization schedule, referred to as DPAC unlocking. The difference between the original DPAC amortization schedule and the revised schedule is recognized in the income statement as an expense or a benefit.
In the Netherlands, the United Kingdom and other countries the impact of equity market movements on estimated gross profits is covered by the yearly or, if appropriate, quarterly recoverability testing; a negative outcome is charged to the income statement immediately as an extra write-off.

Included in the deferred policy acquisition costs is an amount of value of business acquired (VOBA) resulting from acquisitions, which is equal to the present value of estimated future profits of insurance policies in force related to business acquired at the time of the acquisition and is in its nature the same as deferred policy acquisition costs and also subject to the same recoverability testing. The VOBA is amortized against expense loadings included in the premiums of the acquired portfolios or for acquired unit-linked business against charges arising from the related acquired business.

The changes in the carrying value of the VOBA are as follows:

	2002	2001
Balance at January 1	7,158	6,831
Amortization charged to the income statement	-719	-695
Currency exchange rate differences	-910	295
Other changes	-182	727
Balance at December 31	5,347	7,158

	2002	2001
UNAMORTIZED INTEREST RATE REBATES		
Balance at January 1	424	432
Rebates granted during the year	50	94
Amortization charged to the income statement	-84	-102
Other changes	-1	0
BALANCE AT DECEMBER 31	**389**	**424**

Interest rate rebates granted are amortized over the period of the contracts concerned in yearly increasing amounts.

NON-LIFE INSURANCE

Unearned premiums represent the unearned part of premiums received for both property and casualty insurance as for accident and health insurance. The provision for *unexpired risks* includes a provision to compensate for the increasing age of persons insured under health and personal accident policies.

	2002	2001
DEFERRED POLICY ACQUISITION COSTS		
Balance at January 1	1,202	545
Deferred during the year	401	302
Amortization charged to the income statement	-328	-219
Other changes[1]	-166	574
BALANCE AT DECEMBER 31	**1,109**	**1,202**

[1]Mainly caused by currency exchange rate differences.

These policy acquisition costs are costs that are directly or indirectly related to the conclusion or renewal of non-life insurance contracts.

The deferred policy acquisition costs are deducted from the technical provision for unearned premiums and include both renewal commission paid related to unearned premiums, amortized over the related premium period, and first year commission on health insurance policies, amortized over the contract period.

Amounts in EUR millions

	2002	2001
CLAIMS OUTSTANDING		
Balance at January 1	2,398	2,407
Less reinsurance recoverables	-486	-593
Net balance	1,912	1,814
Incurred related to:		
– current year	1,506	1,422
– prior years	18	120
Total incurred	1,524	1,542
Paid related to:		
– current year	-738	-902
– prior years	-700	-599
Total paid	-1,438	-1,501
Other changes	-158	57
Net balance at December 31:		
– current year	768	520
– prior years	1,072	1,392
	1,840	1,912
Plus reinsurance recoverables	475	486
BALANCE AT DECEMBER 31	**2,315**	**2,398**

The provision for *claims outstanding* relates to claims incurred in the current and previous years, still unsettled at year-end. Calculation takes place either on an item by item basis or on the basis of statistical information, taking into account claims incurred but not yet reported. In calculating the provision, the future costs of processing claims are considered.
A different method is applied to marine, aviation and transport insurance. The calculation is based on the 'underwriting years system' with premiums deferred and claims combined in a fund.

PROFIT SHARING AND REBATES
This provision consists of the amounts earmarked for insured or beneficiaries, as far as their accounts have not yet been credited.

OTHER TECHNICAL PROVISIONS
This consists mainly of insurance deposits under Dutch group life contracts, which are designated for improvement of retirement benefits under such contracts. Maturity is undetermined. Interest credited to such deposits is linked with the average yield on long-term Dutch government bonds.

REINSURANCE AMOUNT CEDED
The following amounts on account of reinsurance ceded have been deducted from the technical provisions:

	2002	2001
Life insurance	2,193	2,391
Unearned premiums and unexpired risks	322	217
Claims outstanding	475	486
	2,990	**3,094**

AEGON insurance subsidiaries cede premiums to other insurers under various agreements that cover individual risks, group risks or defined blocks of business, on a coinsurance, yearly renewable term, excess or catastrophe excess basis. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on its evaluation of the specific risk, subject, in certain circumstances, to maximum limits based on characteristics of coverages. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse for the ceded amount in the event the claim is paid. However, AEGON insurance subsidiaries remain liable to their policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations assumed by it. To limit this risk reinsurance treaties are entered into with only well-capitalized, highly rated reinsurers. Where deemed appropriate additional protection is arranged through letters of credit or trust arrangements.

15 TECHNICAL PROVISIONS WITH INVESTMENTS FOR THE ACCOUNT OF POLICYHOLDERS

	Balance at January 1, 2002	Decrease credited to the income statement	Exchange rate fluctuations and other changes[1]	Balance at December 31, 2002
Provisions gross	113,639			95,904
Ceded to reinsurers	-367			-1,176
PROVISIONS FOR INSURANCE OF WHICH THE POLICYHOLDER BEARS THE INVESTMENT RISK AND FOR INSURANCE-LINKED SAVINGS DEPOSITS	**113,272**	**-9,279**	**-9,265**	**94,728**

[1] Including reallocation of EUR 1,278 million to the technical provisions general account relating to the liabilities of the pension business of Diversified Investment Advisors due to the final settlement of the acquisition.

This provision includes variable annuities, variable universal life, unit-linked insurance contracts, separate investment funds group life, insurance-linked savings deposits and the liabilities of AEGON UK with profit funds (EUR 24,000 million). The amount of EUR 9,279 million credited to the income statement is the total of premium receipt and benefits of EUR 2,245 million and the investment income for the account of policyholders amounting to EUR –11,524 million.
The provisions are generally shown at book value of the related investments.
The provisions include an amount of EUR 1,239 million (2001: EUR 1,459 million) for pension provisions regarding own employees, primarily in the Netherlands and the United Kingdom.
As some products have a minimum guaranteed benefit amount, a provision for this benefit is accumulated during the term of the related portfolio and has been included in the technical provisions life insurance.

16 PROVISIONS

	2002	2001
PROVISIONS FOR TAXATION	**1,824**	**2,917**

The provisions for taxation are of a long-term nature. This caption includes both deferred taxation as well as other long-term tax liabilities.

The deferred taxation is calculated on the basis of the difference between book value and valuation for tax purposes of the appropriate assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available.

The provision is equal to the discounted value of the future tax amounts. In the calculation discounted tax rates ranging from 0% to nominal rates are used, taking into account the estimated term to maturity of the related differences.
Nominal value of these tax amounts is EUR 2,475 million.

As at December 31, the provisions for taxation consist of:

	2002	2001
Deferred tax liabilities relating to:		
Investments	298	525
Deferred policy acquisition costs	3,169	3,447
Other	917	1,305
	4,384	5,277
Deferred tax assets relating to:		
Technical provisions	1,147	1,880
Operating losses carried forward	564	296
Investments	849	184
	2,560	2,360
	1,824	**2,917**
Total tax losses carried forward	1,839	1,054
Tax losses carried forward not recognized within deferred tax assets	194	174
Tax losses carried forward recognized within deferred tax assets	1,645	880
Average tax rate	34.3%	33.6%

Amounts in EUR millions

17 LONG-TERM LIABILITIES

	Remaining terms less than 1 year	between 1-3 years	between 4-5 years	over 5 years	**Total 2002**	Total 2001
CAPITAL MARKET:						
Borrowings	720	2,007	102	484	3,313	4,508
OTHER:						
Miscellaneous long-term liabilities	26	177	90	250	543	576
TOTAL LONG-TERM LIABILITIES	**746**	**2,184**	**192**	**734**	**3,856**	**5,084**

The repayment periods of borrowings vary from less than one year up to a maximum of 28 years. The coupons vary from 1.42% to 10.0% per annum. Borrowings include debenture loans for EUR 1,465 million, as at December 31, 2002.
The market value of total long-term liabilities amounts to EUR 3,679 million (2001: EUR 4,781 million).

The following table provides the detail of long-term liabilities:

	Period	Coupon date	**2002**	2001
USD 100 million 9 3/8% Domestic Debentures (Transamerica Corp.)	1996/08	March/Sept 1	95	114
USD 200 million 6 3/4% Domestic Debentures (Transamerica Corp.)	1996/06	May/Nov 15	191	227
CHF 150 million 3 1/4% Bonds	1997/04	June 24	103	101
DEM 150 million 2 1/2% Eurobonds	1998/03	February 24	77	77
USD 500 million 7% Eurobonds (AEGON Funding Corp.)	1999/04	September 10	477	567
USD 450 million 6 3/4% Eurobonds (AEGON Funding Corp.)	1999/02	November 15	–	511
CHF 300 million 3 1/8% Eurobonds	1999/04	September 27	206	202
GBP 250 million 6 1/8% Eurobonds	1999/31	December 15	384	411
USD 250 million 7 3/8% Eurobonds (AEGON Funding Corp.)	2000/05	July 25	238	284
EUR 350 million 4 3/4% Eurobonds (AEGON Funding Corp. II)	2001/05	February 28	350	350
CHF 150 million MTN floating	2001/04	Semi-annual	103	101
EUR 100 million MTN floating	2001/03	Semi-annual	100	100
USD 367 million MTN floating	2001/02	Semi-annual	–	416
USD 90 million MTN floating	2001/03	Semi-annual	86	102
USD 200 million MTN floating	2002/04	Quarterly	191	–
USD 90 million MTN fixed	2002/03	April 10	86	–
USD 60 million MTN floating	2002/03	Quarterly	57	–
USD 100 million MTN floating	2002/03	Monthly	95	–
USD 50 million MTN fixed	2002/03	March 28	48	–
Other[1]			969	1,521
			3,856	**5,084**

[1] Of which EUR 82 million relate to AEGON N.V. (2001: EUR 378 million)

18 OTHER PAYABLES

	2002	2001
Investment payables	111	137
Taxes and social security	165	63
Preferred dividend	30	3
Other	3,180	2,632
TOTAL OTHER PAYABLES	**3,486**	**2,835**

19 ACCRUALS AND DEFERRED INCOME

	2002	2001
Accrued interest	459	506
Deferred gains and losses on fixed rate investments	431	496
TOTAL ACCRUALS AND DEFERRED INCOME	**890**	**1,002**

SOLVENCY

Both insurance and banking companies are required to maintain a minimum solvency margin based on local directives. The required solvency margin shown below is the sum of the individual margins of all AEGON's insurance and banking companies based on European directives. Liability capital available includes shareholders' equity, capital securities and subordinated loans of the group. The solvency position of the group has been outlined in the following table:

	2002	2001
Liability capital of the group	16,855	18,694
Required solvency margin	7,825	8,452
Solvency surplus	9,030	10,242
Solvency as a percentage of required solvency margin	215	221

DERIVATIVES

AEGON uses common derivative financial instruments, such as swaps, options, futures and cross-currency derivatives, to hedge its exposures related to investments, liabilities and borrowings. In general, the accounting treatment of derivatives mirrors the accounting treatment of the underlying financial instrument. In the balance sheet, the book values of the derivatives are recognized under the captions of the related underlying financial instrument. Foreign currency amounts are converted at the year-end exchange rates. Realized and unrealized results on derivative financial instruments are recognized in the same period and likewise as the results of the related investments, liabilities and debt.
AEGON does not hold or issue derivative instruments for speculative trading purposes.

Interest rate contracts, which include swaps, swaptions, caps, floors and forward rate agreements, are used to manage AEGON's exposure to interest rate risks. These contracts are designated individually or in groups to specific assets, liabilities or borrowings at inception of the contracts.

An interest rate swap is an agreement between two parties to exchange, at specific dates, the difference between a fixed interest rate and a floating interest rate payment on a predetermined principal amount. The principal amount is not exchanged, and usually the fixed and floating payments are netted, thus limiting actual cash outlay. The differential to be paid or received is recognized as an adjustment to interest expense over the period of the contract.

A swaption is an option to enter into an interest rate swap at a specific future date. A call or receiver swaption is the right but not the obligation to receive the fixed rate payments and a put or payer swaption is the right but not the obligation to pay the fixed rate payments on a certain interest rate swap. By entering into swaption contracts, AEGON is able to lock-in future interest rates and thus limiting reinvestment risk. Premiums paid for swaptions are deferred and amortized to interest expense on a straight-line basis over the term of the contract.

An interest rate cap is an agreement under which the seller, in return for an upfront payment, agrees to pay the buyer the difference between the market interest rate and certain strike rate or cap for a certain period of time on a specified notional amount. Under an interest rate floor agreement, the seller pays the buyer if the interest rates are below the specified strike rate or floor. Interest rate caps are used to limit the impact of rising rates, whereas interest rate floors are used to ensure minimum interest income when rates decline. Premiums paid for purchased interest rate cap or floor agreements are capitalized and amortized to interest expense over the term of the contract.

Forward rate agreements are commitments to purchase or sell a financial instrument at a future date for a specific price and are used to hedge short-term interest movements, in particular, for future investments or short-term borrowings. Forward rate agreements settle in cash at a specific future date based on the differential between agreed interest rates applied to a notional amount. Payments or receipts are recognized as interest income or interest charge at the moment of cash settlement.

Cross currency swap agreements are contracts to exchange two principal amounts of two currencies at the prevailing exchange rate at inception of the contract. During the life of the swap the counterparties exchange fixed or floating-rate interest payments in the swapped currencies and at maturity the principal amounts are again swapped at a predetermined rate of exchange. Cross currency swaps are used to manage the company's exposure to foreign exchange rate fluctuations of both assets and liabilities. AEGON uses cross currency swaps to allow investments, product offerings and borrowings to be made in foreign currencies, gaining access to additional markets and sources of funding while eliminating foreign exchange risk. Cross currency swaps are recognized in the balance sheet as an adjustment to long-term liabilities and in the income statement in investment income, benefits to policyholders or miscellaneous income and expenditure – currency exchange rate differences. The amount recognized represents the currency exchange difference on the notional amount at period-end rates.

An equity swap is a swap agreement in which one party makes payments based on either a floating index or a fixed-rate, while the other party makes payments based on the return of an equity index, basket, or single stock. Equity swaps are valued at market value with changes going through the income statement.

Amounts in EUR millions

Options are contracts that give the option purchaser the right, but not the obligation, to buy or sell, at or before a specified future date, a financial instrument at a specified price. Purchased options are carried at market value, while options sold are carried at the premium received. Unrealized gains (losses) on options are recognized in equity or current liabilities.

Futures contracts are carried at fair value and require daily cash settlement. Changes in the fair value of interest rate futures that qualify as hedges are deferred and recognized as an adjustment of the hedged item, while changes in the fair value of equity futures are recognized in income.

Credit derivatives are contracts between two parties that allow for transfer of credit risk from one party to another. The party transferring risk away has to pay a fee to the party that takes the risk. A commonly used credit derivative instrument is a credit default swap. A credit default swap allows the transfer of third-party credit risk from one party to another. In essence, the buyer of a credit default swap is insured against third-party credit losses. If the third-party defaults, the party providing insurance will have to purchase the defaulted asset from the insured party. In turn, the insurer pays the insured the remaining interest on the debt and the principal. Credit derivatives are used to hedge credit exposures or to create synthetic credit exposure.

AEGON engages into both exchange-traded derivatives contracts as well as over-the-counter (OTC) derivatives transactions. Because of its OTC derivatives positions, AEGON is exposed to counterparty credit risk. Counterparty credit risk is the risk of loss from a counterparty failing to meet is obligations according to the terms of the contract. The company continually monitors its position and the credit ratings of the counterparties to these derivative instruments. AEGON believes the risk of losses due to nonperformance by its counterparties is low due to their high credit quality. All OTC transactions are governed by ISDA Master Agreements, which allow for netting of positions with one specific counterparty. In addition, during 2002, AEGON has negotiated collateral agreements with some of its counterparties to further limit mutual credit exposure. The credit exposure of OTC derivatives is represented by the market value of the derivatives contract.

The following table represents aggregate notional amounts of derivatives that are for account of AEGON. The amounts listed for interest rate contracts will not be exchanged by parties and, thus, do not reflect an exposure of the company to market movements. The amounts listed for cross currency contracts will be exchanged at amounts calculated on the basis of the notional amounts and the terms of the derivatives, which are related to interest rates, exchange rates and/or certain indices.

	Notional amounts 2002	Fair value 2002	Book value 2002	Notional amounts 2001	Fair value 2001	Book value 2001
INTEREST RATE CONTRACTS						
Interest rate swaps	35,380	-762	62	35,419	-265	0
Swaptions	3	0	0	2,583	93	90
Caps/floors	587	24	6	1,507	20	7
Forward rate agreements	104	2	0	724	1	0
OTHER DERIVATIVE CONTRACTS						
Cross currency swaps	6,937	249	203	10,220	-604	-694
Foreign exchange contracts	1,329	57	57	671	-26	-25
Equity swaps	599	-341	37	478	-14	-17
Over-the-counter options	81	71	71	177	77	76
Credit derivatives	484	-7	-4	100	0	0
Exchange traded options/futures	3,557	72	74	5,225	-47	-41

COMMITMENTS AND CONTINGENCIES

	2002	2001
INVESTMENTS CONTRACTED		
Real estate	-100	-8
Mortgage loans	366	276
Bonds and registered debentures:		
Purchase	0	1,007
Sale	0	624
Private placements	84	55
Other:		
Purchase	552	694
Sale	0	0

FUTURE LEASE PAYMENTS

Under non-cancellable operating lease contracts for office buildings, future minimum lease payments amount to:

	2002	2001
Less than one year	64	63
Between one and five years	218	223
Later than five years	342	349
	624	**635**

	2002	2001
COLLATERAL AND GUARANTEES GIVEN TO THIRD-PARTIES		
Bonds and registered debentures	2,435	855
Private placements	1	1
Ceded and securitized mortgage loans	3,792	2,173
Letters of credit	1,022	1,513

These function mainly as collateral granted by AEGON subsidiaries abroad, to meet legal requirements. This item also includes collateral guarantees given by subsidiaries under reciprocal insurance contracts and guarantees on interest rate risk at early redemption of ceded and securitized mortgage loans.

OFF BALANCE SHEET ASSETS

As part of its core operations, AEGON concludes transactions and has relationships with institutional and retail customers for a variety of financial services. The return for these services is a fee related to the asset value, to the investment performance or to the risk exposure of the contract.

The services include:

- management of investments for institutional investors and of mutual funds in the retail business;
- offering of synthetic GICs which guarantee to plan sponsors benefit responsiveness, whether or not in the form of annuities, in the event that qualified plan benefit requests exceed plan cash flows. The plan sponsor agrees to reimburse for such benefit payments with interest.

For all services the related assets are owned by the customers and therefore they do not appear on the balance sheet of AEGON. Total assets involved in these operations amount to EUR 52 billion, (2001: EUR 54 billion).

AEGON Levensverzekering N.V. completed two private placed securitisation programs in 2002 whereby the economical ownership of in total EUR 1.7 billion of mortgage receivables is conveyed to third-parties. The transfer of the ownership title will take place upon notification of the borrowers by either AEGON or the third-parties. The third-parties have the right to notify the borrowers upon the occurrence of certain pre-defined ‘notification events’. A first preferred ‘silent’ right of pledge on the mortgage receivables has been given to the third-parties. At the same time AEGON entered into a fixed-floating swap agreement with the contract parties under which AEGON agreed to pay the floating rate (EURIBOR based) and receive the fixed rate (scheduled yield from the mortgage receivables). Under both programs AEGON has the right to repurchase all of the mortgage receivables at a price equal to the then current portfolio market value of the receivables provided that AEGON simultaneously terminates the swap upon payment of the market value of the swap. For one program that right exists for the remainder of the term. The other program only allows AEGON to repurchase the receivables between March 2003 and September 2003.

LITIGATION

Banque Internationale à Luxembourg S.A. and Dexia Bank Belgium S.A. (‘Dexia’) have initiated legal proceedings against AEGON in connection with its acquisition in 2000 of Labouchere, at that time a subsidiary company of AEGON. Dexia alleges that AEGON has made certain misrepresentations and has breached some of the warranties contained in the purchase agreement. The alleged misrepresentations and breaches of warranties relate to the securities leasing products sold by Labouchere. Dexia’s claims include a claim for dissolution of the agreement and damages and, if honoured by the competent courts, may result in substantial damage to us. AEGON has taken the view that the sale of Labouchere to Dexia constitutes a transaction between two large financial institutions that was duly effected and that Dexia’s allegations are without merit. In view thereof, and given that the amount of damages due in case any of the claims of Dexia would succeed cannot be determined, no provision has been made for these claims in the annual accounts for 2002.

Amounts in EUR millions

The principles for the determination of results are described in the notes to the balance sheets.

1 ANALYSIS OF PREMIUMS LIFE INSURANCE

2002	Life insurance			Investments for the account of policyholders		
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
INCOMING REINSURANCE	**1,120**	**-239**	**881**	**40**	**-13**	**27**
INSURANCE						
RECURRING:						
Individual						
– without profit sharing	3,335	-662	2,673	2,107	-28	2,079
– with profit sharing	303	-1	302	234	-4	230
TOTAL	**3,638**	**-663**	**2,975**	**2,341**	**-32**	**2,309**
Group						
– without profit sharing	663	-72	591	995	-3	992
– with profit sharing	268	-2	266	655	-16	639
TOTAL	**931**	**-74**	**857**	**1,650**	**-19**	**1,631**
TOTAL RECURRING	**4,569**	**-737**	**3,832**	**3,991**	**-51**	**3,940**
SINGLE:						
Individual						
– without profit sharing	1,047	0	1,047	3,080	-867	2,213
– with profit sharing	185	–	185	670	-60	610
TOTAL	**1,232**	**0**	**1,232**	**3,750**	**-927**	**2,823**
Group						
– without profit sharing	189	–	189	1,454	-3	1,451
– with profit sharing	368	-1	367	1,028	-6	1,022
TOTAL	**557**	**-1**	**556**	**2,482**	**-9**	**2,473**
TOTAL SINGLE	**1,789**	**-1**	**1,788**	**6,232**	**-936**	**5,296**
TOTAL PREMIUMS	**7,478**	**-977**	**6,501**	**10,263**	**-1,000**	**9,263**
GRAND TOTAL				**17,741**	**-1,977**	**15,764**

2001	Life insurance			Investments for the account of policyholders		
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
INCOMING REINSURANCE	**1,357**	**-258**	**1,099**	**194**	**-5**	**189**
INSURANCE						
RECURRING:						
Individual						
– without profit sharing	2,933	-536	2,397	2,287	-33	2,254
– with profit sharing	304	-2	302	250	-1	249
TOTAL	**3,237**	**-538**	**2,699**	**2,537**	**-34**	**2,503**
Group						
– without profit sharing	659	-127	532	885	-8	877
– with profit sharing	280	-4	276	604	-9	595
TOTAL	**939**	**-131**	**808**	**1,489**	**-17**	**1,472**
TOTAL RECURRING	**4,176**	**-669**	**3,507**	**4,026**	**-51**	**3,975**

2001		Life insurance			Investments for the account of policyholders	
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
SINGLE:						
Individual						
– without profit sharing	1,277	-108	1,169	3,560	-46	3,514
– with profit sharing	158	–	158	956	-67	889
TOTAL	**1,435**	**-108**	**1,327**	**4,516**	**-113**	**4,403**
Group						
– without profit sharing	133	–	133	961	–	961
– with profit sharing	597	-3	594	886	-50	836
TOTAL	**730**	**-3**	**727**	**1,847**	**-50**	**1,797**
TOTAL SINGLE	**2,165**	**-111**	**2,054**	**6,363**	**-163**	**6,200**
TOTAL PREMIUMS	**7,698**	**-1,038**	**6,660**	**10,583**	**-219**	**10,364**
GRAND TOTAL				**18,281**	**-1,257**	**17,024**

2000		Life insurance			Investments for the account of policyholders	
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
INCOMING REINSURANCE	**1,226**	**-247**	**979**	**186**	**-1**	**185**
INSURANCE						
RECURRING:						
Individual						
– without profit sharing	2,615	-507	2,108	2,187	-13	2,174
– with profit sharing	373	-15	358	203	-1	202
TOTAL	**2,988**	**-522**	**2,466**	**2,390**	**-14**	**2,376**
Group						
– without profit sharing	421	-92	329	756	-32	724
– with profit sharing	318	-6	312	651	-8	643
TOTAL	**739**	**-98**	**641**	**1,407**	**-40**	**1,367**
TOTAL RECURRING	**3,727**	**-620**	**3,107**	**3,797**	**-54**	**3,743**
SINGLE:						
Individual						
– without profit sharing	1,586	-86	1,500	3,851	-103	3,748
– with profit sharing	162	-	162	1,253	-58	1,195
TOTAL	**1,748**	**-86**	**1,662**	**5,104**	**-161**	**4,943**
Group						
– without profit sharing	94	–	94	1,017	–	1,017
– with profit sharing	382	-3	379	702	-38	664
TOTAL	**476**	**-3**	**473**	**1,719**	**-38**	**1,681**
TOTAL SINGLE	**2,224**	**-89**	**2,135**	**6,823**	**-199**	**6,624**
TOTAL PREMIUMS	**7,177**	**-956**	**6,221**	**10,806**	**-254**	**10,552**
GRAND TOTAL				**17,983**	**-1,210**	**16,773**

Amounts in EUR millions

2 ANALYSIS OF TECHNICAL RESULTS NON-LIFE INSURANCE	Accident & health	Legal liability motor	Other motor	Marine, transport and aviation	Fire	General liability	Other branches	Total
2002								
Gross premiums	2,848	186	150	41	305	52	33	3,615
Gross premiums earned	2,414	184	151	41	300	53	33	3,176
Gross claims incurred	-1,571	-151	-112	-29	-177	-30	-11	-2,081
Gross operating expenses	-1,208	-48	-39	-10	-108	-21	-9	-1,443
Balance of reinsurance ceded	136	-3	-1	-1	-23	-3	-2	103
	-229	-18	-1	1	-8	-1	11	-245
Investment income	561	24	15	2	20	8	1	631
Investment charges	-4	0	1	0	0	1	0	-2
Balance of other items	-50	1	0	0	2	4	-1	-44
Investment income allocated to the non-technical account	-14	-4	-2	-1	-2	-2	-1	-26
RESULT TECHNICAL ACCOUNT NON-LIFE	**264**	**3**	**13**	**2**	**12**	**10**	**10**	**314**
2001								
Gross premiums	2,558	179	158	36	287	55	24	3,297
Gross premiums earned	2,019	178	158	36	282	55	23	2,751
Gross claims incurred	-1,200	-149	-117	-25	-179	-33	-4	-1,707
Gross operating expenses	-988	-45	-41	-9	-98	-22	-7	-1,210
Balance of reinsurance ceded	-4	1	2	-1	-11	0	-4	-17
	-173	-15	2	1	-6	0	8	-183
Investment income	419	27	19	3	22	10	1	501
Investment charges	-6	0	0	0	-1	1	0	-6
Balance of other items	-31	-1	-2	0	-2	0	0	-36
Investment income allocated to the non-technical account	-15	-4	-1	-2	-5	0	0	-27
RESULT TECHNICAL ACCOUNT NON-LIFE	**194**	**7**	**18**	**2**	**8**	**11**	**9**	**249**
2000								
Gross premiums	2,067	180	157	38	268	65	13	2,788
Gross premiums earned	1,869	184	155	38	266	65	13	2,590
Gross claims incurred	-1,512	-167	-110	-32	-168	-33	-2	-2,024
Gross operating expenses	-636	-52	-44	-10	-96	-23	-5	-866
Balance of reinsurance ceded	201	0	0	4	-6	-6	-1	192
	-78	-35	1	0	-4	3	5	-108
Investment income	263	29	18	4	23	13	2	352
Investment charges	-9	0	0	0	0	0	0	-9
Balance of other items	-4	0	0	0	0	0	1	-3
Investment income allocated to the non-technical account	-15	-5	-2	-1	-3	-1	0	-27
RESULT TECHNICAL ACCOUNT NON-LIFE	**157**	**-11**	**17**	**3**	**16**	**15**	**8**	**205**

COMBINED RATIOS (in %)	Accident & health	Legal liability motor	Other motor	Marine, transport and aviation	Fire	General liability	Other branches	Total
2002								
Americas	106	–	–	–	–	–	–	106
The Netherlands	95	117	100	98	109	101	67	103
Other countries	96	102	104	191	94	120	55	97
TOTAL	**105**	**110**	**102**	**99**	**102**	**105**	**61**	**105**
2001								
Americas	99	–	–	–	77	–	–	99
The Netherlands	94	114	95	99	106	92	64	100
Other countries	94	103	105	67	98	127	–	99
TOTAL	**99**	**109**	**98**	**99**	**102**	**99**	**64**	**100**
2000								
Americas	101	–	–	–	33	–	–	101
The Netherlands	96	126	90	98	110	110	49	104
Other countries	97	116	111	371	93	61	–	102
TOTAL	**101**	**121**	**99**	**101**	**102**	**94**	**49**	**102**

The combined ratio is the sum of the ratio of net incurred claims to net premiums earned and the ratio of net commissions and expenses to premiums own account.
Although a ratio over 100% suggests a loss, the ratio does not include investment income. With the inclusion of investment income in the calculation, all of AEGON's major product lines were profitable.

3 INVESTMENT INCOME	Life	Non-life	Non-technical	Total
2002				
Income from participations	20	0	19	39
Group companies:				
Income from other investments				
Real estate[1]	112	5	2	119
Shares	167	3	0	170
Bonds and other fixed rate securities	5,399	292	0	5,691
Loans guaranteed by mortgage	1,201	5	0	1,206
Other loans	163	9	25	197
Deposits with credit institutions	7	0	0	7
Other financial investments	190	0	1	191
Interest on liquid assets and other	689	305	0	994
Indirect income real estate and shares	746	12	0	758
TOTAL	**8,694**	**631**	**47**	**9,372**
2001				
Income from participations	18	0	60	78
Group companies:				
Income from other investments				
Real estate[1]	122	2	2	126
Shares	176	6	0	182
Bonds and other fixed rate securities	4,394	297	0	4,691
Loans guaranteed by mortgage	1,338	4	0	1,342
Other loans	1,818	11	31	1,860
Deposits with credit institutions	11	4	0	15
Other financial investments	157	1	0	158
Interest on liquid assets and other	607	151	0	758
Indirect income real estate and shares	698	25	0	723
TOTAL	**9,339**	**501**	**93**	**9,933**

Amounts in EUR millions

	Life	Non-life	Non-technical	Total
2000				
Income from participations	15	0	37	52
Group companies:				
Income from other investments				
Real estate[1]	115	2	2	119
Shares	159	7	0	166
Bonds and other fixed rate securities	4,242	216	0	4,458
Loans guaranteed by mortgage	1,301	4	0	1,305
Other loans	1,741	21	39	1,801
Deposits with credit institutions	9	6	0	15
Other financial investments	176	2	0	178
Interest on liquid assets and other	847	76	0	923
Indirect income real estate and shares	577	18	0	595
TOTAL	**9,182**	**352**	**78**	**9,612**

[1]Of which allocated internal rent for real estate in own use an amount of EUR 14 million (2001: EUR 17 million and 2000: EUR 17 million), based on market conditions.

In the income statement the structural total return on investments in real estate and shares is recognized. This total return includes the direct income (rents and dividends) of the reporting period and an amount of indirect income.
The total return is calculated by determining the average of the total return yield over the last 30 years and multiplying this average yield by the average value of these investments over the last seven years, adjusted for investment purchases and sales.
The indirect income from these investments is then calculated as the difference between the total return and the direct income.

4 INCOME FROM BANKING ACTIVITIES

	2002	2001	2000
Bonds and other fixed rate securities	54	49	63
Loans guaranteed by mortgage	51	36	33
Other loans	68	83	95
Other investments and liquid assets	243	216	133
TOTAL	**416**	**384**	**324**

5 CHANGE IN TECHNICAL PROVISIONS

	2002	2001	2000
Technical provisions	5,179	4,804	4,749
Technical provisions with investments for the account of policyholders	-9,279	-5,504	-731
	-4,100	-700	4,018
Investment income for the account of policyholders	11,524	9,515	3,495
CHANGE IN TECHNICAL PROVISIONS	**7,424**	**8,815**	**7,513**

6 PROFIT SHARING AND REBATES

	2002	2001	2000
Amortization of interest rate rebates	84	102	118
Surplus interest bonuses	38	40	48
Profit appropriated to policyholders	67	106	204
TOTAL	**189**	**248**	**370**

Granted interest rate rebates amount to EUR 50 million (2001: EUR 94 million and 2000: EUR 61 million), almost entirely relating to the Dutch companies.

7 OPERATING EXPENSES

	Life	Non-life	Non-technical	Total
2002				
Acquisition costs	2,850	1,066	–	3,916
Deferred policy acquisition costs	−2,486	−401	–	−2,887
Amortization of deferred policy acquisition costs	1,520	328	–	1,848
	1,884	993	–	2,877
Administrative expenses	1,917	450	–	2,367
Commissions and profit sharing from reinsurers	−253	−138	–	−391
Banking and other activities	–	–	125	125
TOTAL OPERATING EXPENSES	**3,548**	**1,305**	**125**	**4,978**
Investment expenses				234
Commissions and expenses				5,212
2001				
Acquisition costs	2,590	561	–	3,151
Deferred policy acquisition costs	−2,256	−302	–	−2,558
Amortization of deferred policy acquisition costs	1,203	219	–	1,422
	1,537	478	–	2,015
Administrative expenses	2,001	732	–	2,733
Commissions and profit sharing from reinsurers	−305	−157	–	−462
Banking and other activities	–	–	96	96
TOTAL OPERATING EXPENSES	**3,233**	**1,053**	**96**	**4,382**
Investment expenses				192
Commissions and expenses				4,574
2000				
Acquisition costs	2,548	538	–	3,086
Deferred policy acquisition costs	−2,232	−161	–	−2,393
Amortization of deferred policy acquisition costs	1,143	141	–	1,284
	1,459	518	–	1,977
Administrative expenses	1,934	348	–	2,282
Commissions and profit sharing from reinsurers	−335	−128	–	-463
Banking and other activities	–	–	85	85
TOTAL OPERATING EXPENSES	**3,058**	**738**	**85**	**3,881**
Investment expenses				219
Commissions and expenses				4,100

	2002	2001	2000
Technical and non-technical accounts include the following:			
Salaries	1,206	1,167	1,066
Pension premiums	−92	−111	−82
Other social security charges	205	189	173
Other expenses	1,300	1,223	1,167
Total expenses	2,619	2,468	2,324
Commissions	4,023	3,704	3,348
Deferred policy acquisition costs	−2,887	−2,558	−2,393
Amortization of deferred policy acquisition costs	1,848	1,422	1,284
Commissions and profit sharing from reinsurers	−391	−462	−463
COMMISSIONS AND EXPENSES	**5,212**	**4,574**	**4,100**

Amounts in EUR millions

Expenses include allocated housing expenses from real estate in own use for an amount of EUR 14 million (2001: EUR 17 million and 2000: EUR 17 million), based on market conditions.
Claims processing costs are included in benefits and surrenders respectively claims for own account; investment expenses are included in investment charges.

AEGON has non contributory defined benefit plans and defined contribution plans covering substantially all AEGON employees.
In a number of countries, including the Netherlands and the United Kingdom, retirement benefits are insured with our life insurance companies based on the appropriate actuarial formulas and assumptions. In the remaining countries, including the United States, the provisions for pension obligations are vested in separate legal entities, not forming part of AEGON.
In the United States US GAAP (SFAS 87) is applied for the US pension plans. SFAS calculations require several assumptions, including future performance of financial markets, future composition of work force and best estimates of long-term actuarial assumptions.
The pension expense in the income statement in a certain year under SFAS 87 includes the expected return on assets. The expected return on assets is calculated by applying the long-term return on a five year moving average of the fair value of the plan assets.
In a period of market declines, such as recently experienced, this moving average is higher than the fair value of the assets at the reporting date. The difference between the expected return reflected in the income statements and the actual return on the assets in a certain year is deferred. Deferred gains or losses are amortized to the income statement applying a corridor approach. The corridor is defined as 10% of the greater of the moving average value of the plan assets or the projected benefit obligation. To the extent that the prepaid pension costs at the beginning of the year exceeds the moving average asset value less the pension benefit obligation by more than the 10% corridor, the excess is amortized over the employee's average future years of service (approximately seven years).

The amount in note 10 (page 63) for Prepaid pension costs on employee pension plans relates entirely to AEGON in the United States. The amount is a combination of unrecognized net losses, unrecognized prior service costs and the positive difference between the fair value of the pension plan assets at the reporting date and the projected benefit obligation. No amortization of deferred losses has taken place in 2002 and no contributions were made by the US in 2002.
In The Netherlands employees participate in a defined benefit scheme based on average salary and for the amount exceeding a certain level employees may opt for a defined contribution scheme. Indexation of vested rights are fully funded yearly and immediately charged to the income statements.
In the United Kingdom benefits are based on past and future service, taking into account future salary and benefit levels as well as estimated inflation in future years. Regular improvements of benefits are allocated to future service years. No contributions have been made to the scheme in the UK in 2002.
In the other countries pension costs are fully charged to the income statements in the years in which they are earned by the employees.

The average number of employees was 25,974 of which 4,039 agent-employees (2001: 25,790 of which 4,298 agent-employees and 2000: 24,377 of which 4,112 agent-employees). The specification per geographical area is as follows:

	2002	2001	2000
Americas	15,628	16,007	14,987
The Netherlands	2,986	3,073	3,059
United Kingdom	5,013	4,574	4,404
Other countries	2,347	2,136	1,927
	25,974	25,790	24,377

REMUNERATION OF ACTIVE AND RETIRED MEMBERS OF THE EXECUTIVE BOARD Amounts in EUR thousands	Salary	Performance related payments[1]	Pension	Total
2002				
D.J. Shepard	1,056	992	287	2,335
P. van de Geijn	495	215	49	759
J.B.M. Streppel	495	215	49	759
J.G. van der Werf (as of April 18, 2002)	364	–	36	400
TOTAL FOR ACTIVE MEMBERS	**2,410**	**1,422**	**421**	**4,253**
K.J. Storm (up to June 30, 2002)	328	291	1,500	2,119
TOTAL	**2,738**	**1,713**	**1,921**	**6,372**
2001				
D.J. Shepard	1,117	1,321	313	2,751
P. van de Geijn	475	457	47	979
K.J. Storm	642	616	64	1,322
J.B.M. Streppel	475	305	47	827
TOTAL FOR ACTIVE MEMBERS	**2,709**	**2,699**	**471**	**5,879**
H.B. van Wijk	–	188	–	188
TOTAL	**2,709**	**2,887**	**471**	**6,067**
2000				
D.J. Shepard	1,083	1,201	746	3,030
P. van de Geijn	458	402	80	940
K.J. Storm	617	543	108	1,268
J.B.M. Streppel (as of May 4, 2000)	306	–	53	359
TOTAL FOR ACTIVE MEMBERS	**2,464**	**2,146**	**987**	**5,597**
H.B. van Wijk (up to May 4, 2000)	519	402	172	1,093
TOTAL	**2,983**	**2,548**	**1,159**	**6,690**

[1]Under an annual bonus scheme of EUR 25,344 per member per percent point increase in the preceding year earnings per share over the rate of inflation, with a maximum of that year's salary. In addition Mr. Shepard has a performance allowance related to the earnings increase of AEGON USA over 2001, paid in 2002.

REMUNERATION OF ACTIVE AND RETIRED MEMBERS OF THE SUPERVISORY BOARD Amounts in EUR	**2002**	2001	2000
M. Tabaksblat	56,722	56,722	41,619
H. de Ruiter	45,378	45,378	36,302
D.G. Eustace	45,378	45,378	29,496
Sir Michael Jenkins	–	–	27,227
O.J. Olcay	34,034	34,034	27,227
J.F.M. Peters	–	–	31,765
K.M.H. Peijs	34,034	34,034	27,227
G.A. Posthumus	45,378	39,705	27,227
T. Rembe (as of May 4, 2000)	36,870	34,034	17,837
W.F.C. Stevens	34,034	34,034	27,227
K.J. Storm (as of July 1, 2002)	17,017	–	–
F.J. de Wit	34,034	34,034	27,227
TOTAL FOR ACTIVE MEMBERS	**382,879**	**357,353**	**320,381**
Sir Michael Jenkins	–	34,034	–
J.F.M. Peters (up to May 3, 2001)	–	15,808	–
G. van Schaik (up to May 4, 2000)	–	–	15,824
TOTAL	**382,879**	**407,195**	**336,205**

STOCK OPTIONS INCLUDING STOCK APPRECIATION RIGHTS AND INTERESTS IN THE COMPANY OF ACTIVE MEMBERS OF THE EXECUTIVE BOARD

	Stock options Balance at January 1	Exercise price EUR	Granted[1]	Exercise price EUR	Lapsed	Date	Market price EUR	Stock options Balance at December 31	Exercise price EUR	Shares held in the company December 31
D.J. Shepard	200,000	17.36			200,000	–	–	–	–	
	200,000	29.02			0	–	–	200,000	29.02	
	200,000	46.95			0	–	–	200,000	46.95	
	200,000	34.50			0	–	–	200,000	34.50	
	100,000	34.84			0	–	–	100,000	34.84	
			50,000[1]	26.70	0	–	–	50.000[1]	26.70	276,170
P. van de Geijn	200,000	17.36			200,000	–	–	–	–	
	200,000	29.02			0	–	–	200,000	29.02	
	200,000	46.95			0	–	–	200,000	46.95	
	200,000	34.50			0	–	–	200,000	34.50	
	100,000	34.84			0	–	–	100,000	34.84	
			50,000[1]	26.70	0	–	–	50.000[1]	26.70	226,722
J.B.M. Streppel	25,000	17.36			25,000	–	–	–	–	
	50,000	29.02			0	–	–	50,000	29.02	
	40,000	46.95			0	–	–	40,000	46.95	
	40,000	34.50			0	–	–	40,000[1]	34.50	
	100,000	34.84			0	–	–	100,000	34.84	
			50,000[1]	26.70	0	–	–	50.000[1]	26.70	–
J.G. van der Werf	60,000	17.36			60,000	–	–	–	–	
	60,000	29.02			0	–	–	60,000	29.02	
	48,000	46.95			0	–	–	48,000	46.95	
	48,000	34.50			0	–	–	48,000	34.50	
	50,000	34.84			0	–	–	50,000	34.84	
			50,000[1]	26.70	0	–	–	50.000[1]	26.70	116,922

[1]Stock appreciation rights. For a description refer to page 100.

The criteria for the number of stock options or stock appreciation rights offered to the members of the Executive Board are as follows:

1. Comparison of the AEGON share price with a peer group of nine financials (AIG, Allianz, AXA, Generali, Prudential, Zurich, ABN Amro, Fortis, ING). The comparison is based on a moving average over the last three years.
2. If the AEGON share price finishes in the top three each person receives the maximum of 200,000 options, in the bottom three 50,000 per person and in the middle four 100,000 per person.
3. If there is no increase in earnings per share, no options will be offered.

At the balance sheet date, J.B.M. Streppel had a 5% mortgage loan of EUR 680,700. In accordance with the terms of the contract no redemptions were received on this loan in 2002.

STOCK OPTIONS INCLUDING STOCK APPRECIATION RIGHTS OF ACTIVE MEMBERS OF THE SUPERVISORY BOARD

	Stock options Balance at January 1	Exercise price EUR	Lapsed	Date	Market price EUR	Stock options Balance at December 31	Exercise price EUR
K.J. Storm	200,000	17.36	200,000	–	–	–	–
	200,000	29.02	0	–	–	200,000	29.02
	200,000	46.95	0	–	–	200,000	46.95
	200,000	34.50	0	–	–	200,000	34.50
	100,000	34.84	0	–	–	100,000	34.84

The options have been granted by reason of membership of the Executive Board in the related years.

COMMON SHARES HELD BY THE SUPERVISORY BOARD MEMBERS

	Shares held in the company at December 31, 2002
M. Tabaksblat	7,221
K.M.H. Peijs	757
T. Rembe	6,402
K.J. Storm	261,181
F.J. de Wit	7,203
TOTAL	**282,764**

8 INVESTMENT CHARGES

	Life	Non-life	Non-technical	Total
2002				
Investment expenses and interest charges	**271**	**2**	**691**	**964**
2001				
Investment expenses and interest charges	**242**	**6**	**806**	**1,054**
2000				
Investment expenses and interest charges	**296**	**9**	**710**	**1,015**

9 MISCELLANEOUS INCOME AND EXPENDITURE

	Life	Non-life	Non-technical	Total
2002				
Addition to provision for doubtful debts	826	-1	55	880
Currency exchange rate differences	-1	0	-13	-14
Other income and expenditure	37	45	-90	-8
TOTAL	**862**	**44**	**-48**	**858**
2001				
Addition to provision for doubtful debts	766	32	6	804
Currency exchange rate differences	1	0	-18	-17
Book gain on sale of partnership interests in Mexico	-343	–	–	-343
Other income and expenditure	-9	4	-61	-66
TOTAL	**415**	**36**	**-73**	**378**
2000				
Addition to provision for doubtful debts	132	3	7	142
Currency exchange rate differences	1	-1	10	10
Other income and expenditure	-4	1	-14	-17
TOTAL	**129**	**3**	**3**	**135**

10 INVESTMENT INCOME ALLOCATED TO THE NON-TECHNICAL ACCOUNT

Income on investments held against shareholders' equity does not form part of the technical results. The amounts transferred to the non-technical account include direct yield on allocated investments or are based on the average direct yield of the investment portfolio.

Amounts in EUR millions

11 CORPORATION TAX

The tax burden for AEGON as a group is made up of the direct and future taxes payable on profits of the units operating in the various countries. The effective tax rates of these units reflect tax benefits available in the local environment and could therefore be below nominal rates. The lower effective tax rate is largely due to a reduction of the deferred tax liability, favorable adjustments resulting from the filing of the 2001 corporate tax returns in the United States, lower taxable income relative to tax preferred investments and tax-exempt income in the Netherlands and the United States, and the use of tax losses in the United Kingdom.
The tax burden in the Netherlands further reflects the benefit of special tax rules for which the company and its subsidiaries qualify, including additions to the equalization reserve for insurers and tax exempt investment in subsidized housing and certain participations.

	2002	2001	2000
Breakdown:			
Taxes currently due	583	709	469
Taxes deferred due to temporary differences	-230	209	364
TOTAL	**353**	**918**	**833**
The following is a reconciliation of the nominal tax charge to the actual tax expense:			
Statutory tax rate	621	1,109	969
Increases (decreases) in taxes resulting from:			
Dividend income exclusions and credits	-181	-286	-109
Depreciation of equipment and real estate	-2	-3	-3
Valuation of technical provisions	0	2	0
Other, net	-85	96	-24
ACTUAL TAX EXPENSE	**353**	**918**	**833**

Amounts paid in cash in 2002 for income taxes were EUR 311 million (2001: EUR 930 million and 2000: EUR 227 million).

12 NET INCOME UNCONSOLIDATED GROUP COMPANIES

LABOUCHERE

Because of the sale on March 31, 2000, this subsidiary was deconsolidated in the presented 2000 figures for comparability reasons. The net profit for the first quarter 2000 amounting to EUR 31 million has been recognized under unconsolidated Group companies.

TRANSAMERICA NON-INSURANCE BUSINESSES

Since their acquisition, AEGON accounted for the non-insurance businesses of Transamerica (Transamerica Finance Corporation) as participations and has recorded them at cost. Following a change in accounting, resulting from the decision to retain and continue to develop these businesses as operating units of the Group, these businesses are carried at net asset value in the balance sheet as of June 30, 2000.
From July 21, 1999 up to the first six months of 2000 dividends declared were included in earnings for an amount that offset the funding cost. Effective July 1, 2000, net income of the non-insurance businesses has been included in consolidated earnings.
Transamerica Finance Corporation conducts business in commercial lending, intermodal leasing and real estate information services operations.
The commercial lending operation makes commercial loans through four businesses: distribution finance, business capital, equipment financial services and specialty finance. It has offices in the United States, Mexico, Canada, Europe and India. The intermodal leasing operation provides service, rentals and term operating leases through a worldwide network of offices, third-party depots and other facilities. The intermodal leasing operation offers a wide variety of equipment used in international and domestic commerce around the world. Its fleet consists of over 674,000 marine containers (consisting of units that are owned along with managed for and leased from others) and over 19,000 European trailers. Real estate information services provides property tax payment and reporting, flood certification and other real estate information services to its customers.

Due to their dissimilarity in operations in relation to the operations of AEGON, these group companies have not been consolidated. Following are the consolidated balance sheets, consolidated income statements and notes thereto of Transamerica Finance Corporation, established in Delaware and operating from Chicago, Illinois, USA. In addition, the statements include allocated expenses and financing costs from associated non-insurance companies The statements have been prepared in accordance with Dutch accounting principles.

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31 OF TRANSAMERICA FINANCE CORPORATION	2002	2001
Cash	62	64
Finance receivables	5,728	7,865
Equipment	97	129
Other assets	2,308	3,186
TOTAL ASSETS	**8,195**	**11,244**
Long-term borrowings	3,551	4,926
Short-term borrowings	2,220	3,182
Other liabilities	872	1,053
Accruals and deferred income	285	348
Provisions for deferred taxation	394	462
Shareholders' equity	873	1,273
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,195**	**11,244**

CONSOLIDATED INCOME STATEMENTS OF TRANSAMERICA FINANCE CORPORATION

	2002	2001	2000
Finance charges	672	919	1,134
Leasing revenues	444	489	683
Real estate information	254	283	286
Other revenues	141	261	209
TOTAL REVENUES	**1,511**	**1,952**	**2,312**
Interest and debt expense	252	470	660
Salaries and other employee expenses	332	365	384
Depreciation on equipment held for lease	222	246	307
Addition to the provision for doubtful accounts	169	155	149
Miscellaneous income and expenditure	414	590	589
TOTAL EXPENSES	**1,389**	**1,826**	**2,089**
Income before tax	122	126	223
Corporation tax	-34	-1	-70
NET INCOME FROM OPERATIONS	**88**	**125**	**153**

The low corporation tax in 2001 has been caused by the reversal of state tax liabilities that were no longer needed.

	2002	2001	2000
Income reported by AEGON:			
Dividend declared through June 30, 2000	–	–	82
Net income reported from July 1, 2000	88	125	66
Funding costs on the related raised debt, net of tax	-37	-53	-119
NET INCOME REPORTED BY AEGON	**51**	**72**	**29**
CASH FLOW FOR TRANSAMERICA FINANCE CORPORATION			
Net cash provided by operating activities	547	465	578
Net cash provided by (used in) investing activities	914	2,285	-377
Net cash used in financing activities	-1,463	-2,737	-175

NOTES TO THE CONSOLIDATED BALANCE SHEETS OF TRANSAMERICA FINANCE CORPORATION

Where not otherwise stated, balance sheet items are carried at face value. If necessary a provision for bad and doubtful debts has been deducted.

CASH

All cash is at free disposal.

Amounts in EUR millions

	2002	2001
FINANCE RECEIVABLES		
The contractual maturity is:		
Less than three months	1,230	2,063
Between three months and one year	1,453	1,743
Between one and five years	2,416	3,144
Over five years	629	915
TOTAL	**5,728**	**7,865**

This item includes receivables from lending and leasing activities after deduction of unearned finance charges.

Net finance receivables	5,901	8,021
Less allowances for losses	-173	-156
TOTAL	**5,728**	**7,865**

Transamerica Finance Corporation has entered into securitization arrangements under which it sells designated pools of net finance receivables to qualified special purpose entities (QSPEs). Under the terms of the securitization arrangements, Transamerica non-insurance retains the servicing of the securitized assets and generally receives a servicing fee on the outstanding balance of the securitized assets along with rights to future residual cash flows.

Transamerica Finance Corporation maintains an allowance for losses on net finance receivables at an amount that it believes is sufficient to provide adequate protection against losses in its loan portfolios. The allowance is provided through charges against current income and is adjusted for specific accounts as well as losses inherent in the portfolio.

Transamerica Finance Corporation determines its allowance for losses by taking into account expected losses in each business, the ratio of the allowance for losses to net finance receivables outstanding and the ratio of net credit losses to average net finance receivables outstanding. A specific reserve is established for impaired receivables when it is deemed probable that not all future principal and interest payments will be collected in accordance with the applicable contractual terms. This provision is reviewed and updated quarterly.

	2002	2001
EQUIPMENT		
Balance at January 1	129	186
Investments	29	65
Depreciation	-10	-26
Disposals and other changes	-12	-106
Currency rate differences	-39	10
BALANCE AT DECEMBER 31	**97**	**129**
Accumulated depreciation	87	80
TOTAL COST OF EQUIPMENT	**184**	**209**

Equipment is shown at cost less depreciation over the estimated useful life.

OTHER ASSETS		
Equipment held for lease	1,551	2,025
Assets held for sale	113	399
Other	644	762
TOTAL	**2,308**	**3,186**

Equipment held for lease is shown at cost less depreciation over the estimated useful life. Assets held for sale consists primarily of retail finance receivables, certain off-lease equipment and repossessed assets.

	2002	2001
LONG-TERM BORROWINGS		
The contractual maturity is:		
Less than three months	218	505
Between three months and one year	318	1,804
Between one and five years	2,478	2,254
Over five years	537	363
TOTAL	**3,551**	**4,926**

Long-term borrowings include intercompany loans for an amount of EUR 2,342 million (2001: EUR 1,735 million).
The weighted average interest rate on long-term borrowings at December 31, 2002 and 2001 was 6.32% and 6.25% respectively.

	2002	2001
SHORT-TERM BORROWINGS		
Commercial Paper	2,144	2,967
Banks	76	111
AEGON	–	104
TOTAL	**2,220**	**3,182**

The weighted average interest rates on short-term borrowings at December 31, 2002 and 2001 were 1.94% and 2.63% respectively.

	2002	2001
OTHER LIABILITIES		
Creditors	489	529
Taxes	-3	21
Other liabilities	386	503
TOTAL	**872**	**1,053**

	2002	2001
SHAREHOLDERS' EQUITY		
Capital	14	17
Reserves	859	1,256
TOTAL	**873**	**1,273**

	2002	2001
RESERVES		
Balance at January 1	1,256	1,542
Net income	51	72
Capital redemptions/contributions	-161	-265
Dividends paid	-59	-122
Goodwill	–	–
Currency exchange rate differences	-163	47
Other changes	-65	-18
BALANCE AT DECEMBER 31	**859**	**1,256**

COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, Transamerica Finance Corporation grants various credit related commitments to meet the financing needs of its customers. Such commitments include purchase obligations and partnership investment commitments, revolving lines of credit and financial guarantees, including guarantees of letters of credit and standby letters of credit. Commitments under such arrangements totaled EUR 2,338 million at December 31, 2002. Transamerica Finance Corporation also is party to various other financial guarantees that could require payment of certain obligations in the event of demand by third parties. These guarantees amounted to EUR 93 million at December 31, 2002.

Amounts in EUR millions

NOTES TO THE CONSOLIDATED INCOME STATEMENTS OF TRANSAMERICA FINANCE CORPORATION

REVENUE RECOGNITION

Finance charges are generally recognized on an effective yield method. Charges collected in advance on distribution finance receivables are taken into income on a straight-line basis over the periods to which the charges relate, which generally averages 90 days. Related origination and other non-refundable fees and direct origination costs are deferred and amortized as an adjustment of finance charges over the contractual life of the transactions. Accrual of finance charges is suspended on accounts that contractually become past due in excess of 90 days or at the discretion of management.

Leasing revenues are earned on service, rental and term operating leases. Rental revenues are recognized in the period billed. Revenues from service contract minimum and term leases are recognized on a straight-line basis over the lease term. Initial direct costs are amortized on a straight-line basis over the lease term.

Real estate service revenues are primarily fees for life of loan property tax payment and reporting services and flood certifications. Life of loan service fees are deferred and recognized in income over the expected service period. The company periodically reviews its revenue recognition method to determine if the contract lives and/or prepayment speeds used have changed. Accordingly, the company may adjust the deferral period to reflect current trends.

	2002	2001	2000
BREAKDOWN OF NET INCOME FROM OPERATIONS BY SEGMENT			
Commercial lending	94	87	139
Leasing	-9	-12	8
Real estate information	42	42	24
Other	-39	8	-18
NET INCOME FROM OPERATIONS	**88**	**125**	**153**

	2002	2001	2000
SALARIES AND OTHER EMPLOYEE COSTS			
Salaries	261	319	306
Pension expenses	-4	-6	-4
Social security charges	14	15	18
Other employee costs	61	37	64
TOTAL	**332**	**365**	**384**

Transamerica Finance Corporation employed approximately 3,900 people at December 31, 2002 (2001: 4,700; 2000: 5,400).

SEGMENT INFORMATION – REVENUES AND PRODUCTION

Amounts in millions

2002 USD	2001 USD	%		2002 EUR	2001 EUR	%
			REVENUES			
1,694	1,939	-13	Life general account single premiums	1,789	2,165	-17
5,386	4,954	9	Life general account recurring premiums	5,689	5,533	3
5,900	5,697	4	Life policyholders account single premiums	6,232	6,363	-2
3,817	3,779	1	Life policyholders account recurring premiums	4,031	4,220	-4
16,797	16,369	3	Total life insurance gross premiums	17,741	18,281	-3
2,697	2,290	18	Accident and health insurance premiums	2,848	2,558	11
726	662	10	General insurance premiums	767	739	4
20,220	19,321	5	Total gross premiums	21,356	21,578	-1
8,829	8,811	0	Investment income insurance activities[1]	9,325	9,840	-5
394	344	15	Income from banking activities	416	384	8
29,443	28,476	3	Total revenues business units	31,097	31,802	-2
44	83	-47	Income from other activities	47	93	-49
29,487	**28,559**	**3**	**TOTAL REVENUES**	**31,144**	**31,895**	**-2**
			REVENUES BY PRODUCT SEGMENT			
25,029	24,731	1	Life insurance	26,435	27,620	-4
3,228	2,666	21	Accident and health insurance	3,409	2,977	15
792	735	8	General insurance	837	821	2
394	344	15	Banking activities	416	384	8
44	83	-47	Other activities	47	93	-49
29,487	**28,559**	**3**	**TOTAL REVENUES**	**31,144**	**31,895**	**-2**
-10,911	**-8,520**	**-28**	**INVESTMENT INCOME FOR THE ACCOUNT OF POLICYHOLDERS**	**-11,524**	**-9,515**	**-21**
			STANDARDIZED NEW PREMIUM PRODUCTION LIFE INSURANCE			
6,677	7,465	-11	Single premiums	7,052	8,337	-15
1,681	1,596	5	Recurring premiums annualized	1,776	1,783	0
2,349	**2,343**	**0**	**TOTAL RECURRING PLUS 1/10 SINGLE**	**2,481**	**2,617**	**-5**
			DEPOSITS			
7,178	6,756	6	Fixed annuities	7,582	7,545	0
9,827	10,922	-10	GICs and funding agreements	10,379	12,198	-15
9,902	5,944	67	Variable annuities	10,458	6,638	58
26,907	23,622	14	Total	28,419	26,381	8
3,206	3,816	-16	Savings deposits	3,386	4,262	-21
30,113	**27,438**	**10**	**TOTAL PRODUCTION ON BALANCE SHEET**	**31,805**	**30,643**	**4**
			NET DEPOSITS			
3,394	2,763	23	Fixed annuities	3,585	3,086	16
1,026	2,938	-65	GICs and funding agreements	1,084	3,281	-67
5,190	855		Variable annuities	5,481	955	
9,610	6,556	47	Total	10,150	7,322	39
-318	946	-134	Savings deposits	-336	1,057	-132
9,292	**7,502**	**24**	**TOTAL NET DEPOSITS**	**9,814**	**8,379**	**17**
372	**731**	**-49**	**INVESTMENT CONTRACTS**	**393**	**816**	**-52**
			OFF BALANCE SHEET PRODUCTION			
12,196	11,709	4	Synthetic GICs	12,881	13,077	-1
8,639	7,629	13	Mutual funds/Collective Trusts and other managed assets	9,125	8,520	7
20,835	**19,338**	**8**	**TOTAL PRODUCTION OFF BALANCE SHEET**	**22,006**	**21,597**	**2**
718	647	11	[1] Of which indirect income on shares and real estate.	758	723	5

Amounts in millions

	2002 USD	2001 USD	%	2002 EUR	2001 EUR	%
INCOME BY PRODUCT SEGMENT						
Traditional life	813	792	*3*	859	884	*-3*
Fixed annuities	165	321	*-49*	174	358	*-51*
GICs and funding agreements	257	193	*33*	272	215	*27*
Life for account policyholders	106	93	*14*	112	104	*8*
Variable annuities	-437	107		-462	120	
Fee business	5	74	*-93*	5	83	*-94*
Book profit Mexico	–	307		–	343	
Life insurance	909	1,887	*-52*	960	2,107	*-54*
Accident and health insurance	233	146	*60*	246	164	*50*
General insurance	0	1	–	0	1	–
TOTAL INSURANCE	**1,142**	**2,034**	***-44***	**1,206**	**2,272**	***-47***
of which general account	1,468	1,760	*-17*	1,551	1,965	*-21*
of which policyholders account [1]	-326	274		-345	307	
Income before tax	1,142	2,034	*-44*	1,206	2,272	*-47*
Corporation tax	-226	-606	*-63*	-239	-677	*-65*
NET INCOME	**916**	**1,428**	***-36***	**967**	**1,595**	***-39***
REVENUES						
Life general account single premiums	942	1,047	*-10*	995	1,170	*-15*
Life general account recurring premiums	4,470	4,179	*7*	4,721	4,667	*1*
Life policyholders account single premiums	791	1,001	*-21*	835	1,118	*-25*
Life policyholders account recurring premiums	631	712	*-11*	667	795	*-16*
Total life insurance gross premiums	6,834	6,939	*-2*	7,218	7,750	*-7*
Accident and health insurance premiums	2,469	2,093	*18*	2,608	2,337	*12*
General insurance premiums	0	10	–	0	11	–
Total gross premiums	9,303	9,042	*3*	9,826	10,098	*-3*
Investment income insurance activities	7,145	7,233	*-1*	7,546	8,078	*-7*
TOTAL REVENUES	**16,448**	**16,275**	***1***	**17,372**	**18,176**	***-4***
Investment income for the account of policyholders	-5,648	-5,329	*-6*	-5,965	-5,951	*0*
GROSS MARGIN, COMMISSIONS AND EXPENSES						
Gross margin	4,676	5,071	*-8*	4,939	5,664	*-13*
Commissions and expenses	3,534	3,037	*16*	3,733	3,392	*10*
STANDARDIZED NEW PREMIUM PRODUCTION						
LIFE INSURANCE						
Single premiums	1,578	1,924	*-18*	1,667	2,149	*-22*
Recurring premiums annualized	826	794	*4*	872	887	*-2*
TOTAL RECURRING PLUS 1/10 SINGLE	**984**	**986**	***0***	**1,039**	**1,102**	***-6***
DEPOSITS						
Fixed annuities	7,178	6,756	*6*	7,582	7,545	*0*
GICs and funding agreements	9,827	10,922	*-10*	10,379	12,198	*-15*
Variable annuities	9,902	5,944	*67*	10,458	6,638	*58*
TOTAL PRODUCTION ON BALANCE SHEET	**26,907**	**23,622**	***14***	**28,419**	**26,381**	***8***
OFF BALANCE SHEET PRODUCTION						
Synthetic GICs	12,196	11,709	*4*	12,881	13,077	*-1*
Mutual funds/Collective Trusts and other managed assets	6,646	6,400	*4*	7,020	7,148	*-2*
TOTAL PRODUCTION OFF BALANCE SHEET	**18,842**	**18,109**	***4***	**19,901**	**20,225**	***-2***

[1] Includes also variable annuities and fees.

Amounts in EUR millions

	2002	2001	%
INCOME BY PRODUCT SEGMENT			
Traditional life	552	614	*-10*
Life for account policyholders	49	192	*-74*
Life insurance	601	806	*-25*
Accident and health insurance	26	36	*-28*
General insurance	24	37	*-35*
TOTAL INSURANCE	**651**	**879**	***-26***
of which general account	602	687	*-12*
of which policyholders account	49	192	*-74*
BANKING ACTIVITIES[1]	**8**	**45**	***-82***
Income before tax	659	924	*-29*
Corporation tax	-136	-228	*-40*
NET INCOME	**523**	**696**	***-25***
REVENUES			
Life general account single premiums	507	768	*-34*
Life general account recurring premiums	564	569	*-1*
Life policyholders account single premiums	1,171	814	*44*
Life policyholders account recurring premiums	1,331	1,486	*-10*
Total life insurance gross premiums	3,573	3,637	*-2*
Accident and health insurance premiums	162	146	*11*
General insurance premiums	447	422	*6*
Total gross premiums	4,182	4,205	*-1*
Investment income insurance activities	1,454	1,484	*-2*
Income from banking activities	416	384	*8*
TOTAL REVENUES	**6,052**	**6,073**	***0***
Investment income for the account of policyholders	-1,165	-155	
GROSS MARGIN, COMMISSIONS AND EXPENSES			
Gross margin	1,325	1,479	*-10*
Commissions and expenses[2]	666	555	*20*
STANDARDIZED NEW PREMIUM PRODUCTION LIFE INSURANCE			
Single premiums	1,536	1,625	*-5*
Recurring premiums annualized	191	188	*2*
TOTAL RECURRING PLUS 1/10 SINGLE	**345**	**351**	***-2***
DEPOSITS			
Savings deposits	3,386	4,262	*-21*
TOTAL PRODUCTION ON BALANCE SHEET	**3,386**	**4,262**	***-21***
INVESTMENT CONTRACTS	**393**	**816**	***-52***
OFF BALANCE SHEET PRODUCTION			
Mutual funds and other managed assets	1,223	868	*41*
TOTAL PRODUCTION OFF BALANCE SHEET	**1,223**	**868**	***41***

[1] Includes income on off balance sheet type products.
[2] Includes the effect of a change in presentation of investments costs from a net basis to a gross basis and from various provisions formed in 2002.

UNITED KINGDOM

Amounts in millions

	2002 GBP	2001 GBP	%	2002 EUR	2001 EUR	%
INCOME BY PRODUCT SEGMENT						
Traditional life	12	14	*-14*	19	22	*-14*
Life for account policyholders	140	215	*-35*	224	346	*-35*
Fee business	-6	2		-10	4	
LIFE INSURANCE	**146**	**231**	***-37***	**233**	**372**	***-37***
of which general account	12	14	*-14*	19	22	*-14*
of which policyholders account[1]	134	217	*-38*	214	350	*-39*
Income before tax	146	231	*-37*	233	372	*-37*
Corporation tax	-34	-66	*-48*	-55	-107	*-49*
NET INCOME	**112**	**165**	***-32***	**178**	**265**	***-33***
REVENUES						
Life general account single premiums	172	112	*54*	273	181	*51*
Life general account recurring premiums	81	49	*65*	129	79	*63*
Life policyholders account single premiums	2,636	2,710	*-3*	4,196	4,361	*-4*
Life policyholders account recurring premiums	1,153	1,098	*5*	1,835	1,767	*4*
Total gross premiums	4,042	3,969	*2*	6,433	6,388	*1*
Investment income insurance activities	110	80	*38*	176	129	*36*
TOTAL REVENUES	**4,152**	**4,049**	***3***	**6,609**	**6,517**	***1***
Investment income for the account of policyholders	-2,680	-2,066	*-30*	-4,266	-3,325	*-28*
GROSS MARGIN, COMMISSIONS AND EXPENSES						
Gross margin	460	452	*2*	733	728	*1*
Commissions and expenses	314	221	*42*	500	356	*40*
STANDARDIZED NEW PREMIUM PRODUCTION LIFE INSURANCE						
Single premiums	2,390	2,763	*-13*	3,804	4,447	*-14*
Recurring premiums annualized	349	362	*-4*	556	583	*-5*
TOTAL RECURRING PLUS 1/10 SINGLE	**588**	**638**	***-8***	**936**	**1,028**	***-9***
OFF BALANCE SHEET PRODUCTION						
Mutual funds and other managed assets	437	275	*59*	696	442	*57*
TOTAL PRODUCTION OFF BALANCE SHEET	**437**	**275**	***59***	**696**	**442**	***57***

[1] Includes also fee income.

OTHER COUNTRIES

Amounts in EUR millions

	Hungary 2002	Hungary 2001	%	Spain 2002	Spain 2001	%	Other countries 2002	Other countries 2001	%
INCOME BY PRODUCT SEGMENT									
Traditional life	27	35	-23	0	9	-100	0	-7	100
Life for account of policyholders	3	-6	150	-11	-8	-38	-6	4	
Fee business	7	7	0	–	–		–	–	
Life insurance	37	36	3	-11	1		-6	-3	-100
Accident & health insurance	0	0	0	6	9	-33	–	–	
General insurance	22	24	-8	17	6	183	-1	-1	0
TOTAL INSURANCE	**59**	**60**	**-2**	**12**	**16**	**-25**	**-7**	**-4**	**-75**
of which general account	49	59	-17	23	24	-4	-1	-8	88
of which policyholders account[1]	10	1		-11	-8	-38	-6	4	
Income before tax	59	60	-2	12	16	-25	-7	-4	-75
Corporation tax	-11	-10	10	-3	-1	200	2	0	0
NET INCOME	**48**	**50**	**-4**	**9**	**15**	**-40**	**-5**	**-4**	**-25**
REVENUES									
Life general account single premium	1	0	0	7	43	-84	6	3	100
Life general account recurring premium	82	77	6	50	52	-4	143	89	61
Life policyholders account single premium	6	10	-40	16	45	-64	8	15	-47
Life policyholders account recurring premium	50	36	39	25	38	-34	123	98	26
Total life insurance gross premiums	139	123	13	98	178	-45	280	205	37
Accident and health insurance	1	1	0	78	74	5	-1	0	0
General insurance	91	84	8	229	221	4	0	1	-100
Total gross premiums	231	208	11	405	473	-14	279	206	35
Investment income insurance activities	80	76	5	51	54	-6	18	19	-5
TOTAL REVENUES	**311**	**284**	**10**	**456**	**527**	**-13**	**297**	**225**	**32**
Investment income for the account of policyholders	5	4	25	-47	-36	-31	-86	-52	-65
GROSS MARGIN, COMMISSIONS AND EXPENSES									
Gross margin	135	131	3	120	117	3	74	57	30
Commissions and expenses	76	71	7	108	101	7	81	61	33
STANDARDIZED NEW PREMIUM PRODUCTION LIFE INSURANCE									
Single	7	10	-30	23	89	-74	15	17	-12
Recurring annualized	21	22	-5	14	35	-60	121	68	78
TOTAL RECURRING PLUS 1/10 SINGLE	**22**	**23**	**-4**	**16**	**44**	**-64**	**123**	**70**	**76**
OFF BALANCE SHEET PRODUCTION									
Mutual funds/Collective Trusts and other managed assets	186	62		–	–		–	–	
TOTAL PRODUCTION OFF BALANCE SHEET	**186**	**62**		**–**	**–**		**–**	**–**	

[1] Includes also fee income.

INVESTMENTS, ASSETS AND CAPITAL GEOGRAPHICALLY

Amounts in EUR millions (unless otherwise stated)

Americas USD	United Kingdom GBP	AS AT DECEMBER 31, 2002	Americas	The Netherlands	United Kingdom	Other countries	Total	Total USD
		INVESTMENTS						
105,544	980	Fixed income	100,643	10,792	1,507	1,611	114,553	120,132
3,460	88	Equities and real estate	3,299	4,943	135	133	8,510	8,924
109,004	**1,068**	**TOTAL GENERAL ACCOUNT**	**103,942**	**15,735**	**1,642**	**1,744**	**123,063**	**129,056**
11,952	15,401	Fixed income	11,397	11,139	23,675	312	46,523	48,789
23,274	12,940	Equities and real estate	22,193	5,934	19,892	186	48,205	50,552
35,226	**28,341**	**TOTAL ACCOUNT POLICYHOLDERS**	**33,590**	**17,073**	**43,567**	**498**	**94,728**	**99,341**
144,230	**29,409**	**TOTAL INSURANCE ACTIVITIES**	**137,532**	**32,808**	**45,209**	**2,242**	**217,791**	**228,397**
–	–	Banking activities	–	7,167	–	–	7,167	7,516
51,008	**806**	**OFF BALANCE SHEET ASSETS**	**48,639**	**1,689**	**1,239**	**471**	**52,038**	**54,572**
195,238	**30,215**	**TOTAL ASSETS BUSINESS UNITS**	**186,171**	**41,664**	**46,448**	**2,713**	**276,996**	**290,485**
		Other investments					378	397
		Total group					277,374	290,882
149,948	29,864	Assets business units	142,985	42,750	45,910	2,541	234,186	245,591
		Other assets					4,020	4,216
		Total assets on balance sheet					238,206	249,807
16,518	2,028	Capital in units	15,751	2,605	3,117	399	21,872	22,937
		Total capital base					20,058	21,035
		Other net liabilities					1,814	1,902
		TOTAL					**21,872**	**22,937**
		AS AT DECEMBER 31, 2001						
		INVESTMENTS						
92,614	805	Fixed income	105,087	11,411	1,323	1,401	119,222	105,070
4,265	89	Equities and real estate	4,840	6,290	147	155	11,432	10,075
96,879	**894**	**TOTAL GENERAL ACCOUNT**	**109,927**	**17,701**	**1,470**	**1,556**	**130,654**	**115,145**
12,232	14,009	Fixed income	13,879	6,024	23,022	354	43,279	38,142
26,477	16,879	Equities and real estate	30,044	12,014	27,739	196	69,993	61,685
38,709	**30,888**	**TOTAL ACCOUNT POLICYHOLDERS**	**43,923**	**18,038**	**50,761**	**550**	**113,272**	**99,827**
135,588	**31,782**	**TOTAL INSURANCE ACTIVITIES**	**153,850**	**35,739**	**52,231**	**2,106**	**243,926**	**214,972**
–	–	Banking activities	–	7,047	–	–	7,047	6,210
44,931	**813**	**OFF BALANCE SHEET ASSETS**	**50,982**	**1,319**	**1,336**	**247**	**53,884**	**47,488**
180,519	**32,595**	**TOTAL ASSETS BUSINESS UNITS**	**204,832**	**44,105**	**53,567**	**2,353**	**304,857**	**268,670**
		Other investments					464	409
		Total group					305,321	269,079
140,285	32,236	Assets business units	159,180	44,834	52,976	2,400	259,390	228,600
		Other assets					4,671	4,117
		Total assets on balance sheet					264,061	232,717
13,920	1,771	Capital in units	15,795	3,654	2,910	374	22,733	20,035
		Total capital base					22,676	19,984
		Other net liabilities					57	51
		TOTAL					**22,733**	**20,035**

FACE VALUE AND TOTAL SUMS INSURED

Amounts in EUR millions (unless otherwise stated)

Americas USD	United Kingdom GBP	YEAR 2002 LIFE INSURANCE	Americas	The Netherlands	United Kingdom	Hungary	Spain	Other[1] countries	Total EUR
		NEW INSURANCE WRITTEN							
114,403	4,221	Individual	120,831	2,622	6,718	84	170	1,303	131,728
13,947	1,662	Group	14,731	4,887	2,645	187	48	0	22,498
128,350	**5,883**	**TOTAL 2002**	**135,562**	**7,509**	**9,363**	**271**	**218**	**1,303**	**154,226**
76,765	**5,616**	**TOTAL 2001**	**85,732**	**9,777**	**9,039**	**298**	**360**	**802**	**106,008**
		NET INCREASE							
184,466	-995	Individual	24,367	-2,764	-6,513	-9	-307	1,734	16,508
-4,040	-1,130	Group	-15,909	-1,091	-3,086	37	-122	-48	-20,219
180,426	**-2,125**	**TOTAL 2002**	**8,458**	**-3,855**	**-9,599**	**28**	**-429**	**1,686**	**-3,711**
21,432	**-134**	**TOTAL 2001**	**77,221**	**3,663**	**2,236**	**77**	**110**	**1,702**	**85,009**
		TOTAL SUMS INSURED AT YEAR-END							
1,021,081	45,977	Individual	973,664	46,038	70,680	1,362	1,957	4,736	1,098,437
62,526	11,575	Group	59,623	67,917	17,793	257	714	0	146,304
1,083,607	**57,552**	**TOTAL 2002**	**1,033,287**	**113,955**	**88,473**	**1,619**	**2,671**	**4,736**	**1,244,741**
903,181	**59,677**	**TOTAL 2001**	**1,024,829**	**117,810**	**98,072**	**1,591**	**3,100**	**3,050**	**1,248,452**

[1] Includes one-time effect of sale Philippines.

FIXED INCOME INVESTMENTS GENERAL ACCOUNT

AS AT 31 DECEMBER 2002	Americas in USD	The Netherlands in EUR	United Kingdom in GBP	Other countries in EUR	Total in EUR	In % of total
Treasuries/Agencies	6,890	2,294	220	862	10,064	*9*
High Quality (AAA)	13,584	1,608	188	101	14,951	*13*
High Quality (AA)	9,161	689	176	224	9,918	*9*
Investment grade (A)	28,578	647	311	280	28,657	*25*
Investment grade (BBB)	25,195	272	81	20	24,441	*21*
High yield (BB+ or less)	6,705	51	2	5	6,453	*6*
Mortgages	13,118	4,924	0	8	17,441	*15*
Others	2,313	307	2	111	2,628	*2*
TOTAL	**105,544**	**10,792**	**980**	**1,611**	**114,553**	***100***

AS AT 31 DECEMBER 2001[1]	Americas in USD	The Netherlands in EUR	United Kingdom in GBP	Other countries in EUR	Total in EUR	In % of total
Treasuries/Agencies	4,375		225	766	6,114	*5*
High Quality (AAA/AA)	20,000	5,067	292	338	28,564	*24*
Investment grade (A/BBB)	47,837	595	285	209	55,553	*47*
High yield (BB+ or less)	5,511	173	0	6	6,431	*5*
Mortgages	12,607	5,238	0	10	19,553	*16*
Others	2,284	338	3	72	3,007	*3*
TOTAL	**92,614**	**11,411**	**805**	**1,401**	**119,222**	***100***

[1] Adjusted for comparison purposes to reflect the accounting change of the preferred shares and the change in rating structure whereby NAIC was no longer used as a source.

AEGON's most important group companies (100% unless indicated differently).

THE AMERICAS
AEGON USA, Inc., Cedar Rapids (Iowa USA)
AUSA Life Insurance Company, Inc., Purchase (New York USA)
Commonwealth General Corporation, Wilmington (Delaware USA)
First AUSA Life Insurance Company, Baltimore (Maryland USA)
Stonebridge Life Insurance Company, Rutland (Vermont USA)
Stonebridge Casualty Insurance Company, Columbus (Ohio USA)
Life Investors Insurance Company of America, Cedar Rapids (Iowa USA)
Monumental Life Insurance Company, Baltimore (Maryland USA)
Peoples Benefit Life Insurance Company, Cedar Rapids (Iowa USA)
Transamerica Corporation, Wilmington (Delaware USA)
Transamerica Life Canada, Scarborough (Ontario Canada)
Transamerica Life Insurance and Annuity Company, Charlotte (North Carolina USA)
Transamerica Life Insurance Company, Cedar Rapids (Iowa USA)
Transamerica Occidental Life Insurance Company, Cedar Rapids (Iowa USA)
Veterans Life Insurance Company, Springfield (Illinois USA)
Western Reserve Life Assurance Co. of Ohio, Columbus (Ohio USA)

THE NETHERLANDS
AEGON Bank N.V., Utrecht
AEGON Financiële Diensten B.V., The Hague
AEGON International N.V., The Hague
AEGON Levensverzekering N.V., The Hague
AEGON NabestaandenZorg N.V., Groningen
AEGON Nederland N.V., The Hague
AEGON Schadeverzekering N.V., The Hague
AEGON Spaarkas N.V., The Hague
AEGON Vastgoed Holding B.V., The Hague
AMVEST Vastgoed B.V., Utrecht (50%)
Spaarbeleg Kas N.V., Utrecht

UNITED KINGDOM
AEGON Asset Management UK plc, London
AEGON UK plc, London
AEGON UK Distribution Holdings Ltd., London
Guardian Assurance plc, Lytham St Annes
Guardian Linked Life Assurance Limited, Lytham St Annes
Guardian Pensions Management Limited, Lytham St Annes
HS Administrative Services Limited, Chester
Scottish Equitable plc, Edinburgh
Scottish Equitable International Holdings plc, London

OTHER COUNTRIES
ÁB-AEGON Általános Biztosító Rt., Budapest (Hungary)
AEGON Unión Aseguradora S.A. de Seguros y Reaseguros, Madrid (Spain) (99.98%)
AEGON Lebensversicherungs-AG, Düsseldorf (Germany)
AEGON Life Insurance (Taiwan) Inc., Taipei (Taiwan)

The legally required list of participations as meant in articles 379 and 414 of Book 2 of the Dutch Civil Code, has been registered with the Trade Register in The Hague.

BALANCE SHEETS OF AEGON N.V. AT DECEMBER 31

Amounts in EUR millions

	Note number	2002	2001
INVESTMENTS			
GROUP COMPANIES			
Shares in group companies	1	12,464	11,850
Loans to group companies	2	5,361	6,490
		17,825	**18,340**
OTHER LOANS	3	352	435
		18,177	**18,775**
RECEIVABLES			
Receivables from group companies		2,394	2,844
		2,394	**2,844**
OTHER ASSETS			
Liquid assets		8	42
Other assets		24	26
		32	**68**
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		136	177
		136	**177**
TOTAL ASSETS		**20,739**	**21,864**
SHAREHOLDERS' EQUITY			
Share capital	4	226	224
Tax free paid-in surplus	5	7,125	5,074
Revaluation account	5	2,598	4,640
Other surplus fund	5	2,765	3,591
Net income available for the general meeting of shareholders[1]		1,517	2,394
		14,231	**15,923**[2]
PERPETUAL CUMULATIVE SUBORDINATED LOANS		**1,517**	**1,517**
SUBORDINATED LOANS		**616**	**670**
EQUITY AND SUBORDINATED LOANS		**16,364**	**18,110**
PROVISIONS		**342**	**197**
LONG-TERM LIABILITIES	6	**1,618**	**1,888**
CURRENT LIABILITIES			
Amounts owed to credit institutions		2,198	1,297
Other payables		135	262[2]
		2,333	**1,559**
ACCRUALS AND DEFERRED INCOME		**82**	**110**
TOTAL EQUITY AND LIABILITIES		**20,739**	**21,864**

[1] Excluding dividend on preferred shares of EUR 30 million (2001: EUR 3 million)
[2] Amounts adjusted by EUR 631 million due to the change in presentation of dividend.

For notes: see page 99 and following.

INCOME STATEMENTS OF AEGON N.V.

Amounts in EUR millions

	2002	2001	2000
Net income group companies	1,511	2,337	2,053
Other income	36	60	13
NET INCOME	**1,547**	**2,397**	**2,066**

Amounts in EUR millions

ACCOUNTING PRINCIPLES
Unless otherwise stated, balance sheet items are valued in accordance with the accounting principles described in the notes to the consolidated balance sheets.

1 SHARES IN GROUP COMPANIES	2002	2001
Balance at January 1	11,850	11,251
Capital contribution and acquisitions	3,756	0
Divestitures	-1,149	0
Net income for the financial year	1,511	2,337
Dividend distributed	–	-360
Goodwill	–	-277
Revaluations	-3,504	-1,101
BALANCE AT DECEMBER 31	**12,464**	**11,850**

The group companies are stated at their net asset value.

2 LOANS TO GROUP COMPANIES	2002	2001
Balance at January 1	6,490	3,392
Additional loans	941	4,117
Repayments or payments received	-1,019	-1,224
Other changes	-1,051	205
BALANCE AT DECEMBER 31	**5,361**	**6,490**

3 OTHER LOANS	2002	2001
Balance at January 1	435	524
Repayments or payments received	-83	-89
BALANCE AT DECEMBER 31	**352**	**435**

4 CAPITAL AND RESERVES	Common shares	Preferred shares	Total
SHARE CAPITAL			
Authorized	312	168	480
Unissued	139	115	254
ISSUED AND OUTSTANDING	**173**	**53**	**226**

Vereniging AEGON, based in The Hague, holds all of the issued preferred shares.

On June 29, 2001 AEGON N.V. entered into a Total Return Swap (TRS) with Vereniging AEGON in order to hedge the stock option plan for 2001. The TRS gives AEGON N.V. effectively the right to the capital gains on 11,288,800 AEGON N.V. shares at the termination date and to the dividends on these shares during the contract period. The capital gains are calculated based on an exercise price of EUR 32.04. Any losses compared to the exercise price will be paid by AEGON N.V. to Vereniging AEGON upon termination. AEGON N.V. in return will pay interest to Vereniging AEGON on a quarterly basis over the (remaining) amount outstanding under the TRS. The interest rate is equal to the three-month EURIBOR plus a spread. The TRS ends on March 12, 2006 but may be terminated earlier, either partly or entirely, at the option of AEGON N.V. The total return swap is carried at fair value with changes in fair value reported in equity.

On March 11, 2002 AEGON N.V. entered into a second Total Return Swap (TRS) with Vereniging AEGON in order to hedge the stock appreciation rights plan for 2002. The TRS gives AEGON N.V. the right to the capital gains on 7,800,000 AEGON N.V. shares at the termination date and to the dividends on these shares during the contract period. The capital gains are calculated based on the exercise price of EUR 26.70. Any losses compared to the exercise price will be paid by AEGON N.V. to Vereniging AEGON upon termination. AEGON N.V. in return will pay interest to Vereniging AEGON on a quarterly basis over the (remaining) amount outstanding under the TRS. The interest rate is equal to the 3-month EURIBOR plus a spread. The TRS matures on March 11, 2009, but may be terminated earlier, either partly or entirely, at the option of AEGON N.V. The TRS is carried at fair value with changes in fair value reported in equity.

Amounts in EUR millions

On September 17, 2002 Vereniging AEGON and AEGON N.V. agreed to mark to market the existing TRS agreements that hedge the 2001 and 2002 share option and stock appreciation rights plans based on the EUR 10.04 closing price of AEGON N.V. share on Euronext Amsterdam. This resulted in a payment to Vereniging AEGON of EUR 378.3 million.

	2002	2001
NUMBER OF COMMON SHARES		
Balance at January 1	1,422,253,234	1,350,523,905
Issuance of shares	–	55,000,000
Stock dividend	22,325,888	16,484,329
Exercise of options	–	245,000
BALANCE AT DECEMBER 31	**1,444,579,122**	**1,422,253,234**

The weighted average number of EUR 0.12 common shares over 2002 was 1,401,552,845 (2001: 1,357,349,252).
The repurchased own shares, although included in the issued and outstanding number of shares, are eliminated in the calculation of the weighted average number of shares (see page 102).

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

Senior executives of AEGON companies as well as other AEGON employees have been offered AEGON stock appreciation rights in 2002 which do not entitle to buy AEGON shares but provide the same financial benefits. In previous years also stock options were offered. Rights and options have been granted at an exercise price equal to the market price of the shares at the date of the grant. The rights granted in 2002 are vested after two years and can only be exercised during five years after the vesting date. The plans for 1997 up to and including 2001 can be exercised three years after being granted and then during a period of two years. Plans for stock appreciation rights and in the past stock option plans can only be established after the prior consent of the Annual General Meeting. If, subsequently, the Executive Board decides to implement such plans, that decision has to be approved by the Supervisory Board. Rights and options granted in earlier years can generally be exercised during a period of five years. Options granted pursuant to the purchase agreement with Providian have various expiration dates. The options granted in 1997 to senior executives of former Providian business units fully vest in three years and the exercise period is up to ten years, ending at the latest in August 2008. In compliance with regulations, stock options and appreciation rights cannot be exercised in black-out periods.

The following tables set forth the changes in the years 2000, 2001 and 2002 as well as the breakdown of options and stock appreciation rights (SARs) outstanding.

	Number of options/SARs	Weighted average exercise price in EUR
Balance at January 1, 2000	37,355,628	26.25
Issued	10,609,700	34.50
Exercised	-5,891,026	12.74
Lapsed	-148,018	21.75
Balance at December 31, 2000	41,926,284	30.22
Issued	11,288,800	34.84
Exercised	-3,920,532	12.46
Lapsed	-25,374	49.54
Balance at December 31, 2001	49,269,178	32.69
Issued	11,555,700	26.70
Exercised	-883,376	16.36
Lapsed	-5,004,000	17.31
BALANCE AT DECEMBER 31, 2002	**54,937,502**	**34.98**

Options/SARs	Original number[1]	January 1, 2002[1]	Outstanding December 31, 2002[1]	Exercise price in EUR[1]	Exercise period[3]
1996	9,886,700	138,000	–	9.79	until January 1, 2003
1997	9,479,500	6,059,500	344,500	17.36	until January 1, 2004
Providian	7,204,384	1,216,278	1,186,402	20.84[2]	until August 6, 2008
1998	11,518,000	11,032,000	11,027,500	29.02	until March 23, 2003
1999[4]	8,925,300	8,924,900	8,924,900	46.95	until March 6, 2004
2000[4]	10,609,700	10,609,700	10,609,700	34.50	until March 14, 2005
2001[4]	11,288,800	11,288,800	11,288,800	34.84	until March 13, 2006
2002[5]	11,555,700		11,555,700	26.70	until March 12, 2009
	80,468,084	**49,269,178**	**54,937,502**		

[1] Adjusted for the stock splits in 1998 and 2000 as appropriate.
[2] Weighted average exercise price of the outstanding options in USD calculated at the closing rate.
[3] Up to and including the 1999 series the exercise period for a small part of the options is 74 months.
[4] Including stock appreciation rights, which do not entitle to buy AEGON shares but provide the same financial benefits.
[5] Stock appreciation rights, which do not entitle to buy AEGON shares but provide the same financial benefits; only employees in Canada were granted 263,100 stock options.

Stock options exercisable as of December 31, 2002 amount to 20,395,702 (2001: 18,445,778 and 2000: 10,760,566) and their weighted average exercise price amounts to EUR 35.24 (2001: EUR 24.75 and 2000: EUR 13.45).

The fair value of the stock options and stock appreciation rights granted during the year amounts to EUR 76 million at the grant date (2001: EUR 83 million and 2000: EUR 74 million). This value was estimated using the binomial option pricing model, taking into account that the SARs and options granted in 2002 vest after two years and the options granted in 2001 and 2000 cannot be exercised within the first three years.

The breakdown of the stock options and stock appreciation rights granted in 2002 is as follows: Executive Board 150,000, other senior executives 4,041,000, other employees 7,364,700 (2001: 400,000, 3,824,700 and 7,064,100 and 2000: 640,000, 4,125,300 and 5,844,400 respectively recalculated for the split in May 2000).
For detailed information about the Executive Board's options refer to page 82.

5 SURPLUS FUNDS

	Paid-in surplus	Revaluation account	Other surplus fund	Total 2002	Total 2001
Balance at January 1 (2001 after appropriation of profit)	5,074	4,640	3,591	13,305	12,629
Reversal of presentation final dividend 2000					580
Balance at January 1 after change in presentation	5,074	4,640	3,591	13,305	13,209
Net income 2001 excluding preferred dividend			2,394	2,394	–
Final dividend and interim dividend			-731	-731	-541
Issuance of new shares				–	1,677
Paid in on preferred shares	2,053			2,053	–
Repurchased and sold own shares				0	-21
Valuation equity swap			-318	-318	-19
Exercised options				0	3
Stock dividend	-2			-2	-2
Revaluation group companies:					
– Goodwill			-70	-70	-286
– Sale Mexico				–	602
– Currency exchange rate differences		-90	-1,397	-1,487	430
– Other revaluations		-1,952	5	-1,947	-1,531
Currency exchange rate differences			-703	-703	-50
Cash settlement subordinated convertible loan				–	-68
Settlement stock option plans			-6	-6	-71
Other movements			0	0	-27
BALANCE AT DECEMBER 31	**7,125**	**2,598**	**2,765**	**12,488**	**13,305**

The minimum of the revaluation account for the consolidated investments as required by law amounts to EUR 542 million (2001: EUR 739 million).
The legal reserve for currency differences on foreign subsidiaries refers to accumulated translation differences amounting to EUR 166 million (2001: EUR 1,653 million) and is included in the other surplus fund.

The paid in amount on preferred shares is EUR 2,064 million contributed by Vereniging AEGON less EUR 11 million related costs.

Amounts in EUR millions

	2002	2001
CONSOLIDATED REVALUATION ACCOUNT REAL ESTATE AND SHARES		
Balance of revaluations at January 1	4,640	6,177
Unrealized gains and losses on real estate and shares	-1,560	-1,051
Unrealized gains and losses in previous years on real estate and shares sold in the reporting year	1,337	517
Realized gains and losses on real estate and shares	-1,343	-507
Transfer to the income statements of indirect income on real estate and shares	-758	-723
Changes in the provision for deferred taxation	323	306
Other changes	-41	-79
BALANCE AT DECEMBER 31	**2,598**	**4,640**

Unrealized gains and losses on investments are due to changes in stock exchange quotations and reappraisal of real estate of all activities.

The indirect income is released from these revaluations if and as far as the balance for real estate and shares separately is positive. Impairments of shares are charged to the realised part of the revaluation account. Moreover, the minimum reserves as required by law are to be maintained. These minimum reserves consist of the unrealized difference between the bookvalue and the cost prices of real estate and shares, respectively. In relation to this, as at December 31, 2002, an amount of EUR 2,056 million after tax is presently available for release from the revaluations whereas the remainder is only available after realization.

OTHER SURPLUS FUND

By virtue of acquisition in accordance with article 98, paragraph 5 of Book 2 of the Dutch Civil Code, per balance sheet date AEGON kept 30,918,580 own common shares with a face value of EUR 0.12 each. The shares have been purchased to hedge stock option rights granted to executives and employees.

Movements in the numbers of shares were as follows:

Balance at January 1	30,923,080
Purchase: 1 transaction, average price EUR 10.00	206,400,000
Sale: 4 transactions, average price EUR 10.00	-206,404,500
BALANCE AT DECEMBER 31	30,918,580

The purchase and sales values of the related shares have been deducted from respectively added to the other surplus fund.

Goodwill is the difference between acquisition price and net asset value, based on AEGON accounting principles. The calculated amount is charged to shareholders' equity in the year of acquisition.

6 LONG-TERM LIABILITIES	2002	2001
Remaining terms up to 3 years	1,215	1,458
Remaining terms 4-5 years	7	–
Remaining terms over 5 years	396	430
TOTAL LONG-TERM LIABILITIES	**1,618**	**1,888**
Redemptions due in 2003/2002	521	719

Redemptions are included in long-term liabilities.

The repayment periods of borrowings vary from in excess of one year up to a maximum of 28 years. The interest rates vary from 1.42% to 9.875% per annum.
The market value of the long-term liabilities amounts to EUR 1,552 million (2001: EUR 1,911 million).

COMMITMENTS AND CONTINGENCIES

AEGON N.V. has guaranteed and is severally liable for the following:

Due and punctual payment of payables by the consolidated group companies AEGON Funding Corp. and AEGON Funding Corp. II with respect to bonds, notes issued and Commercial Paper Programs.

Due and punctual payment of payables by Transamerica Finance Corp. with respect to notes issued in connection with Transamerica Finance Corp.'s Commercial Paper Program.

FGH BANK N.V., for the sake of

a. all unsubordinated and non-privileged creditors, to whom FGH BANK owes from deeds prior to February 27, 1987, and from all loans contracted by FGH BANK after February 27, 1987, up to March 30, 1998;
b. those whom FGH BANK guaranteed or assumed several liability prior to February 27, 1987.

The sales agreement with Hypo-Vereinsbank includes recourse against that bank for liabilities emerging from above guarantees.

THE HAGUE, MARCH 5, 2003

SUPERVISORY BOARD

M. Tabaksblat
H. de Ruiter
D.G. Eustace
O.J. Olcay
K.M.H. Peijs
G.A. Posthumus
T. Rembe
W.F.C. Stevens
K.J. Storm
F.J. de Wit

EXECUTIVE BOARD

D.J. Shepard
P. van de Geijn
J.B.M. Streppel
J.G. van der Werf

PROPOSAL FOR PROFIT APPROPRIATION

Appropriation of profit will be determined in accordance with article 24 of the Articles of Incorporation of AEGON N.V. The provisions can be summarized as follows:

1. The Supervisory Board may decide, upon the proposal of the Executive Board, to set aside part of the profit to augment and/or form surplus funds.
2. From the net profit, first of all the holders of preferred shares shall receive a dividend on the paid in capital the percentage of which, on an annual basis, is equal to the rate for basic refinancing transactions determined by the 'European Central Bank', applying to the first trading day on the Amsterdam Exchanges in the financial year the dividend is related to, increased by 1.75 percentage-points.
3. The remaining profit shall be put at the disposal of the general meeting of shareholders.
4. The Executive Board may, subject to the approval of the Supervisory Board even before the approval of the balance sheets and the income statements of any financial year distribute one or more interim dividends on account of the dividend to the holders of shares.
5. Dividend or an interim dividend on common shares may take place as a cash payment but also as a payment in common shares, or to the choice of the holders of common shares as a cash payment and/or as a payment in common shares, in all cases out of the profit and/or out of a surplus fund.

It is proposed to the Annual General Meeting of Shareholders on April 17, 2003, to pay a dividend for the year 2002 of EUR 0.74 per common share of EUR 0.12 par value, which after taking into account the EUR 0.37 interim dividend, leads to a final dividend of EUR 0.37 per common share. It is also proposed that the final dividend will be made available entirely in stock.

In order to fully reflect the prevailing market price of AEGON N.V. common shares within the indication provided, the number of dividend coupons that gives entitlement to a new common share of EUR 0.12 will be determined on March 5, 2003, after 5.30 p.m., based upon the average share price (quotation Euronext Amsterdam) in the five trading days from February 27 up to and including March 5, 2003.

In accordance with article 24, paragraph 3 of the Articles of Incorporation, a dividend equal to 5% of the paid-up amount of the preferred stock will be distributed in cash.

Upon approval of this proposal, profit will be appropriated as follows:

	2002
Dividend on preferred shares	30
Interim dividend on common shares	382
Earnings to be retained	1,135
NET INCOME	**1,547**

SUBSEQUENT EVENTS

In January and February 2003, AEGON and certain (former) members of the Executive Board were named in a series of similar class action complaints filed in US federal court alleging various violations of US securities laws involving the issuance of false and misleading statements during the period between August 9, 2001 and July 22, 2002, when AEGON issued an update to its earnings guidance for 2002. AEGON believes these allegations are without merit and intends to defend vigorously against these actions. AEGON does not believe that these claims, either individually or in the aggregate, will result in a material adverse effect on its financial condition or results of operations.

On February 24, 2003 a proposal of law has been submitted to Dutch Parliament regarding changes in the rules for financial reporting of insurance companies. One of the elements of this proposal might necessitate, if and when adopted, AEGON to discontinue the indirect return method for capital gains prior to the reporting year 2004.

VERENIGING AEGON

Vereniging AEGON is the continuation of the former mutual insurer AGO. In 1978 AGO was demutualized and Vereniging AGO became the only shareholder of AGO Holding N.V., which was the holding company of its insurance operations. In 1983 AGO Holding N.V. and Ennia N.V. merged into AEGON N.V. Vereniging AGO initially received approximately 49% of the common shares (which shareholding was reduced gradually to 40%) and all of the preferred shares in AEGON N.V., giving it voting majority in AEGON N.V. and it changed its name into Vereniging AEGON.
The objective of the Vereniging is the balanced representation of the interests of AEGON N.V. and all of its stakeholders, i.e. shareholders, AEGON group companies, insured parties, employees and other relations of the said companies.
In accordance with the 1983 Merger Agreement, the Vereniging used to have a majority vote at the general meeting of shareholders of AEGON N.V. This was achieved by holding a minority interest in common shares and holding all issued preferred shares.

In September 2002 this majority position was abandoned and a recapitalisation agreement with AEGON N.V. was concluded. On that occasion the Vereniging disposed of 350 million of its common shares in AEGON N.V and was left with a 12% interest of issued common shares and all issued preferred shares, which in aggregate resulted in approximately 33% of voting shares (excluding issued common shares held in treasury). Part of the recapitalisation agreement is the amendment of the existing option rights of the Vereniging, under which the Vereniging is entitled to acquire additional preferred shares upon dilution of its majority position as a result of the issuance of common shares. The option rights of the Vereniging on the acquisition of additional preferred shares are now confined to such a number of preferred shares as required to maintain the current level of approximately 33% of voting.

	Preferred	Common
NUMBER OF SHARES		
As of January 1, 2002	440,000,000	517,271,586
Stock dividends received		4,702,469
Offering price of EUR 10.00 per share		-350,000,000
AS OF DECEMBER 31, 2002	440,000,000	171,974,055

As of December 31, 2002, the General Meeting of Members of Vereniging AEGON consisted of 23 members. Nineteen of these are not an employee or former employee of AEGON N.V. or one of its group companies, nor a (former) member of the Supervisory Board or the Executive Board of AEGON N.V. They hold the majority of the voting rights. Of the four other members, two are elected by the General Meeting of Members from among the members of the Supervisory Board and two from among the members of the Executive Board of AEGON N.V.

Vereniging AEGON has an Executive Committee consisting of eight members, half of whom, including the chairman and the vice-chairman, are not, nor have been associated with the AEGON Group: the other half consists of the four above mentioned members who hold a position within AEGON N.V. When a vote in the Executive Committee results in a tie, the General Meeting of Members has the deciding vote.

The Annual Report 2002 of Vereniging AEGON and further information may be obtained through the Secretary (telephone: +31 70 3448288, e-mail: Secretariaat@VerenigingAEGON.nl, fax: +31 70 3477929).

INTRODUCTION

We have audited the financial statements of AEGON N.V., The Hague, for the year 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2002, and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Title 9, Book 2 of the Netherlands Civil Code.

THE HAGUE, MARCH 5, 2003
ERNST & YOUNG ACCOUNTANTS

'STRUCTURE REGIME'

AEGON N.V. is applying the large company corporate provisions (also referred to as 'Structure Regime'), as provided for under Dutch Corporate law. The proposals made to the Dutch Parliament in January 2002 to amend the Structure Regime are still pending, but no decisions have been made so far. This development as well as the ongoing international corporate governance discussions have given the Executive Board and the Supervisory Board cause to review and evaluate the position of AEGON N.V. as a company governed by the Structure Regime and to consider proposing and implementing changes to the corporate governance structure of AEGON N.V.

In addition, the recapitalisation agreement entered into between AEGON and Vereniging AEGON in September 2002 gave rise to a reassessment of the company's relationship with its largest shareholder. The Executive Board expects to be in a position to make its proposals for changes to the corporate governance structure of AEGON N.V. to the Annual General Meeting of shareholders in April 2003.

Currently AEGON N.V. is governed by the provisions of the Structure Regime, which has the following features:

SUPERVISORY BOARD

In the performance of their duties, the members of the Supervisory Board shall follow the interests of the Company and its business. The Supervisory Board currently consists of ten members and acts as a body with collective responsibility and accountability. The members of the Board are (re)appointed by the Board itself, each time for a term of office of four years. They must retire at the latest at the conclusion of the Annual General Meeting of Shareholders (AGM) in the year in which they reach the age of 70 years. Shareholders, the Central Works Council in the Netherlands (CWC) and the Executive Board have the legal right to recommend candidates for the Supervisory Board. Moreover, shareholders and the CWC have the legal right to object to any candidate. The requirements, which the composition of the Board and the individual members have to meet, are outlined in the Profile. This Profile is available for shareholders at the secretariat of the Executive Board. According to the Profile, a total of ten Supervisory Board members is considered to be a suitable number, considering that the Executive Board is composed of four to five members, only one of the Supervisory Board members may be a former member of the Executive Board and Supervisory Board members may not be dependent on any interests associated with the Company and must fulfill their duties without mandate. (Re)Appointments have to be prepared and advised on by the Nominating Committee. Supervisory Board members are entitled to a fixed fee and an expense allowance. According to Dutch corporate law and the Articles of Incorporation, the Supervisory Board is the body that is authorized to appoint or discharge members of the Executive Board and to adopt the annual accounts. Moreover, certain important Executive Board resolutions, among which those concerning securities issues, are subject to the approval of the Supervisory Board. Rules and Regulations have been adopted, for internal use, in which procedures and the Board's duties, activities and allocation of tasks are laid down.

EXECUTIVE BOARD

The Executive Board, as a body, is charged with the management of the Company, whereby each individual member has specific areas of interest, within an allocation of duties as approved by the Supervisory Board. In principle, Executive Board members will be appointed for an indefinite period of time and shareholders have to be informed of an intended appointment. They can retire at the age of 60 and have to retire at the age of 62. The Supervisory Board determines the conditions of employment.

SHAREHOLDERS

The Executive Board is accountable to investors for a clear and transparent justification of its management. Every shareholder has the right to speak and to vote without limitation in any of AEGON's meetings of shareholders. Each outstanding share entitles the holder to one vote. AEGON was one of those actively involved in the establishment of the Dutch 'Stichting Communicatiekanaal Aandeelhouders' (Shareholders' Communication Channel Foundation), established in April 1998 for better and direct communication with shareholders. Shareholders with a securities account in the Netherlands and participating in this Communication Channel can use the possibility offered by the Foundation to receive the annual report and the agenda for the AGM. Also a system is introduced which will offer shareholders the possibility of voting without attending a meeting in person. Furthermore, for both management and (groups of) shareholders the Communication Channel may serve to solicit proxies.

According to Dutch corporate law and AEGON N.V.'s Articles of Incorporation, shareholders in a meeting are authorized as follows:

- To approve the annual accounts, including profit appropriation and dividend. Furthermore, to release the Executive Board from liability with respect to its management and the Supervisory Board with respect to the supervision thereof, insofar as such management appears from the annual accounts.
- To appoint the external auditor.
- To decide on share issues or on the granting of rights to take shares (stock options) or to designate the Executive Board to resolve on such issues or grants, up to a certain maximum percentage and for a period not exceeding five years, and, possibly, to exclude shareholders' pre-emptive rights.
- To amend the Articles of Incorporation as proposed by the Executive Board and previously approved by the Supervisory Board.
- To authorize the Executive Board to repurchase AEGON's own shares.
- To determine the Supervisory Board members' fees.

Amounts in EUR millions

The consolidated financial statements of AEGON N.V. have been prepared in accordance with Dutch accounting principles which differ in certain respects from those generally accepted in the United States (US GAAP). The following information is a summary of the effect on the AEGON's shareholders' equity and net income of the application of US GAAP, which is in further detail included in the Form 20-F report filed with the Securities and Exchange Commission. This report is, as usual, available on request, free of charge, and can also be retrieved from the EDGAR database of the SEC at www.sec.gov and via www.aegon.com.

		Shareholders' equity December 31			Net income
	2002	2001	**2002**	2001	2000
Amounts in accordance with Dutch accounting principles	14,231	15,923	1,547	2,397	2,066
Real estate	-804	-847	-48	-61	-59
The Netherlands: appraisal value					
United States: cost less depreciation					
Debt securities	3,411	933	–	–	–
The Netherlands: amortized cost for bonds and private placements					
United States: market value					
Goodwill	3,372	5,918	-1,965	-496	-433
The Netherlands: charged to shareholders' equity					
United States: capitalized and tested for impairment. Before 2002 capitalized and amortized over various periods not exceeding 20 years					
Technical provisions (including deferred policy acquisition costs)	-999	689	-155	-96	-34
The Netherlands: calculated on recent assumptions					
United States: calculated on assumptions when the policy was issued or on recent assumptions					
Realized gains and losses on bonds and private placements	245	189	8	276	-348
The Netherlands: deferred and released to income over the estimated average remaining maturity term					
United States: recognized as income when realized					
Realized gains and losses on shares and real estate	–	–	-2,251	-1,160	999
The Netherlands: added to the revaluation account. From this reserve amounts are released to income, so that together with the direct yield, a 30 year moving average total rate of return is recognized.					
United States: recognized as income when realized					
Carried forward	19,456	22,805	-2,864	860	2,191

	Shareholders' equity December 31 2002	2001	Net income 2002	2001	2000
Brought forward	19,456	22,805	-2,864	860	2,191
Deferred taxation (including taxation on US GAAP adjustments)	-1,140	-934	123	418	155
The Netherlands: calculated using discounted tax rates					
United States: calculated using nominal tax rates					
Derivatives	-750	-377	182	-236	–
The Netherlands: recognized in same period and likewise as related investments and debt					
United States: valued at market value, with changes included in earnings, except when hedge accounting is applied					
Balance of other items	-12	-825	329	-410	242
Certain expenses are recorded in different periods on the two bases of accounting					
AMOUNTS IN ACCORDANCE WITH US GAAP	**17,554**	**20,669**	**-2,230**	**632**	**2,588**
NET INCOME IN ACCORDANCE WITH US GAAP			**-2,230**	**632**	**2,588**
Other comprehensive income, net of tax:					
Foreign currency translation adjustments			-2,692	701	659
Unrealized gains (losses) on available for sale securities during the period			-673	-621	212
Reclassification adjustment for (gains) losses included in net income			1,193	377	-821
Cumulative effect of accounting change of adopting FAS 133			–	49	–
COMPREHENSIVE INCOME IN ACCORDANCE WITH US GAAP			**-4,402**	**1,138**	**2,638**

In 2002 major differences between amounts on Dutch accounting principles and those on US GAAP compared to the amounts of prior years are explained as follows:

The goodwill amortization in 2002 primarily reflects impairments for Transamerica Finance Corporation (EUR 1,234 million) and AEGON USA insurance operations.
Realized and unrealized gains and losses by their nature can show large fluctuations. Included in realized gains and losses on shares and real estate are EUR 1,057 million (2001: EUR 36 million and 2000: nil) impairment losses due to an other than temporary decline in market value and the reversal of the indirect return of EUR 758 million (2001: EUR 723 million and 2000: EUR 595 million).
An EUR 318 million loss on the total return swaps has been included in 2002 net income on the line derivatives.
The balance of other items includes the effect of the sale of Mexico which under DAP has been reported in 2001. In 2000 the result of the sale of Labouchere and of other divestitures has been included in the balance of other items.

Comprehensive income is the change in shareholders' equity during the year from transactions and other events and circumstances from non-owner sources. It includes all changes in shareholders' equity during the year except those resulting from investments by owners and distributions to owners.

QUARTERLY RESULTS

Amounts in millions

2002 I	II	III	IV	USD Total		2002 I	II	III	IV	EUR Total
					NET INCOME					
					Life insurance					
737	130	534	316	1,717	(including annuities)	841	125	544	304	1,814
81	58	78	46	263	Accident and health insurance	93	62	79	44	278
15	16	21	7	59	General insurance	17	17	22	6	62
8	11	11	-22	8	Banking activities	9	12	11	-24	8
-101	-66	-82	-47	-296	Interest charges and Other	-115	-71	-82	-45	-313
740	149	562	300	1,751	Income before tax	845	145	574	285	1,849
-224	-30	-154	74	-334	Corporation tax	-255	-28	-157	87	-353
24	26	13	-15	48	Transamerica Finance Corporation	27	29	12	-17	51
540	**145**	**421**	**359**	**1,465**	**NET INCOME**	**617**	**146**	**429**	**355**	**1,547**
					REVENUES					
6,314	6,014	6,123	6,578	25,029	Life insurance	7,210	6,527	6,145	6,553	26,435
861	806	768	793	3,228	Accident and health insurance	983	875	766	785	3,409
218	196	195	183	792	General insurance	249	212	195	181	837
82	88	98	126	394	Banking activities	93	97	99	127	416
20	-2	-11	37	44	Other activities	23	-3	-12	39	47
7,495	**7,102**	**7,173**	**7,717**	**29,487**	**TOTAL REVENUES**	**8,558**	**7,708**	**7,193**	**7,685**	**31,144**
					Investment income for the					
859	-6,584	-8,071	2,885	-10,911	account of policyholders	981	-7,361	-8,486	3,342	-11,524
					Annuities, GICs and savings accounts					
7,611	8,101	7,097	7,304	30,113	– Gross deposits	8,690	8,819	7,070	7,226	31,805
3,121	3,052	2,443	676	9,292	– Net deposits	3,564	3,315	2,406	529	9,814
1,095	1,289	1,151	1,400	4,935	Commissions and expenses	1,250	1,407	1,152	1,403	5,212
14,482	13,407	14,360	14,924		Shareholders' equity	16,600	13,647	14,564	14,231	
2,425	2,633	2,641	2,752		Subordinated loans	2,780	2,680	2,678	2,624	
16,907	**16,040**	**17,001**	**17,676**		**EQUITY AND SUBORDINATED LOANS**	**19,380**	**16,327**	**17,242**	**16,855**	
					FIGURES PER COMMON SHARE					
0.39	0.10	0.30	0.23	1.02	Net income	0.44	0.11	0.30	0.23	1.08
10.37	9.52	8.68	8.99		Shareholders' equity	11.89	9.69	8.80	8.57	
					USD EXCHANGE RATE					
0.8724	0.9824	0.9860	1.0487		At end of period					
0.8758	0.8974	0.9280	0.9468		Weighted average rate					

2001 I	II	III	IV	USD Total		2001 I	II	III	IV	EUR Total
					NET INCOME					
					Life insurance					
748	767	744	713	2,972	(including annuities)	810	878	834	797	3,319
31	37	67	52	187	Accident and health insurance	34	42	75	58	209
13	18	14	15	60	General insurance	14	20	16	17	67
14	17	10	-1	40	Banking activities	15	20	11	-1	45
-108	-103	-89	-55	-355	Interest charges and Other	-117	-118	-100	-62	-397
698	736	746	724	2,904	Income before tax	756	842	836	809	3,243
-207	-222	-227	-166	-822	Corporation tax	-224	-254	-254	-186	-918
3	34	12	15	64	Transamerica Finance Corporation	3	38	14	17	72
494	**548**	**531**	**573**	**2,146**	**NET INCOME**	**535**	**626**	**596**	**640**	**2,397**
					REVENUES					
6,740	5,940	5,788	6,263	24,731	Life insurance	7,303	6,825	6,495	6,997	27,620
586	527	770	783	2,666	Accident and health insurance	635	605	863	874	2,977
219	183	163	170	735	General insurance	237	211	183	190	821
86	87	91	80	344	Banking activities	93	100	102	89	384
23	15	21	24	83	Other activities	25	17	24	27	93
7,654	**6,752**	**6,833**	**7,320**	**28,559**	**TOTAL REVENUES**	**8,293**	**7,758**	**7,667**	**8,177**	**31,895**
					Investment income for the					
-7,006	2,189	-9,939	6,236	-8,520	account of policyholders	-7,590	2,223	-11,111	6,963	-9,515
					Annuities, GICs and savings accounts					
7,264	6,676	6,909	6,589	27,438	– Gross deposits	7,870	7,662	7,750	7,361	30,643
2,391	2,084	2,369	658	7,502	– Net deposits	2,590	2,396	2,657	736	8,379
961	995	1,057	1,083	4,096	Commissions and expenses	1,041	1,139	1,185	1,209	4,574
12,012	13,724	13,248	14,033		Shareholders' equity	13,600	16,184	14,509	15,923	
2,466	2,394	2,516	2,442		Subordinated loans	2,793	2,823	2,756	2,771	
14,478	**16,118**	**15,764**	**16,475**		**EQUITY AND SUBORDINATED LOANS**	**16,393**	**19,007**	**17,265**	**18,694**	
					FIGURES PER COMMON SHARE					
0.38	0.40	0.38	0.42	1.58	Net income	0.41	0.46	0.43	0.46	1.76
9.07	9.87	9.49	10.06		Shareholders' equity	10.27	11.64	10.39	11.41	
					USD EXCHANGE RATE					
0.8832	0.8480	0.9131	0.8813		At end of period					
0.9230	0.8975	0.8955	0.8954		Weighted average rate					

D.G. Eustace (1936), British nationality, is Chairman of Smith & Nephew plc (London, UK) and former Vice-Chairman of Royal Philips Electronics. He was appointed in 1997. He is also a member of the Supervisory Boards of a number of Dutch companies, among which Royal KLM and Royal KPN. He is the Chairman of the Audit Committee.

O.J. Olcay (1936), American nationality, is Vice-Chairman and Managing Director of Fischer, Francis, Trees and Watts, Inc. (New York, USA). He was appointed in 1993; his current term of office will end in 2004. He is Chairman of FFTW Funds Inc. in New York (USA), FFTW Funds Selection in Luxembourg and FFTW Funds in Dublin (Ireland). He is a member of the Nominating and Strategy Committees.

K.M.H. Peijs (1944), Dutch nationality, is a member of the European Parliament. She was appointed in 1992; her current term will end in 2004. She is also a Supervisory Board member of, among others, Royal Vendex KBB and Daimler Chrysler Nederland. She is a member of the Nominating Committee.

G.A. Posthumus (1933), Dutch nationality, is a member of the Council of State in the Netherlands. He was appointed in 1997 and will retire in 2003, then having reached the retirement age of 70. He is also a former member of the Executive Board of the IMF. He is a member of the Audit Committee.

T. Rembe (1936), American nationality, is a partner of Pillsbury Winthrop LLP (San Francisco, USA). She was appointed in 2000; her current term will end in 2004. She is a member of the Board of Directors of Potlach Corporation (USA) and SBC Communications (USA). She is a member of the Audit Committee.

H. de Ruiter (1934), Vice-Chairman and Dutch nationality, is a retired Managing Director of Royal Dutch Petroleum Company and Group managing director of Royal Dutch/Shell group of companies. He was appointed in 1993; he will retire in 2004, then having reached the retirement age of 70. He is a member of the Supervisory Boards of a number of Dutch companies, among which Royal Dutch Petroleum Company, Royal Ahold, Wolters Kluwer and Univar N.V. He is also a member of the Executive Committee of Vereniging AEGON and of Trust offices on behalf of some Dutch companies. He is a member of the Audit, Compensation, Nominating and Strategy Committees.

W.F.C. Stevens (1938), Dutch nationality, is a senator in the Dutch Parliament and a retired partner/senior counsel of Baker & McKenzie. He was appointed in 1997; his current term will end in 2005. He is a member of the Supervisory Boards of a number of Dutch companies, among which NIB Capital, Schiphol Groep and TBI Holdings. He is a member of the Compensation Committee.

K.J. Storm (1942), Dutch nationality, is a former Chairman of the Executive Board of AEGON. He was appointed in 2002; his current term will end in 2006. He is a Chairman of the Supervisory Boards of Royal Wessanen and Laurus and a member of the Supervisory Boards of Interbrew (Leuven, Belgium), Royal KLM and Pon Holdings.

M. Tabaksblat (1937), Chairman and Dutch nationality, is Chairman of Reed Elsevier plc and a retired Chairman and CEO of Unilever. He was appointed in 1990; his current term will end in 2005. He is also Chairman of the Supervisory Board of TNT Post Group and a member of the International Advisory Boards of Salomon Smith Barney (USA) and Renault Nissan (France). He is also a member of the Executive Committee of Vereniging AEGON. He is the Chairman of the Compensation, Nominating and the Strategy Committees.

F.J. de Wit (1939), Dutch nationality, is a former Chairman of the Executive Board of Koninklijke KNP BT. He was appointed in 1990; his current term will end in 2004. He is also a member of the Supervisory Boards of Océ and PontEecen. He is a member of the Compensation and Strategy Committees.

		Value as of December 31, 2002	Annualized return in local currencies Return 2002	Return last 3 years	Return last 5 years
AEGON THE NETHERLANDS		EUR million			
AEGON Equity Fund		2,544	-33.2	-18.1	-1.4
AEGON Equity North America Fund		2,286	-36.5	-16.8	-1.2
AEGON Mix Fund		2,268	-9.4	-2.8	3.9
AEGON Equity Europe Fund		1,978	-32.4	-17.4	-1.6
AEGON World Equity Fund		1,940	-34.0	-18.4	-1.1
AEGON Aandelenfonds		1,639	-31.1	-16.4	0.3
AEGON Rente Fund		1,321	9.7	7.5	6.5
AEGON USA/IDEX	USD million	EUR million			
IDEX JCC Growth	1,153	1,100	-30.7	-29.1	-1.5
IDEX JCC Global	493	470	-27.0	-22.8	-1.3
AEGON USA/WRL	USD million	EUR million			
WRL Janus Growth	1,110	1,058	-29.9	-29.0	-1.3
WRL VKAM Emerging Growth	652	622	-33.1	26.7	2.1
WRL Janus Global	635	606	-26.0	22.2	0.9
WRL Alger Aggressive Growth	403	385	-34.3	-27.8	-1.1
AEGON USA/DIA	USD million	EUR million			
Value & Income	1,553	1,481	-14.8	-2.6	2.7
Equity Growth	1,147	1,094	-23.1	-19.6	-0.1
Special Equity	1,006	959	-23.7	-10.3	-0.9
Core Bond	1,000	953	9.7	9.2	7.0
AEGON UK/SCOTTISH EQUITABLE	GBP million	EUR million			
Pension Funds					
Mixed Fund	4,218	6,484	-19.6	-12.8	-2.4
UK Equity Fund	2,520	3,874	-23.2	-14.4	-3.8
European Fund	715	1,099	-29.4	-19.9	-4.6
Global Fund	651	1,001	-27.8	-17.6	-6.0
North America	516	793	-33.6	-16.9	-2.1
RETURN ON INDICES					
FT World Index (in EUR)			-31.0	-16.7	-0.9
AEX (in EUR)			-36.3	-21.7	-4.9
FTSE100 (in GBP)			-24.5	-17.2	-5.2
S&P 500 (in USD)			-23.4	-15.7	-1.9
Nasdaq Composite (in USD)			-31.5	-31.0	-3.2
EuroStoxx50 (in EUR)			-37.3	-21.3	-1.2
TOPIX (in JPY)			-18.3	-21.2	-6.4
Merrill Lynch Euro AAA (in EUR)			9.6	7.4	6.2

Participation in most of our funds can only be completed by buying an insurance product that is linked to these funds.

HEADQUARTERS
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STOCK EXCHANGE LISTING
The common shares of AEGON N.V. are quoted on stock exchanges in:

- Amsterdam (AEGN.AS)
- Frankfurt (AEGN.F)
- London (AEGNq.L)
- New York, NYSE (AEG.N)
- Tokyo (AEGON.T)
- Zurich (AEGN.S)

AEGON N.V. stock options are quoted at the Euronext Amsterdam, the Chicago Board Options Exchange and the Philadelphia Stock Exchange.

SHAREHOLDERS AND INVESTOR RELATIONS CONTACTS

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ANNUAL MEETING
The AEGON N.V. Annual General Meeting of Shareholders will be held at AEGON headquarters, AEGONplein 50, The Hague, the Netherlands on Thursday April 17, 2003 at 14.00 C.E.T.

KEY EVENTS 2002

March	7	Full year 2001 net income increases 16% to EUR 2,397 million
		Full year net income per share increases 12% to EUR 1.76
		A 12% higher dividend proposed of EUR 0.83 per share
March	7	Intended appointments at Supervisory Board and Executive Board AEGON N.V.
April	18	AEGON N.V. announces final dividend 2001
April	18	Appointments at Supervisory Board and Executive Board AEGON N.V.
April	26	CNOOC and AEGON expected to agree on joint venture
May	6	Stock fraction final dividend AEGON determined at $^1/_{55}$
May	7	First quarter net income increases 15% to EUR 617 million
		Net income per share increases 7% to EUR 0.44
May	9/10	CNOOC and AEGON in joint venture for life insurance activities in China
July	22	AEGON strengthens provisions: full year 2002 earnings lower than expected
August	8	Half year net income is EUR 763 million, a decrease of 34%
		Half year net income per share is EUR 0.55, a decrease of 37%
		An interim dividend of EUR 0.37 is declared
September	5	LA MONDIALE and AEGON to enter into an alliance in Europe
September	15	Vereniging AEGON and AEGON N.V. launch non-dilutive capital restructuring
September	16	Stock fraction interim dividend 2002 AEGON N.V. determined at $^1/_{33}$
September	18	Offering price of AEGON common shares set at EUR 10.00 per bearer share and USD 9.71 per New York share
		Transaction size fixed at 350 million common shares, resulting in total gross proceeds of EUR 3.5 billion
September	23	Placement of 350 million AEGON common shares by Vereniging AEGON closed
October	11	AEGON N.V. appoints manager for Corporate Responsibility
November	7	Net income EUR 429 million for third quarter 2002; per share EUR 0.30
		First nine months net income EUR 1,192 million; per share EUR 0.85
December	2	AEGON signed an agreement to transfer its Philippine activities to Paramount Life & General
December	26	AEGON has acquired a 20% stake in LA MONDIALE PARTICIPATIONS

IMPORTANT DATES 2003

February	27	Calculation period for dividend value in shares (up to and including March 5)
April	17	Annual General Meeting of Shareholders
April	17	Ex dividend date in the USA
April	22	Dividend record date
April	23	Ex-dividend date in the Netherlands
May	6	Release results first three months 2003
From May	13	Payment of dividend and delivery new shares
August	7	Release results first six months 2003
September	19	Interim dividend payable
November	6	Release results first nine months 2003

The statements contained in this Annual Report that are not historical facts are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. Words such as 'believe', 'estimate', 'intend', 'may', 'expect', 'anticipate', 'predict', 'project', 'counting on', 'plan', 'continue', 'want', 'forecast', 'should', 'would', 'is confident' and 'will' and similar expressions as they relate to us are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. We undertake 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 speak only as of their dates. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations, including, but not limited to, the following:

- changes in general economic conditions, particularly in the United States, The Netherlands and the United Kingdom;
- changes in the performance of financial markets, including emerging markets, including:
- the frequency and severity of defaults by issuers in our fixed income investment portfolios; and
- the effects of corporate bankruptcies and/or accounting restatements (such as Enron and WorldCom) on the financial markets and the resulting decline in value of securities we hold;
- the frequency and severity of insured loss events;
- changes affecting mortality, morbidity and other factors that may affect the profitability of our insurance products;
- changes affecting interest rate levels;
- changes affecting currency exchange rates, including the euro/US dollar and euro/UK pound exchange rates;
- increasing levels of competition in the United States, the Netherlands, the United Kingdom and emerging markets;
- changes in laws and regulations, particularly those affecting our operations, the products we sell and the attractiveness of certain products to our consumers;
- regulatory changes relating to the insurance industry in the jurisdictions in which we operate;
- acts of God, acts of terrorism and acts of war;
- changes in the policies of central banks and/or foreign governments;
- customer responsiveness to both new products and distribution channels;
- competitive, legal, regulatory, or tax changes that affect the distribution cost of or demand for our products; and
- our failure to achieve anticipated levels of earnings or operational efficiencies as well as other cost saving initiatives.

THE EXECUTIVE BOARD FROM LEFT TO RIGHT: JOHAN G. VAN DER WERF, DONALD J. SHEPARD, JOSEPH B.M. STREPPEL, PAUL VAN DE GEIJN.

Donald J. Shepard, Chairman (American), 56, started his career with Life Investors in 1970. Serving in various management and executive functions with Life Investors, he became Executive Vice-President and Chief Operating Officer in 1985, a position he held until AEGON consolidated its other US operations with Life Investors to form AEGON USA in 1989. He became a member of the Executive Board in 1992. As per April 18, 2002 he became Chairman of the Executive Board of AEGON N.V.

Paul van de Geijn (Dutch), 56, started his career at one of AEGON's predecessors in 1971 at the legal department. In 1984 he became Senior Vice-President and from 1986 till 1991 he was a member of the management board of AEGON The Netherlands and from 1991 till 2002 he was the CEO. As from 1992 he is a member of the Executive Board of AEGON N.V.

Joseph B.M. Streppel (Dutch), 53, started his career in 1973 at one of AEGON's predecessors in several treasury and investment positions. In 1986 he became CFO of FGH Bank and in 1987 he joined the Executive Board of FGH Bank. In 1991 he became CEO and Chairman of Labouchere and in 1995 also of FGH Bank. In 1998 he became CFO of AEGON N.V. Since May 2000 he has been a member of the Executive Board of AEGON N.V.

Johan G. van der Werf (Dutch), 50, started his career in 1973 as a First Officer in the Merchant Marine. In 1981 he joined one of the predecessors of AEGON as a district sales manager. From 1987 till 1992 he was chairman of the management board of Spaarbeleg and in 1992 he became a member of the management board of AEGON The Netherlands. As from 2002 he is a member of the Executive Board of AEGON N.V. and CEO of AEGON The Netherlands.

GROUP STAFF DEPARTMENTS

The AEGON Group Staff Departments have specific areas of attention, defined by the Executive Board. They work for the whole Executive Board and, if so requested, for individual members. Each head of a Group Staff Department formally reports to an individual member of the Executive Board. AEGON's Group Staff consists of some 110 people of different nationalities and is based in The Hague, the Netherlands.

Corporate Actuarial **Ad A.M. Kok (until March 1, 2003)**
Group Business Development **Alexander R. Wynaendts**
Group Communications **Gerard van Dongen**
Group Finance & Information **Ruurd A. van den Berg**
Group Legal **Erik Lagendijk**
Group Tax **Adri D.J. Verzijl**
Group Treasury **C. Michiel van Katwijk**

Company Secretary **Peter Tuit**

The paper used for this Annual Report meets the strictest environmental standards set by the Nordic Swan Council and is fully recyclable. It is made at a mill accredited to ISO 14001. The pulp used to produce the paper is generated locally and bleached without the use of elemental chlorine.

Colophon

Consultancy and design Pauffley Limited (UK)
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