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2.5. Change in technical provisions

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

2.6. Profit sharing and rebates

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.

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2.7. 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

Technical and non-technical accounts include the following:

	2002	2001	2000
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

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 employees average future years of service (approximately 7 years).

The amount in note 1.10 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

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.

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Remuneration of active and retired members of the Supervisory Board

	2002	2001	2000
		Amounts in EUR	
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	Granted[1]	Exercise price	Lapsed	Date	Market price	Stock options Balance at December 31	Exercise price	Shares held in the company December 31
		EUR		EUR			EUR		EUR	
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 note 4.4.4.

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	Lapsed	Date	Market Price	Stock options Balance at December 31	Exercise price
		EUR			EUR		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

	Life	Non-life	Non - technical	Total
2.8. Investment charges				
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

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2.9. 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 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

2.10. 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.

2.11. 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).

2.12. 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 net income from unconsolidated group companies.

Transamerica non-insurance businesses

After 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.

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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

	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.

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.

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	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.

Other liabilities

Creditors	489	529
Taxes	(3)	21
Other liabilities	386	503
Total	872	1,053
Shareholders equity		
Capital	14	17
Reserves	859	1,256
Total	873	1,273
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.

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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 ninety 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 ninety 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
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).

3. SEGMENT INFORMATION

	2002	2001	2000
	Amounts in EUR million		
Income by product segment			
Traditional life	1,457	1,557	1,581
Fixed annuities	174	358	461
GICs and funding agreements	272	215	179
Life for account policyholders	371	632	543
Variable annuities	(462)	120	141
Fee business	2	94	98
Book profit Mexico		343	
Life insurance	1,814	3,319	3,003
Accident and health insurance	278	209	172
General insurance	62	67	60
Total insurance activities	2,154	3,595	3,235
Banking activities	8	45	47
Interest charges and other	(313)	(397)	(443)
Income before tax	1,849	3,243	2,839
Corporation tax	(353)	(918)	(833)
Transamerica Finance Corporation	51	72	29
Labouchere			31
Net income	1,547	2,397	2,066
Income geographically			
Americas	1,206	2,272	2,025
The Netherlands	659	924	840
United Kingdom	233	372	360
Other countries	64	72	57
Income before tax business units	2,162	3,640	3,282
Interest charges and other	(313)	(397)	(443)
Income before tax	1,849	3,243	2,839
Gross margin	7,061	7,817	6,939
Commission and expenses	5,212	4,574	4,100
Revenues and production			
Revenues			
Life general account single premiums	1,789	2,165	2,224
Life general account recurring premiums	5,689	5,533	4,953
Life policyholders account single premiums	6,232	6,363	6,823
Life policyholders account recurring premiums	4,031	4,220	3,983
Total life insurance gross premiums	17,741	18,281	17,983
Accident and health insurance premiums	2,848	2,558	2,067

General insurance premiums	767	739	721
Total gross premiums	21,356	21,578	20,771
Investment income insurance activities[1]	9,325	9,840	9,534
Income from banking activities	416	384	324
Total revenues business units	31,097	31,802	30,629
Income from other activities	47	93	78
Total revenues	31,144	31,895	30,707

Revenues and production (continued)

	2002	2001	2000
Revenues by product segment			
Life insurance	26,435	27,620	27,165
Accident and health insurance	3,409	2,977	2,330
General insurance	837	821	810
Banking activities	416	384	324
Other activities	47	93	78
Total revenues	31,144	31,895	30,707
Investment income for the account of policyholders	(11,524)	(9,515)	(3,495)
Standardized new premium production life insurance			
Single	7,052	8,337	8,565
Recurring annualized	1,776	1,783	1,717
Total recurring plus 1/10 single	2,481	2,617	2,574
Deposits			
Fixed annuities	7,582	7,545	4,972
GICs and funding agreements	10,379	12,198	11,547
Variable annuities	10,458	6,638	8,987
Total	28,419	26,381	25,506
Savings deposits	3,386	4,262	3,528
Total production on balance sheet	31,805	30,643	29,034
Net deposits			
Fixed annuities	3,585	3,086	977
GICs and funding agreements	1,084	3,281	(52)
Variable annuities	5,481	955	2,988
Total	10,150	7,322	3,913
Savings deposits	(336)	1,057	(280)
Total production on balance sheet	9,814	8,379	3,633
Investment contracts	393	816	938
Off balance sheet production			
Synthetic GICs	12,881	13,077	6,379
Mutual funds/Collective Trusts and other managed assets	9,125	8,520	9,410
Total production off balance sheet	22,006	21,597	15,789

[1] Of which indirect income on real estate and shares	758	723	595

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Americas

	2002	2001	2000
Income by product segment			
Traditional life	859	884	924
Fixed annuities	174	358	461
GICs and funding agreements	272	215	179
Life for account policyholders	112	104	103
Variable annuities	(462)	120	141
Fee business	5	83	80
Book profit Mexico		343	
Life insurance	960	2,107	1,888
Accident and health insurance	246	164	134
General insurance	0	1	3
Total insurance	1,206	2,272	2,025
of which general account	1,551	1,965	1,701
of which policyholders account[1]	(345)	307	324
Income before tax	1,206	2,272	2,025
Corporation tax	(239)	(677)	(686)
Net income	967	1,595	1,339
Revenues			
Life general account single premiums	995	1,170	1,427
Life general account recurring premiums	4,721	4,667	4,190
Life policyholders account single premiums	835	1,118	1,073
Life policyholders account recurring premiums	667	795	723
Total life insurance gross premiums	7,218	7,750	7,413
Accident and health insurance premiums	2,608	2,337	1,865
General insurance premiums	0	11	5
Total gross premiums	9,826	10,098	9,283
Investment income insurance activities	7,546	8,078	7,754
Total revenues	17,372	18,176	17,037
Investment income for the account of policyholders	(5,965)	(5,951)	(3,981)

Americas (continued)

	2002	2001	2000
Gross margin, commissions and expenses			
Gross margin	4,939	5,664	5,016
Commissions and expenses	3,733	3,392	2,991
Standardized new premium production life insurance			
Single premiums	1,667	2,149	2,129
Recurring premiums annualized	872	887	1,050
Total recurring plus 1/10 single	1,039	1,102	1,263
Deposits			
Fixed annuities	7,582	7,545	4,972
GICs and funding agreements	10,379	12,198	11,547
Variable annuities	10,458	6,638	8,987
Total production on balance sheet	28,419	26,381	25,506
Off balance sheet production			
Synthetic GICs	12,881	13,077	6,379
Mutual funds/Collective Trusts and other managed assets	7,020	7,148	8,040
Total production off balance sheet	19,901	20,225	14,419

[1] Includes also variable annuities and fees.

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The Netherlands

	2002	2001	2000
Income by product segment			
Traditional life	552	614	577
Life for account policyholders	49	192	150
Life insurance	601	806	727
Accident and health insurance	26	36	34
General insurance	24	37	32
Total insurance	651	879	793
of which general account	602	687	643
of which policyholders account	49	192	150
Banking activities [1]	8	45	47
Income before tax	659	924	840
Corporation tax	(136)	(228)	(187)
Net income	523	696	653
Revenues			
Life general account single premiums	507	768	553
Life general account recurring premiums	564	569	602
Life policyholders account single premiums	1,171	814	739
Life policyholders account recurring premiums	1,331	1,486	1,429
Total life insurance gross premiums	3,573	3,637	3,323
Accident and health insurance premiums	162	146	129
General insurance premiums	447	422	408
Total gross premiums	4,182	4,205	3,860
Investment income insurance activities	1,454	1,484	1,502
Income from banking activities	416	384	324
Total revenues	6,052	6,073	5,686
Investment income for the account of policyholders	(1,165)	(155)	333
Gross margin, commissions and expenses			
Gross margin	1,325	1,479	1,374
Commissions and expenses [2]	666	555	534

The Netherlands (continued)

	2002	2001	2000
Standardized new premium production life insurance			
Single premiums	1,536	1,625	1,292
Recurring premiums annualized	191	188	172
Total recurring plus 1/10 single	345	351	301
Deposits			
Savings deposits	3,386	4,262	3,528
Total production on balance sheet	3,386	4,262	3,528
Investment contracts	393	816	938
Off balance sheet production			
Mutual funds and other managed assets	1,223	868	354
Total production off balance sheet	1,223	868	354

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.

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United Kingdom

	2002	2001	2000
Income by product segment			
Traditional life	19	22	52
Life for account policyholders	224	346	295
Fee business	(10)	4	13
Life insurance	233	372	360
of which general account	19	22	52
of which policyholders account[1]	214	350	308
Income before tax	233	372	360
Corporation tax	(55)	(107)	(98)
Net income	178	265	262
Revenues			
Life general account single premiums	273	181	160
Life general account recurring premiums	129	79	16
Life policyholders account single premiums	4,196	4,361	4,859
Life policyholders account recurring premiums	1,835	1,767	1,703
Total gross premiums	6,433	6,388	6,738
Investment income insurance activities	176	129	145
Total revenues	6,609	6,517	6,883
Investment income for the account of policyholders	(4,266)	(3,325)	181
Gross margin, commissions and expenses			
Gross margin	733	728	689
Commissions and expenses	500	356	329
Standardized new premium production life insurance			
Single premiums	3,804	4,447	4,896
Recurring premiums annualized	556	583	394
Total recurring plus 1/10 single	936	1,028	884
Off balance sheet production			
Mutual funds and other managed assets	696	442	952
Total production off balance sheet	696	442	952

1 Includes also fee income.

Other countries

	Hungary			Spain			Other countries		
	2002	2001	2000	2002	2001	2000	2002	2001	2000
Income by product segment									
Traditional life	27	35	30	0	9	8	0	(7)	(10)
Life for account of policyholders	3	(6)	(4)	(11)	(8)	(3)	(6)	4	2
Fee business	7	7	5						
Life insurance	37	36	31	(11)	1	5	(6)	(3)	(8)
Accident and health insurance	0	0	0	6	9	4			
General insurance	22	24	21	17	6	4	(1)	(1)	0
Total insurance	59	60	52	12	16	13	(7)	(4)	(8)
of which general account	49	59	51	23	24	16	(1)	(8)	(10)
of which policyholders account[1]	10	1	1	(11)	(8)	(3)	(6)	4	2
Income before tax	59	60	52	12	16	13	(7)	(4)	(8)
Corporation tax	(11)	(10)	(8)	(3)	(1)	0	2	0	(1)
Net income	48	50	44	9	15	13	(5)	(4)	(9)
Revenues									
Life general account single premiums	1	0	4	7	43	76	6	3	4
Life general account recurring premiums	82	77	82	50	52	38	143	89	25
Life policyholders account single premiums	6	10	34	16	45	97	8	15	21
Life policyholders account recurring premiums	50	36	18	25	38	38	123	98	72
Total life insurance gross premiums	139	123	138	98	178	249	280	205	122
Accident and health insurance premiums	1	1	1	78	74	72	(1)	0	0
General insurance premiums	91	84	84	229	221	218	0	1	6
Total gross premiums	231	208	223	405	473	539	279	206	128
Investment income insurance activities	80	76	77	51	54	46	18	19	10
Total revenues	311	284	300	456	527	585	297	225	138
Investment income for the account of policyholders	5	4	2	(47)	(36)	(26)	(86)	(52)	(4)
Gross margin, commissions and expenses									
Gross margin	135	131	126	120	117	109	74	57	34
Commissions and expenses	76	71	74	108	101	96	81	61	42
Standardized new premium production life insurance									
Single premiums	7	10	38	23	89	184	15	17	26
Recurring premiums annualized	21	22	18	14	35	46	121	68	37
Total recurring plus 1/10 single	22	23	22	16	44	64	123	70	40
Off balance sheet production									
Mutual funds and other managed assets	186	62	64						

[1] Includes also fee income

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Investments, assets and capital geographically

	Americas	The Netherlands	United Kingdom	Other countries	Total
As at December 31, 2002					
Investments					
Fixed income	100,643	10,792	1,507	1,611	114,553
Equities and real estate	3,299	4,943	135	133	8,510
Total general account	103,942	15,735	1,642	1,744	123,063
Fixed income	11,397	11,139	23,675	312	46,523
Equities and real estate	22,193	5,934	19,892	186	48,205
Total account policyholders	33,590	17,073	43,567	498	94,728
Total insurance activities	137,532	32,808	45,209	2,242	217,791
Banking activities		7,167			7,167
Off balance sheet assets	48,639	1,689	1,239	471	52,038
Total assets business units	186,171	41,664	46,448	2,713	276,996
Other investments					378
Total group					277,374
Assets business units	142,985	42,750	45,910	2,541	234,186
Other assets					4,020
Total assets on balance sheet					238,206
Capital in units	15,751	2,605	3,117	399	21,872
Total capital base					20,058
Other net liabilities					1,814
Total					21,872
As at December 31, 2001					
Investments					
Fixed income	105,087	11,411	1,323	1,401	119,222
Equities and real estate	4,840	6,290	147	155	11,432
Total general account	109,927	17,701	1,470	1,556	130,654
Fixed income	13,879	6,024	23,022	354	43,279
Equities and real estate	30,044	12,014	27,739	196	69,993
Total account policyholders	43,923	18,038	50,761	550	113,272
Total insurance activities	153,850	35,739	52,231	2,106	243,926
Banking activities		7,047			7,047
Off balance sheet assets	50,982	1,319	1,336	247	53,884
Total assets business units	204,832	44,105	53,567	2,353	304,857
Other investments					464

Total group					305,321
Assets business units	159,180	44,834	52,976	2,400	259,390
Other assets					4,671
Total assets on balance sheet					264,061
Capital in units	15,795	3,654	2,910	374	22,733
Total capital base					22,676
Other net liabilities					57
Total					22,733

Face value and total sums insured

	Americas	The Netherlands	United Kingdom	Hungary	Spain	Other [1] countries	Total
Year 2002							
Life Insurance							
New insurance written							
Individual	120,831	2,622	6,718	84	170	1,303	131,728
Group	14,731	4,887	2,645	187	48	0	22,498
Total 2002	135,562	7,509	9,363	271	218	1,303	154,226
Total 2001	85,732	9,777	9,039	298	360	802	106,008
Net increase							
Individual	24,367	(2,764)	(6,513)	(9)	(307)	1,734	16,508
Group	(15,909)	(1,091)	(3,086)	37	(122)	(48)	(20,219)
Total 2002	8,458	(3,855)	(9,599)	28	(429)	1,686	(3,711)
Total 2001	77,221	3,663	2,236	77	110	1,702	85,009
Total sums insured at year-end							
Individual	973,664	46,038	70,680	1,362	1,957	4,736	1,098,437
Group	59,623	67,917	17,793	257	714	0	146,304
Total 2002	1,033,287	113,955	88,473	1,619	2,671	4,736	1,244,741
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

	Americas	The Netherlands	United Kingdom	Other countries	Total	% of total
December 31, 2002						
Treasuries/Agencies	6,570	2,294	338	862	10,064	9
High Quality (AAA)	12,953	1,608	289	101	14,951	13
High Quality (AA)	8,735	689	270	224	9,918	9
Investment grade (A)	27,251	647	479	280	28,657	25
Investment grade (BBB)	24,025	272	124	20	24,441	21
High yield (BB+ or less)	6,394	51	3	5	6,453	6
Mortgages	12,509	4,924	0	8	17,441	15
Others	2,206	307	1	111	2,628	2
Total	100,643	10,792	1,507	1,611	114,553	100

December 31, 2001 [1]

Treasuries/Agencies	4,964	14	370	766	6,114	5
High Quality (AAA/AA)	22,693	5,053	480	338	28,564	24
Investment grade (A/BBB)	54,281	595	468	209	55,553	47
High yield (BB+ or less)	6,252	173	0	6	6,431	5
Mortgages	14,305	5,238	0	10	19,553	16
Others	2,592	338	5	72	3,007	3
Total	105,087	11,411	1,323	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.

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4. PARENT COMPANY

Amounts in EUR millions

4.1. Balance Sheets of AEGON N.V. at December 31

	Note number	2002	2001
Investments			
Group companies			
Shares in group companies	4.4.1.	12,464	11,850
Loans to group companies	4.4.2.	5,361	6,490
Other loans	4.4.3.	352	435
		18,177	18,775
Receivables			
Receivables from group companies		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
Total assets		20,739	21,864
Shareholders equity			
Share capital	4.4.4.	226	224
Tax-free paid-in surplus	4.4.5.	7,125	5,074
Revaluation account	4.4.5.	2,598	4,640
Other surplus fund	4.4.5.	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
Provisions		342	197
Long-term liabilities	4.4.6.	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.

4.2. Income Statements of AEGON N.V.

	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

4.3. Cash Flow Statements of AEGON N.V.

Cash flow from operations			
Net income	1,547	2,397	2,066
Equity in earnings of group companies	(1,511)	(2,337)	(2,053)
Change in provisions	145	30	(221)
Change in current liabilities	749	315	247
Change in receivables	43	(106)	1
Other items	0	223	480
	973	522	520
Cash flow from investing activities			
Investments in group companies	(3,756)		(1,396)
Dividends from group companies		360	1,753
Amounts due to group companies	450	(91)	(418)
Change in loans to group companies	78	(2,893)	(593)
Change in other loans	83	89	150
Divestitures of group companies	1,149		847
	(1,996)	(2,535)	343
Cash flow from financing activities			
Issuance of common shares		1,685	
Paid in capital preferred shares	2,053		
Withdrawal of preferred shares			(15)
Change in long-term liabilities	(324)	979	81
Options exercised		3	7
Cash settlement stock options	(6)	(71)	(200)
Repurchased own shares		(21)	(423)
Dividend paid	(734)	(544)	(298)
	989	2,031	(848)
Change in liquid assets	(34)	18	15

4.4. Notes to the Balance Sheets of AEGON N.V.

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.

4.4.1. 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.

4.4.2. Loans to group companies

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

4.4.3. Other loans

Balance at January 1	435	524
Repayments or payments received	(83)	(89)

Balance at December 31	352	435

	Common shares	Preferred shares	Total
4.4.4. Shareholders equity			
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 3 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.

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.

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.

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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.

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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 note 2.7.

	Paid-in surplus	**Revaluation account**	**Other surplus fund**	**Total 2002**	**Total 2001**
4.4.5. Surplus funds					
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.

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	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 realized 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 book value 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, 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.

4.4.6. 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	**Executive Board**
M. Tabaksblat	D.J. Shepard
H. de Ruiter	P. van de Geijn
D.G. Eustace	J.B.M. Streppel
O.J. Olcay	J.G. van der Werf
K.M.H. Peijs	
G.A. Posthumus	
T. Rembe	
W.F.C. Stevens	
K.J. Storm	
F.J. de Wit	

5. EXPLANATION OF DIFFERENCES BETWEEN DUTCH ACCOUNTING PRINCIPLES AND US GAAP

The consolidated financial statements of AEGON N.V. have been prepared in accordance with Dutch Accounting Principles as explained in more detail in Note 1 and 2 to the financial statements. Dutch Accounting Principles (DAP) differ in certain respects from accounting principles generally accepted in the United States (US GAAP). The following is a summary of differences between Dutch Accounting Principles and US GAAP which have an impact on reported Shareholders Equity or Net Income.

DESCRIPTION OF DIFFERENCES IN ACCOUNTING PRINCIPLES

Real estate

Under DAP real estate is shown at market value, being the selling-value under normal market circumstances. 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.

Under US GAAP real estate is carried at historical cost less accumulated depreciation and is adjusted for any impairment in value. Depreciation is provided over the estimated economic life of the property. Realized gains or losses and all other operating income and expense are reported in the income statement.

The adjustment shown in the reconciliation in the Shareholders equity column represents the reduction from market value to the historical cost less depreciation.

The adjustment shown in the reconciliation in the Net income column, represents the annual depreciation charge. The differences in results on disposals arising from the difference in book value between DAP and US GAAP is shown in the line realized gains on real estate and shares as is the reversal of the indirect income.

Debt securities valuation

Under DAP bonds and private placements are shown at amortized cost less write-downs for uncollectable amounts. Provisions for future losses on bonds and private placements are established as a result of default or other credit related issues.

Under US GAAP debt securities are classified in three categories and accounted for as follows:

- debt securities that the company has the intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost;
- debt securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings;
- debt securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses reported in shareholders equity.

AEGON has classified the vast majority of its debt securities as available-for-sale securities and the remainder as trading securities. Under US GAAP when evidence indicates there is a decline in a debt security s value, which is other than temporary, the security is written down to fair value through a charge to current year s earnings.

The adjustment shown in the reconciliation in the Shareholders equity column represents the difference between the amortized cost basis less write-downs for uncollectable amounts and the fair value.

Debt securities realized gains and losses

Under DAP 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.

Under US GAAP realized gains and losses on sales of bonds and private placements are recorded in the earnings of the period in which the sales occurred. Gains and losses, both realized and unrealized, on bonds and private placements classified as trading are included in net income.

The adjustment shown in the reconciliation in the Shareholders equity column represents the reclassification of the deferred results on the sale of bonds from liabilities to Shareholders equity.

The adjustment shown in the reconciliation in the Net income column represents the difference between the release of the deferred results on a DAP basis and the realized results on a US GAAP basis.

Deferred policy acquisition costs and value of business acquired

Under DAP policy acquisition costs are deferred to the extent that they are recoverable from future expense loadings (charges) in the premiums or from expected gross profits, depending on the nature of the contract. Acquisition costs are also deferred for certain investment type business in the U.S. 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 in all countries, the deferred policy acquisition costs are tested at least annually by country unit and product line to assess the recoverability from future premium loadings. The amount not recoverable is recognized as an expense in the income statement. In the United States and Canada, the DPAC on flexible premium products, including fixed and variable annuities, variable universal life and unit linked contracts, 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. 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 on flexible premium products 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.

Under US GAAP for flexible premium products sold in the Netherlands, the United Kingdom and Other countries the same approach is followed as described for the United States and Canada under DAP. For fixed premium products the accounting under US GAAP are similar to DAP in all countries. Acquisition costs related to investment type business in the US are expensed as incurred.

The adjustment in the reconciliation in the Shareholders equity column and the adjustment in the reconciliation in the Net Income column includes the effect of the difference between the accounting for DPAC on flexible premium products in the United Kingdom and the difference in accounting for acquisition costs related to investment type business in the United States. Also included, in accordance with practice subsequent to the issuance of SFAS 115, is the adjustment on DPAC to reflect the change in amortization that would have been necessary if unrealized investment gains or losses related to debt securities had been realized. The effect on US GAAP equity related to SFAS 115 is EUR (1,027) million (2001: EUR (602) million).

Goodwill

Under DAP goodwill is charged to shareholders equity in the year of acquisition.

Under US GAAP goodwill is capitalized and prior to January 1, 2002 goodwill was amortized over the expected periods to be benefited with adjustments for impairment, if necessary. For US GAAP accounting purposes goodwill was amortized over various periods, not exceeding 20 years for years prior to 2002. Goodwill was tested for impairment based on undiscounted cash flows.

Pursuant to SFAS No. 142, Goodwill and Other Intangible Assets goodwill is reviewed and tested for impairment under a fair value approach. Goodwill must be tested for impairment at least annually or more frequently as a result of an event or change in circumstances that would indicate an impairment may be necessary. Impairment testing requires the determination of the fair value for each of our identified reporting units. The reporting units identified for AEGON based upon the SFAS No. 142 rules include; AEGON USA, AEGON Canada, AEGON The Netherlands, AEGON UK insurance companies and AEGON UK distribution companies, Other Countries and Transamerica Finance. The fair value of the insurance operations is being determined using valuation techniques consistent with market appraisals for insurance companies, a discounted cash flow model requiring assumptions as to a discount rate, the value of existing business and expectations with respect to future growth rates and term. For our non-insurance operations, fair value was determined using a discounted cash flow analysis. The valuation utilized the best available information, including assumptions and projections considered reasonable and supportable by management. The assumptions used in the determination of fair value involve significant judgments and estimates. The discount rates used are believed to represent market discount rates, which would be used to value businesses of similar size and nature. See note 6.6.

A goodwill impairment write-down of EUR 1,295 million was recorded as a cumulative effect of adopting SFAS 142 as of January 1, 2002, and primarily reflects impairment for Transamerica Finance Corporation (EUR 1,234 million). A goodwill impairment write-down of EUR 670 million related to AEGON USA insurance operations was recorded as a result of the annual impairment testing performed in the fourth quarter of 2002 and was charged to income before cumulative effect of accounting changes.

Technical provisions

The provision for life insurance represents the present value of future benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums. 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, and depending on the type of products, updated.

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.

The provision for life insurance comprises also 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.

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.

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. 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 Fund Plan 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 provisions develop 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, guaranteed investment contracts (GICs) and funding agreements (FAs) are equal to the accumulated contract balance.

Under US GAAP the technical provisions for traditional life insurance contracts are computed using the net level premium method with investment yields, mortality, lapses and expenses based on historical assumptions, and include a provision for adverse deviation. For universal life contracts and investment type contracts (annuities) the technical provisions are equal to the policyholder account balances at the balance sheet date. The UK technical provision is reduced to equal the contract holder balance. The technical provision for fixed annuities, GICs and FAs is the same as under DAP.

Also US GAAP technical provisions include the part of the change in value of the debt securities that must be allocated to policyholders based on the effects of the application of SFAS 115. The SFAS 115 effect on US GAAP equity is EUR (348) million (2001: EUR (222) million).

In addition, to the extent that the contract contains an embedded derivative as defined by US GAAP, the contract is bifurcated and the derivative is marked to fair value with changes recognized in the income statement. This adjustment is included in the derivative line in the reconciliation.

Realized gains on real estate and shares

Realized and unrealized gains and losses on real estate and shares are under DAP recognized in the revaluation account, taking into account the related (deferred) taxes. In the income statement the structural total return on investments in real estate and shares is recognized. The total return includes the realized 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 7 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 realized direct income. The indirect income is released from the revaluation account if and as far as the balance of this account is positive. Moreover, the minimum reserve as required by law should be maintained. This reserve consists of the unrealized difference between the book value and the cost price of real estate and shares. Impairment losses due to an other than temporary decline in market value are reflected in the revaluation reserve as a transfer from the unrealized portion to the realized portion of the revaluation account.

Under US GAAP realized gains and losses on sales of real estate and shares are recorded in the earnings of the period in which the sales occurred. Gains and losses, both realized and unrealized, on shares classified as trading are included in net income. For non-trading shares unrealized gains and losses are reported as a component of comprehensive income. Impairments in value of shares deemed to be other than temporary are reported as a component of realized gains and losses. Real estate impairment is recognized as a realized loss in the income statement. Realized and unrealized gains and losses by their nature can show large fluctuations. Included in realized gains and losses on shares and real estate for US GAAP purposes are EUR 1,057 million (2001: EUR 36 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: 595 million).

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, under DAP 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.

US GAAP requires that all derivatives, including embedded derivatives, be recognized as either assets or liabilities in the balance sheet and be measured at fair value. Derivatives that do not qualify for hedge accounting treatment under US GAAP must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through income or recognized in other comprehensive income and amortized to income when the hedged transaction impacts income. Any portion of a derivative s change in fair value determined to be ineffective at offsetting the hedged risk will be immediately recognized in income. US GAAP accounting for derivatives was changed effective January 1, 2001. See Note 6.17 to the consolidated financial statements for a further description of the US GAAP accounting rules for derivatives and the rules in effect prior to 2001.

An EUR 318 million loss on the total return swaps with the Association has been included in 2002 net income on the line derivatives.

Deferred taxation

Under DAP deferred taxation is calculated on the basis of the difference between book value and valuation for tax purposes of the appropriate assets and liabilities. 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.

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US GAAP requires an asset and liability approach for financial accounting and reporting for income taxes. Deferred tax assets and liabilities are measured using those enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled and such tax rates are not discounted. Deferred tax assets are reduced, if necessary, by a valuation allowance to reflect the fact that (part of) the assets are not expected to be realized.

Balance of other items

Certain items are recorded differently or in different periods on the two bases of accounting.

The balance of other items includes the effect of the sale of the Mexico joint ventures, which under DAP was treated as having occurred in 2001 while for US GAAP purposes was treated as having occurred in 2002. In 2000 the result of the sale of Labouchere and of other divestitures, which were reported directly in equity under DAP, has been included in the balance of other items.

RECONCILIATION OF SHAREHOLDERS EQUITY AND NET INCOME BASED ON DUTCH ACCOUNTING PRINCIPLES TO US GAAP

	Shareholders equity		Net income		
	2002	2001	2002	2001	2000
	(In EUR millions)				
Amounts determined in accordance with Dutch Accounting Principles	14,231	15,923	1,547	2,397	2,066
Adjustments for:					
Real estate	(804)	(847)	(48)	(61)	(59)
Debt securities valuation	3,411	933			
realized gains and (losses)	245	189	8	276	(348)
Deferred policy acquisition costs	(1,421)	536	(557)	(141)	(46)
Goodwill	3,372	5,918	(670)	(496)	(433)
Technical provisions	422	153	402	45	12
Realized gains and (losses) on real estate and shares including reversal of indirect return			(2,251)	(1,160)	999
Derivatives	(750)	(377)	182	(152)	
Deferred taxation	(651)	(601)	(30)	44	(10)
Deferred taxation on US GAAP adjustments	(489)	(333)	153	344	165
Balance of other items	(12)	(825)	329	(410)	242
Amounts determined in accordance with US GAAP	17,554	20,669			
Income before cumulative effect of accounting changes			(935)	686	2,588
Cumulative effect of adopting SFAS 133 (Derivatives), net of tax of EUR 30 million				(54)	
Cumulative effect of adopting SFAS 142 (Goodwill)			(1,295)		
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 and (losses) on available for sale securities during period			(673)	(621)	212
Reclassification adjustment for (gains) and losses included in net income			1,193	377	(821)
Cumulative effect of accounting change of adopting SFAS 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 adjustment in 2002 primarily reflects impairments for Transamerica Finance Corporation (EUR 1,234 million) as a cumulative effect of adopting SFAS 142 and for 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 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: 595 million).

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An EUR 318 million loss on the total return swaps with the Association 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.

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PRESENTATION DIFFERENCES BETWEEN DUTCH ACCOUNTING PRINCIPLES AND US GAAP

The following is a summary of classification differences between Dutch Accounting Principles and US GAAP, which have no effect on reported Net Income or Shareholders Equity. The description of the Dutch Accounting Principle is shown first followed by a description of US GAAP.

Earnings of affiliates;

Classified as investment income and other income;

Classified as a specific item in the income statement net of appropriate income tax.

Deferred acquisition costs;

Classified as a reduction of technical provisions;

Classified as an asset.

Premiums collected on Universal Life-type contracts;

Classified as revenues;

Accounted for as deposit in the technical provisions.

Premiums to reinsurers;

Classified as a separate expense item;

Reflected as a reduction of premium revenues.

Change in unearned premiums;

Reflected as a change in the technical provisions;

Reflected as a change in revenues.

Owned and occupied real estate;

Reflected as investment;

Reflected as property and equipment.

Reinsurance recoverable;

Recorded as an offset to the claim liabilities;

Classified as an asset.

Real estate rentals, owner occupied property;

Included as offsetting rental income and rental expense;

Transactions eliminated.

Liquid assets;

Includes liquid assets with a maturity of one year or less at the date of acquisition. AEGON estimates that approximately 85% of its liquid assets at year-end 2002 have a maturity of three months or less;

Includes liquid assets with a maturity of three months or less at the date of acquisition.

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Joint ventures;

Accounted for using proportionate consolidation, reflecting the share in ownership;

Recorded as an equity investment using the equity method.

Unconsolidated holdings;

Includes businesses with dissimilar operations;

Such businesses are consolidated if more than 50% ownership of the equity.

Closed block of business;

Reported in detail in the income statement;

Reported on a net basis in the income statement.

Cash flow from operations;

Annuity and GIC/funding agreement deposits and withdrawals reported in cash flow from operating activities;

Annuity and GIC/funding agreement deposits and withdrawals reported in cash flow from financing activities;

This information should be read in conjunction with the Consolidated Cash Flow Statements. For the years ended December 31, 2002, 2001 and 2000, annuity, GIC and funding agreement deposits amounted to EUR 28,419 million, EUR 26,381 million and EUR 25,506 million, respectively, and annuity, GIC and funding agreement repayments amounted to EUR 18,269 million, EUR 19,059 million and EUR 21,593 million, respectively, and are part of cash flow from operating activities under Dutch GAAP. Such deposits and repayments would be reflected as cash flow from financing activities in a statement of cash flows prepared in accordance with US GAAP.

Securitization of mortgage loans;

The mortgage loan receivables of EUR 1.7 billion related to two private placement securitizations by AEGON Levensverzekering N.V. during 2002 were removed from the balance sheet and the cash proceeds received were recorded from the transfer of the economic ownership to third parties (see note 1.22 for a complete description of the transaction);

The mortgage loan receivables remain on the balance sheet and a liability has been established for the cash proceeds received.

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6. ADDITIONAL INFORMATION

The following information represents additional disclosures required by US GAAP reporting rules. The information has been prepared following Dutch Accounting Principles unless it specifically states that it is based upon US GAAP. All amounts are in million EUR, except per share data.

6.1. Earnings per share

FASB Statement No. 128 Earnings Per Share , (EPS), requires dual presentation of basic EPS and diluted EPS for entities with complex capital structures. Basic EPS excludes dilution and is computed by dividing income available to common shareholders, which is after deduction of dividends on the preferred shares, by the weighted average number of common shares (EUR 0.12 par value) outstanding. Diluted EPS is computed based on the weighted average number of common shares outstanding during the year, plus dilutive potential common shares considered outstanding during the year (treasury stock method). The weighted average number of common shares have been adjusted retroactively for all periods presented, to reflect stock dividends and the two for one stock-split in 2000.

	2002	**2001**	**2000**
		(in EUR)	
Net income per share, based on US GAAP			
Basic	(1.61)	0.46	1.97
Diluted	(1.61)	0.46	1.94

Per share amounts for net income were calculated using (1) an earnings per common share basic calculation and (2) an earnings per common share-assuming dilution calculation. A reconciliation of the factors used in the two calculations and between the Dutch and US accounting basis is as follows:

Numerator:

Dutch accounting principles:			
Net income	1,547	2,397	2,066
Less: dividends on preferred shares	(30)	(3)	(2)
Net income used in basic calculation	1,517	2,394	2,064
Plus: interest on convertible debt	0	0	1
Net income used in diluted calculation	1,517	2,394	2,065
US GAAP:			
Net income on Dutch accounting principles used in basic calculation	1,517	2,394	2,064
US GAAP adjustments to net income	(3,777)	(1,765)	522
Net income on US GAAP used in basic calculation	(2,260)	629	2,586

Net income on Dutch accounting principles used in diluted calculation	1,517	2,394	2,065
US GAAP adjustments to net income	(3,777)	(1,765)	522
Net income on US GAAP used in diluted calculation	(2,260)	629	2,587
Denominator: (number of shares, in millions)			
Weighted average shares, as used in basic calculation	1,401.6	1,357.3	1,315.4
Shares to cover conversion of convertible debt		1.5	3.3
Addition for stock options outstanding during the year	0.4	5.8	13.0
Weighted average shares, as used in diluted calculation	1,402.0	1,364.6	1,331.7

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6.2. Pension plans and other post retirement benefits

Pension expense (benefit), based on the requirements of SFAS 87 was EUR (53) million in 2002, EUR (98) million in 2001 and EUR (118) million in 2000 (EUR (92) million, EUR (111) million and EUR (82) million for DAP).

	2002	2001	2000
Net periodic expense consisted of the following:			
Service cost for benefits earned during the year	104	93	95
Interest cost on projected benefit obligation	206	214	189
Expected return on plan assets	(380)	(413)	(383)
Amortization of transition asset	(2)	(4)	(4)
Amortization of unrecognized prior service costs	16	16	2
Amortization of unrecognized gain	3	(4)	(17)
Net pension expense (benefit)	(53)	(98)	(118)
Assumptions used in the accounting for United States plans were:			
Discount rate	6.75%	7.25%	7.5%
Rates of increase in compensation levels	5.0%	5.50%	5.5%
Expected long-term rate of return on assets	9.0%	9.0%	9.0%
Assumptions used in the accounting for non-United States plans were:			
Discount rate	5.0-5.6%	5.5-6.0%	5.5-6.0%
Rates of increase in compensation levels	2.0-2.25%	2.25-2.5%	2.5-2.75%
Expected long-term rate of return on assets	5.7-7.6%	6.5-8.0%	6.5-8.0%

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of the plan assets is as follows

	2002	2001
Projected benefit obligation at beginning of year	3,427	3,164
Service costs	104	94
Interest costs	206	214
Actuarial (gain)/loss	185	63
Acquisition/(sale) of businesses	(1)	(28)
Benefits paid	(190)	(185)
Currency exchange rate differences	(333)	105
Projected benefit obligation at end of year	3,398	3,427
Fair value of plan assets at beginning of year	4,188	4,554
Actual return on plan assets	(485)	(349)
Contribution	102	52
Benefits paid	(190)	(185)
Acquisition/(sale) of businesses	0	(51)
Currency exchange rate differences	(387)	167

Fair value of plan assets at end of year	3,228	4,188

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	2002	2001
Funded status	(170)	761
Unrecognized prior service cost	158	173
Unrecognized net actuarial (gain)/loss	1,808	1,005
Unrecognized transition (asset)	(19)	(19)
Prepaid benefit cost	1,777	1,920

AEGON USA s employees participate in a qualified defined benefit pension plan which was overfunded by EUR 212 million at December 31, 2002. AEGON USA also sponsors supplemental retirement plans to provide senior management with benefits in excess of normal pension benefits. These plans are unfunded and nonqualified under the Internal Revenue Service Code. The amount unfunded related to these plans is EUR 130 million for which a liability has been recorded in AEGON s balance sheet on both a DAP and a US GAAP basis. The defined benefit plans in Canada, the Netherlands and UK are underfunded by EUR 252 million at December 31, 2002.

As of January 1, 2001, the pension plan in The Netherlands has been amended, reducing the retirement age by 3 years to 62 or 61.

AEGON provides, primarily in the US and The Netherlands, health care benefits to retired employees, which are predominantly unfunded.

Net periodic expense consisted of the following:		
Service cost for benefits earned during the year	4	3
Interest cost on projected benefit obligation	15	14
Expected return on plan assets	(1)	(1)
Amortization of transition asset	2	2
Amortization of unrecognized prior service costs	0	0
Amortization of unrecognized gain	1	(1)
Net expense	21	17

The reconciliation of the beginning and ending balances of the benefit obligation and the fair value of the plan assets is as follows:

Projected benefit obligation at beginning of year	215	210
Service costs	4	3
Interest costs	15	15
Amendments	0	(6)
Actuarial gain	45	(11)
Acquisition/sale of businesses	0	3
Benefits paid	(17)	(14)
Other		6
Currency exchange rate differences	(30)	9
Projected benefit obligation at end of year	232	215

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	2002	2001
Fair value of plan assets at beginning of year	22	18
Actual return on plan assets	1	1
Contribution	21	17
Benefits paid	(17)	(14)
Other	30	
Fair value of plan assets at end of year	57	22
Funded status	(175)	(191)
Unrecognized prior service cost	3	6
Unrecognized net actuarial (gain)/loss	5	(11)
Unrecognized transition (asset)/liability	1	2
(Accrued) benefit cost	(166)	(194)

An increase of 1% in the health care costs would have resulted in an additional accumulated projected benefit obligation of EUR 12 million (EUR 10 million in 2001 and 18 million in 2000) and an increase in service costs and interest cost of EUR 1 million (EUR 1 million in both 2001 and 2000). A decrease of 1% in the health care costs would have resulted in a lower accumulated projected benefit obligation of EUR 11 million (EUR 9 million in 2001 and 15 million in 2000) and a decrease in service costs and interest cost of EUR 1 million (EUR 1 million in both 2001 and 2000).

6.3. Investments

Proceeds, gross gains and gross losses from sales of available for sale securities for the three years ended December 2002 were:

	2002	2001	2000
Proceeds	88,269	78,251	51,595
Gross gains	1,488	1,130	2,275
Gross losses	(3,733)	(1,179)	(1,303)

Gross gains and losses are determined as the difference between proceeds and (average) cost price, before taking into account the tax effect.

6.4. Fair value of financial instruments

FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments , requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Statement 107 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. Statement 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

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The following table reflects the disclosure of fair values and carrying amounts of assets and liabilities as provided for in SFAS 107 and SFAS 133. All assets and liabilities are held for other than trading purposes.

	December 31, 2002		December 31, 2001	
	Carrying amount	Fair value	Carrying amount	Fair value
Real estate	2,211	2,211	2,326	2,326
Shares	6,324	6,324	9,135	9,135
Bonds and private placements	97,329	100,494	99,692	100,625
Loans guaranteed by mortgage	18,568	20,039	20,537	21,179
Investments for the account of policyholders	94,728	94,728	113,272	113,272
Cash and short term investments	1,587	1,587	868	868
Current liabilities and accruals and deferred income	18,006	18,006	16,814	16,814
Capital securities	2,008	2,013	2,101	2,218
Subordinated loans	616	647	670	739
Long-term liabilities	3,856	3,679	5,084	4,781
Investment contract liabilities	64,766	60,422	66,241	63,057

	December 31, 2002		December 31, 2001	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest rate contracts				
Interest rate swaps	62	(762)	0	(265)
Swaptions	0	0	90	93
Caps/floors	6	24	7	20
Forward rate agreements	0	2	0	1
Other derivative contracts				
Cross currency swaps	203	249	(694)	(604)
Foreign exchange contracts	57	57	(25)	(26)
Equity swaps	37	(341)	(17)	(14)
Over-the counter options	71	71	76	77
Credit derivatives	(4)	(7)	0	0
Exchange traded options/futures	74	72	(41)	(47)

The following methods and assumptions were used by the company in estimating its fair value disclosures for financial instruments:

Real estate

Real estate is reported in the balance sheet at appraisal value based on fair value when leased. At least 20% of property is revalued annually, so that each unit is revalued once in every 5-year period. New property is valued at construction cost including interest during the construction period, or at purchase price.

Shares

The fair values for shares are based on quoted market prices or, if unquoted, at estimated fair value and are recognized in the balance sheet.

Bonds and Private placements

Fair values for fixed maturity securities are based on quoted market prices, where available. For fixed maturities not actively traded, fair values are estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment.

Loans guaranteed by mortgage

The fair value for loans guaranteed by mortgage is estimated using discounted cash flow analyses, using interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations.

Investments for the account of policyholders

Investments for the account of policyholders and insurance-linked savings deposits are generally valued at fair value.

Cash and Short term investments

The carrying amounts reported in the balance sheet for these instruments approximate their fair values.

Current liabilities and accruals and deferred income

The carrying amounts of the Company s current liabilities and accruals and deferred income approximate their fair value.

Long-term liabilities and subordinated loans

The fair value of the Company s long-term liabilities and subordinated loans is based on quoted market prices, where available, or is estimated using discounted cash flow analyses, based on the Company s current borrowing rates for similar types of borrowing arrangements.

Investment contract liabilities (included in technical provisions)

Fair values for the company s liabilities under investment-type insurance contracts are estimated using discounted cash flow calculations, based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued.

Derivatives

The fair value of the derivatives generally reflects the estimated amounts that the Company would receive or pay to terminate the contracts on reporting date. Market quotes are available for many derivatives; for those products without readily available market quotes generally accepted valuation models are used to estimate fair value.

For more information on derivatives see note 1.21.

6.5 Supplemental information on Corporation Tax

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 in the US, lower taxable income relative to tax preferred investments and tax-exempt income in the Netherlands and US and the use of tax losses in the UK.

The adjustment included in other, net in the reconciliation of the nominal tax charge to the actual tax expense in note 2.11 includes a reduction in the deferred tax liability. In the United States the reduction in the deferred tax liability and the corresponding reduction in tax expense consisted of a USD 219 million change in estimate as additional information and refinements of prior year deferred tax liability became available during 2002. This was partially offset by the establishment of an additional tax provision of USD 129 million, including a valuation allowance of USD 85 million for loss carryforwards.

6.6. Summary description of US GAAP goodwill accounting

Under US GAAP goodwill is capitalized and prior to January 1, 2002 was amortized over the expected periods to be benefited with adjustments for impairment, if necessary. Effective January 1, 2002 goodwill is no longer amortized but is tested for impairment annually. Pursuant to the transitional rules of SFAS 142, we have completed a two-step impairment test during the first six months of 2002 and, as a result of that test, we recorded the cumulative effect of the accounting change for the goodwill impairment charge as of January 1, 2002 of EUR 1,295 million, in accordance with the estimate that was given in the 2001 Form 20-F. This non-cash impairment charge related primarily to the Transamerica non-insurance business. Factors resulting in the impairment charge were the down turn in the economic environment, particularly in the technology sector of the commercial lending segment, and increased price competition from other financial institutions.

The required annual goodwill impairment test was performed in the fourth quarter and resulted in a goodwill impairment charge of EUR 670 million in the AEGON USA reporting unit. This impairment charge has been reported as a 2002 GAAP operating expense. The primary factor resulting in the non-cash impairment charge for AEGON USA during the fourth quarter was due to the uncertainty in the current economic environment. The uncertainties include among others a continuation of the low interest rate environment resulting in compressed spreads, reduced expectations for total return rates in equity markets, an uncertain level of defaults in the fixed maturity markets and a reduction in the anticipated new business.

There is no impact to AEGON s net income or financial condition based on a Dutch accounting principles since goodwill is not established as an asset but is charged to equity at the time an acquisition is made.

Impairment testing required the determination of the fair value for each of the identified reporting units. The fair value of the insurance operations was determined using valuation techniques consistent with market appraisals for insurance companies, a discounted cash flow model requiring assumptions as to a discount rate, the value of existing business and expectations with respect to future growth rates and term. For our non-insurance operations, fair value was determined using a discounted cash flow analysis. The valuation utilized the best available information, including assumptions and projections considered reasonable and supportable by management. The assumptions used in the determination of fair value involve significant judgments and estimates. The discount rates used are believed to represent market discount rates, which would be used to value businesses of similar size and nature. Prior to the adoption of SFAS 142, the determination of whether goodwill was recoverable was based on projected, undiscounted cash flows from the earnings of AEGON s business segments during the remaining amortization period.

AEGON has recognized two purchased intangible assets, goodwill and value of business acquired (VOBA). The excess of the cost over the fair value of identifiable assets acquired in business combinations, including VOBA, is recorded as goodwill. VOBA is equal to the present value of estimated future profits of insurance policies in force related to business acquired.

The changes in the carrying value of goodwill presented for each business segment, for the year ended December 31, 2002, were as follows:

	Americas	The Netherlands	United Kingdom	Other Countries	Total
Goodwill balance at January 1, 2002	5,076	30	652	160	5,918
Goodwill acquired during the period	6	35	109		150
Impairment charge	(1,904)			(61)	(1,965)
Foreign currency translation	(535)		(47)	(8)	(590)
Other adjustments	(110)	(31)			(141)
Goodwill balance December 31, 2002	2,533	34	714	91	3,372

Information related to the VOBA

	2002	2001
Gross carrying amount	7,778	9,266
Accumulated amortization	(2,431)	(2,108)
Net carrying amount	5,347	7,158
Amortization expense	719	694

Estimated amortization expense for the years 2003 through 2007 is EUR 424 million, EUR 387 million, EUR 357 million, EUR 318 million and EUR 296 million, respectively.

The changes in the carrying value of the VOBA presented for each business segment, for the year ended December 31, 2002, are as follows:

	Americas	The Netherlands	United Kingdom	Other Countries	Total
VOBA balance at January 1, 2002	5,693		1,465		7,158
VOBA amortization	(692)		(27)		(719)
Foreign currency translation	(817)		(93)		(910)
Other adjustments	(182)				(182)
VOBA balance December 31, 2002	4,002		1,345		5,347

The net income of AEGON, if AEGON had not amortized goodwill prior to the adoption of SFAS 142, would have been as follows:

	Year ended December,		
	2002	2001	2000
Net income (loss) based on US GAAP:			
Income before cumulative effect of accounting changes	(935)[1]	686	2,588
Cumulative effect of adopting SFAS 133 (Derivatives)		(54)	
Cumulative effect of adopting SFAS 142 (Goodwill)	(1,295)		
Net income as reported	(2,230)	632	2,588
Goodwill amortization		496	433
Pro forma net income (loss)	(2,230)	1,128	3,021

[1] Including EUR 670 million goodwill impairment.

	Year ended December,		
	2002	2001	2000
Earnings (loss) per share:			
Basic: as reported	(1.61)	0.46	1.97
pro forma	(1.61)	0.83	2.30
Diluted: as reported	(1.61)	0.46	1.94
pro forma	(1.61)	0.83	2.27

6.7. Restrictions, commitments and contingencies

AEGON is subject to legal restrictions on the amount of dividends it can pay to its shareholders. Under Dutch law the amount that is available to pay dividends consists of total shareholders equity less the issued and outstanding capital and less the reserves required by law. At December 31, 2002 the issued and outstanding capital is EUR 0.2 billion, the reserves required by law amount to EUR 0.7 billion and EUR 13.3 billion is available for dividends. However, certain of AEGON s subsidiaries, principally insurance companies, are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to their parent companies. Insurance subsidiaries in the United States are subject to prior approval by statutory authorities for certain payments of dividends to AEGON, which exceed specified limits. These insurance subsidiaries are also subject to risk based capital standards, established by the National Association of Insurance Commissioners, which prescribe required capital levels and may restrict the amount of dividends which can be paid. Under the Insurance Industry Supervision Act 1993 in The Netherlands, life insurance companies are required to maintain an equity of approximately 5% of general account technical provisions and, in case of no interest guarantee, of approximately 1% of technical provisions with investments for the account of policyholders. While management does not believe such restrictions on AEGON s subsidiaries will affect its ability to pay dividends in the future, there can be no assurance that these restrictions will limit or prevent AEGON from doing so.

The Company and its subsidiaries are parties to a number of legal proceedings incidental to its business. It is management s opinion, after consultation with legal counsel, that damages arising from such litigation will not be material to either the financial position or the results of operations of the Company.

Pursuant to the 1983 merger agreement the Company is obligated to permit the Association to acquire preferred shares in such amounts as are necessary to maintain a majority voting interest in the Company in the event of any future issuance of either common or preferred shares.

6.8. Business segment information

Pursuant to Financial Accounting Standard No. 131 Disclosures about segments of an enterprise and related information (SFAS 131) business segments are defined on the same basis that the company is managed.

AEGON has the following reportable geographic segments: Americas, The Netherlands, United Kingdom and Other countries, which include Hungary, Spain and other units. Crucial differences exist in local markets and for this reason AEGON emphasizes a decentralized organization structure. The operating companies, with knowledgeable and highly experienced local management and employees, market their own, unique products using tailored distribution channels. Approximately 90% of AEGON s core business is life insurance, pension and related savings and investment products. The Group is also active in accident and health insurance, property and casualty insurance and limited banking activities.

AEGON evaluates performance and allocates resources based on income before interest charges and taxes, based on Dutch accounting principles. The accounting policies of the reportable segments are the same as those used for the consolidated financial statements. Intersegment revenue and expenditures for additions to long-lived assets are not significant.

	2002	2001	2000
Revenues:			
Americas	17,372	18,176	17,037
The Netherlands	6,052	6,073	5,686
United Kingdom	6,609	6,517	6,883
Other Countries	1,064	1,036	1,023
Other	47	93	78
	31,144	31,895	30,707
Income before tax:			
Americas	1,206	2,272	2,025
The Netherlands	659	924	840
United Kingdom	233	372	360
Other Countries	64	72	57
Interest charges and other	(313)	(397)	(443)
	1,849	3,243	2,839
Identifiable assets			
Americas	146,253	163,205	144,729
The Netherlands	43,502	45,676	43,802
United Kingdom	45,910	53,008	53,631
Other Countries	2,541	2,172	2,054
	238,206	264,061	244,216

The tables below show the Company s revenues, income before tax and identifiable assets by line of business.

Revenues:			
Life insurance	26,435	27,620	27,165
Non-life insurance	4,246	3,798	3,140
Banking activities	416	384	324
Other non-insurance activities	47	93	78
	31,114	31,895	30,707
Income before tax:			
Life insurance	1,814	3,319	3,003
Non-life insurance	340	276	232
Banking activities	8	45	47
Interest charges and Other	(313)	(397)	(443)
	1,849	3,243	2,839
Identifiable Assets:			
Insurance	230,042	255,045	237,414

Banking activities	7,443	7,417	5,760
Other non-insurance activities	721	1,599	1,042
	238,206	264,061	244,216

For more information on reportable segments see note 3 Segment information.

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6.9. Revenue recognition

Life insurance premiums are reported as earned when due or, for short duration contracts, over the contract period. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the life of the contracts. This association is accomplished by means of the technical provision and the deferral and amortization of acquisition costs. Acquisition costs consist principally of commissions, premium taxes and certain variable policy issuance, underwriting and agency expenses.

Deferred policy acquisition costs of insurance contracts with fixed premiums are generally amortized over periods not to exceed the premium paying periods or the contract periods. For flexible insurance contracts and investment type contracts the amortization is generally in proportion to emerging gross profits.

General insurance premiums are recognized on a monthly pro rata basis over the terms of the policies. Acquisition costs, consisting of commissions, premium taxes and other costs that vary with and are primarily related to the production of business are deferred by major product groups and amortized over the terms of the policies.

Deferred policy acquisition costs are reviewed to determine that they do not exceed recoverable amounts, after allowing for anticipated investment income.

6.10. Shareholders equity

Set forth below are changes in shareholders equity for the past three years.

	2002	**2001**	**2000**
Preferred Shares			
Balance at January 1	53	53	65
Issued			4
Repurchased			(16)
Balance at December 31	53	53	53

Vereniging AEGON holds all the issued preferred shares. From the net profit first of all a preferred dividend will be paid out, based on the official rate of disbursement. Dividends were 5% in 2002 and 4.75% in 2001 and 2000. Apart from this no additional dividend is to be paid on the preferred shares.

	2002	**2001**	**2000**
Common Shares			

Balance at January 1	171	162	151
Change in par value			9
Issuance of shares		7	
Stock dividend	2	2	2
Exercised options		0	0
Balance at December 31	173	171	162

	Paid-in surplus	Revaluation account	Other surplus fund	Total
Surplus funds				
Balance at January 1, 2000	3,397	6,682	3,248	13,327
Change in presentation final dividend 1999			457	457
Balance at January 1, 2000 after change in presentation	3,397	6,682	3,705	13,784
Repurchased own shares			(423)	(423)
Exercised options	7			7
Stock dividend	(1)			(1)
Final and interim dividends			(295)	(295)
Revaluation group companies		(505)	565	60
Currency exchange rate differences			(105)	(105)
Cash settlement subordinated convertible loan			(24)	(24)
Goodwill			(2,254)	(2,254)
Settlement stock option plan			(200)	(200)
Other movements	(8)		605	597
Balance at December 31, 2000	3,395	6,177	1,574	11,146
Net income			2,063	2,063
Issuance of new shares	1,677			1,677
Repurchased own shares			(21)	(21)
Valuation Equity Swap			(19)	(19)
Exercised options	3			3
Stock dividend	(1)		(1)	(2)
Final and interim dividends			(541)	(541)
Revaluation group companies		(1,537)	436	(1,101)
Currency exchange rate differences			(50)	(50)
Cash settlement subordinated convertible loan			(68)	(68)
Goodwill			(286)	(286)
Sale Mexico			602	602
Settlement stock option plan			(71)	(71)
Other movements			(27)	(27)
Balance at December 31, 2001	5,074	4,640	3,591	13,305
Net income			2,394	2,394
Paid in capital on preferred shares	2,053			2,053
Valuation equity swap			(318)	(318)
Exercised options			0	0
Stock dividend	(2)			(2)
Final and interim dividends			(731)	(731)
Revaluation group companies		(2,042)	(1,392)	(3,434)
Currency exchange rate differences			(703)	(703)
Goodwill			(70)	(70)
Settlement stock option plan			(6)	(6)
Other movements			0	0
Balance at December 31, 2002	7,125	2,598	2,765	12,488

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6.11. Comprehensive income in accordance with US GAAP

The related tax effects allocated to each component of Other comprehensive income are as follows:

		2002	2001	2000
			(In million EUR)	
Foreign currency translation adjustment	pretax	(2,692)	701	659
	tax			
	net of tax	(2,692)	701	659
Unrealized gains (losses) during period	pretax	(384)	(752)	384
	tax	(289)	131	(172)
	net of tax	(673)	(621)	212
Less: reclassification adjustment	pretax	1,228	460	(969)
	tax	(35)	(83)	148
	net of tax	1,193	377	(821)
Cumulative effect of adopting SFAS 133	pretax		76	
	tax		(27)	
	net of tax		49	
Other comprehensive income (loss)		(2,172)	506	50

Accumulated other comprehensive income consists of:

	December 31, 2002	December 31, 2001	December 31, 2000
Accumulated foreign currency adjustment	(226)	2,466	1,765
Unrealized gains (losses)	1,503	345	730
Cumulative effect of adopting SFAS 133	49	49	
Total	1,326	2,860	2,495

6.12. New accounting standards

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations for a disposal of a segment of a business. SFAS 144 is effective for fiscal years beginning after December 15, 2001. AEGON adopted SFAS 144 on January 1, 2002 and the adoption of the Statement did not have a material impact on the consolidated financial position and results of operations of AEGON.

In July 2002, the FASB issued SFAS No. 146 Accounting for Certain Costs Associated with Exit or Disposal Activities , which nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan, as previously required per EITF No. 94-3. Provisions of SFAS No. 146 are effective for activities initiated after December 31, 2002.

Adoption of this statement is not expected to have a material impact on AEGON s consolidated financial condition or results of operations.

In December 2002, the FASB issued SFAS No. 148 Accounting for Stock-Based Compensation Transition and Disclosure . This statement amends SFAS No. 123, Stock-Based Compensation to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and tabular information about the effect of the method of accounting for stock-based compensation on net income and earnings per share including pro forma amounts. AEGON continues to account for stock compensation following APB No. 25 in the determination of GAAP net income. The disclosure provisions are effective for fiscal years ending after December 15, 2002 and have been incorporated into the financial statement s footnotes.

In November 2002, the FASB issued FASB Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (FIN No. 45). FIN No. 45 interprets FASB Statement Nos. 5, 57 and 107, and addresses the disclosures to be made by a guarantor in interim and annual financial statements about obligations under certain guarantees that it has issued. FIN No. 45 clarifies that a guarantor must recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that the specified triggering events or conditions occur. The initial recognition and initial measurement provisions of this interpretation will be applied on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN No. 45 are effective for financial statements of annual or quarterly periods ending after December 15, 2002. AEGON has adopted the disclosure provisions of FIN No. 45 for December 31, 2002. AEGON is currently evaluating what impact, if any, adoption of FIN No. 45 will have on its consolidated financial position, consolidated results of operations, or liquidity.

AEGON has various arrangements that require guarantor disclosures per FIN No. 45. A synthetic GIC is an off-balance sheet fee-based product primarily sold to tax qualified plans. The plan sponsor retains ownership and control of the invested assets. It is typically issued with an evergreen maturity and is cancelable by the plan sponsor under certain conditions. AEGON provides book value benefit responsiveness in the event that qualified plan benefit requests exceed plan cash flows. In certain contracts, AEGON agrees to make advances to meet benefit payment needs and earns a market interest rate on these advances. At December 31, 2002, synthetic GICs have been issued on EUR 32 billion (USD 33 billion) off-balance sheet assets, which represents the maximum amount of potential future payments (undiscounted). Funding requirements to date have been minimal. In addition, the periodically adjusted contract crediting rate passes through the investment and benefit responsive experience so management does not anticipate any future funding requirements that would have a material effect on reported financial results. Reserves have been established for these agreements in the amount of EUR 9.1 million (USD 9.5 million) at December 31, 2002.

AEGON enters into agreements to provide liquidity for multi-seller asset backed commercial paper conduits and municipal variable rate demand note facilities if there are certain disruptions in the commercial paper or municipal bond markets. These generally provide for AEGON to purchase non-defaulted assets or provide loans secured by assets from the conduit or facility at market interest rates or better. At December 31, 2002, the total notional outstanding was EUR 1.0 billion (USD 1.1 billion), which represents the maximum amount of potential future payments (undiscounted). AEGON does not anticipate any future funding requirements that would have a material effect on reported financial results. Reserves have been established for these agreements in the amount of EUR 1.8 million (USD 1.9 million) at December 31, 2002.

AEGON has entered into an agreement with a fund of funds (hedge funds) manager to pay 50% of the excess of the amount of principal protection over the value of the fund of fund assets at the maturity of the principal protection instrument. At December 31,

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2002, the notional amount of the principal protection was EUR 314 million (USD 327 million), which represents the maximum amount of potential future payments (undiscounted). The underlying fund portfolios are restricted as to investment instruments held and are required, through monitoring and triggers, to replace the assets with fixed income instruments in order to defease the principal protection liability. Accordingly, management does not anticipate any future funding requirements with respect to the principal protection that would have a material effect on reported financial results.

In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities (FIN No. 46). FIN No. 46 clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements , to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties (variable interest entities). Variable interest entities (VIEs) are required to be consolidated by their primary beneficiaries if they do not effectively disperse risks among parties involved. The primary beneficiary of a VIE is the party that absorbs a majority of the entity s expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests. FIN No. 46 requires new disclosures about VIEs. On February 1, 2003, the Company adopted FIN 46 for VIEs created after January 31, 2003 and for VIEs in which the Company obtains an interest after January 31, 2003. AEGON will adopt FIN No. 46 on July 1, 2003 for VIEs in which it holds variable interest that it acquired before February 1, 2003. AEGON is currently evaluating the impact of the provisions of FIN 46 on its consolidated financial statements.

AEGON has identified the following VIE structures as those impacted by the implementation of FIN 46:

AEGON owns interests in several Limited Partnerships in which it is a passive investor. The majority of the Limited Partnerships invest in debt instruments or equity funds. AEGON is the majority holder of the equity in the Limited Partnerships and is currently determining whether it is the Primary Beneficiary under the new guidance. Net assets under management total USD 430 million. AEGON s liability is limited and it currently has the total gross exposure to loss already reflected in the balance sheet.

AEGON owns interests in several Limited Partnerships designed to provide housing to families with income below certain levels. AEGON is a passive investor in these structures but is also a majority holder of the equity. AEGON is currently determining whether it is the Primary Beneficiary under the new guidance. Net assets under management total USD 346 million. AEGON s liability is limited and it currently has the total gross exposure to loss already reflected in the balance sheet.

AEGON is an investment manager for a portfolio of bank loans for a third party. AEGON participates in the earnings and losses of USD 450 million of assets. AEGON is currently determining whether it is the Primary Beneficiary under the new guidance.

AEGON invests in USD 11.7 billion of asset-backed securities the majority of which is invested in senior notes. Of the asset-backed exposure, USD 50 million is invested in below investment grade. This also includes our exposure to collateralized debt obligations. AEGON is currently reviewing the below investment grade exposure to determine whether it is the Primary Beneficiary.

The Derivative Implementation Group has recently released Statement No. 133 Implementation Issue No. 36, Embedded Derivatives: Bifurcation of a Debt Instrument that Incorporates Both Interest Rate Risk and Credit Rate Risk Exposures that are Unrelated or Only Partially Related to the Creditworthiness of the Issuer of the Instrument (DIG B36). DIG B36 addresses whether SFAS No. 133 requires bifurcation of a debt instrument into a debt host contract and an embedded derivative if the debt instrument incorporates both interest rate risk and credit risk exposures that are unrelated or only partially related to the creditworthiness of the issuer of that instrument. Under DIG B36, modified coinsurance and coinsurance with funds withheld reinsurance agreements as well as other types of receivables and payables where interest is determined by reference to a pool of fixed maturity assets or a total return debt index are examples of arrangements containing embedded derivatives requiring bifurcation. DIG 36 has been exposed for comment by the FASB. It is not expected to be finalized by the FASB until sometime in the second quarter of 2003. If DIG B36 is finalized in its current form, AEGON has determined that certain of its modified coinsurance and coinsurance with funds withheld reinsurance agreements assumed and ceded contain embedded derivatives requiring bifurcation. AEGON has not yet determined the value of the related embedded derivative in these products.

6.13. Stock-based compensation

SFAS No. 123, Accounting for Stock-Based Compensation and SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure provide guidance on accounting and reporting for the cost of stock-based compensation. Compensation costs related to stock options are permitted to be recorded under the intrinsic value method provided certain fair value information is disclosed. AEGON has elected to follow the intrinsic value method of Accounting Principles Board Opinion No. 25, Accounting for Stock issued to Employees (APB 25) and related interpretations in accounting for its stock options for purposes of the reconciliation of net income from DAP to US GAAP. Under APB 25, because the exercise price of AEGON s stock options equals the market price of the underlying stock at the date of the grant, no compensation cost is recognized at the grant date.

Had compensation costs for AEGON s stock options granted in 2002, 2001 and 2000 been determined based on the fair value of the options at the grant dates consistent with the method of SFAS 123, pro forma net income and earnings per share, adjusted for stock splits, based on US GAAP would have been:

	2002	**2001**	**2000**
Net income based on US GAAP as reported	(2,230)	632	2,588
Deduct: total stock-based compensation expense determined under fair value based method for all awards, net of tax	(1)	(67)	(59)
Pro forma net income based on US GAAP	(2,231)	565	2,529
Basic earnings per share (in EUR)			
as reported	(1.61)	0.46	1.97
pro forma	(1.61)	0.41	1.92
Diluted earnings per share (in EUR)			
as reported	(1.61)	0.46	1.94
pro forma	(1.61)	0.41	1.90

The fair value of the stock options at the date of grant was estimated using the binomial option pricing model with the following assumptions for the three years ended December 31, 2002: risk-free interest rates of 5.2%, 4.2% and 4.9% and expected volatility of 37%, 38% and 38%, respectively. The calculation takes into account that the 2002 options granted vest after two years and the options granted in 2001 and 2000 cannot be exercised within the first three years.

Fair value of options[1] granted during the year	1	67	59

[1] excluding stock appreciation rights in 2002, 2001 and 2000, for which the expenses have been included in net income based on US GAAP.

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6.14. Use of estimates

The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Significant estimates and assumptions are utilized in the calculation of deferred policy acquisition costs, value of business acquired, technical provisions and accruals, valuation allowances on investments and deferred taxes. It is reasonably possible that actual experience could differ from the estimates and assumptions utilized.

6.15. Foreign currency translation

Assets and liabilities are converted at year-end rates. Income statement items are converted at the average currency rates for the reported period.

The financial statements are not comparable to the financial statements of other companies that report in euros that restated their prior periods from currencies other than the Dutch guilder.

6.16. AEGON UK s With Profit Funds

The assets and liabilities of the with-profits funds of Scottish Equitable and Guardian are included in AEGON s historical Dutch accounting basis balance sheet at fair value in the line items, investments for the account of policyholders and Technical provisions with investment risk for the account of policyholders. The assets and liabilities are equal in amount since the with-profit funds are held for the sole benefit of the participating policyholders. In respect of Guardian there is a 10% profit participation in those surpluses distributed to policyholders. The fair value adjustment for investment assets is recorded through the income statement in investment income for the account of policyholders in the technical account life insurance with an offsetting amount recorded in benefits paid and provided. The income statement activity of the with-profits funds is reported in each of the applicable line items in AEGON s historical Dutch accounting basis income statement with no net income effect for Scottish Equitable PLC.

For US GAAP purposes the with-profits fund is treated similar to a closed block of business. A closed block of business is established for the benefit of a class of policyholders and is designed to give them reasonable assurance after a reorganization that assets will be available to maintain the benefits under their policies.

The Scottish Equitable with-profits fund was established as part of the regulatory requirement to allow AEGON to acquire an interest in the non-participating business of Scottish Equitable. The with-profits fund is treated as a closed block of business since at the time Scottish Equitable PLC was formed the participating policies were allocated specific assets and the business was segregated within Scottish Equitable PLC. The participating policyholders are entitled to receive 100% of the financial performance of this segregated with-profits fund. The Guardian with-profit fund is treated similarly, with the exception of a profit share to the shareholders of 10%.

Under the terms of the agreement Scottish Equitable PLC remains obligated to the participating policyholders of Scottish Equitable PLC for the guaranteed benefits under their policies should their be a financial short-fall in the with-profits fund.

Pursuant to US GAAP the investment assets are classified as available for sale and accordingly are carried at fair value. Because the with-profits funds are maintained for the sole benefit of the participating policyholders, the fair value adjustment is recorded directly to the policyholder liability account. In addition, for US GAAP reporting rules, the income statement activity would be reported on a net basis as a single line item. Under this arrangement the policyholders receive all of the benefits from the with-profit fund and to the extent there is any excess earnings a policyholder dividend liability is established such that the net income result is zero.

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Summarized financial information on a Dutch accounting basis for the with-profits funds as of and for the year ended December 31, 2002, is as follows (amounts in EUR millions):

Assets:	
Property	112
Fixed maturities at fair value	17,008
Equity securities at fair value	6,265
Other assets	892
Total assets	24,277
Liabilities:	
Technical provisions	23,328
Other liabilities	949
Total Liabilities	24,277
Revenues and expenses:	
Gross premiums	1,024
Investment income	(326)
Revenue	698
Benefits paid and provided	1,685
Change in Technical Provisions	(987)
Benefits and expenses	698
Net income	0

6.17 Derivatives

In June 1998, the Financial Accounting Standards Board (the FASB) issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), subsequently amended by SFAS No. 137 and SFAS No. 138. AEGON adopted the new Statement effective January 1, 2001 for purposes of its reconciliation from DAP to US GAAP. The Statement requires all derivatives, including those derivatives embedded in other contracts, to be recognized as either assets or liabilities on the balance sheet at their fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a recognized asset or liability or of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company uses derivative financial instruments, including financial futures contracts, interest rate swaps, currency swaps, options and forward contracts, as a means of hedging exposure to interest rate, equity price change and foreign currency risk.

The Company s financial instruments and insurance products are reviewed to determine whether a derivative may be embedded in such instruments or products. The Company assesses whether the economic characteristics of the embedded derivative are clearly and closely related to the remaining component of the financial instrument or insurance product (that is, the host contract). If it is determined that the embedded derivative is not clearly and closely related to the host contract and that a separate instrument with the same terms would qualify as a derivative, the embedded derivative is separated from the host contract and carried at fair value.

To qualify as a hedge, the hedge relationship is designated and formally documented at inception detailing the particular risk management objective and strategy for the hedge which includes the item and risk that is being hedged, the derivative that is being used, as well as how effectiveness is being assessed. A derivative has to be highly effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged. For fair value hedges, changes in the fair value of derivatives are reflected in net income, together with changes in the fair value of the related hedged item attributable to the hedged risk. The Company s fair value hedges primarily include hedges of assets or liabilities at fixed rates. During 2002 the amount of hedge ineffectiveness that was recognized in net income was EUR 29.5 million for fair value hedges.

For cash flow hedges, the accounting treatment depends on the effectiveness of the hedge. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives fair value will not be included in current net income but is reported in comprehensive income. These changes in fair value will be included in net income of future periods when net income is also affected by the variability of the hedged cash flows. An immaterial amount of cash flow hedges have been designated as hedges pursuant to SFAS 133.

Derivatives that are either hedging instruments that are not designated or do not qualify as hedges under the new rules are carried at fair value with changes in value reflected in net income. The effectiveness of hedging relationships is evaluated on a retrospective basis using quantitative measures of correlation. If a hedge relationship is found to be ineffective, it no longer qualifies as a hedge and any excess gains or losses attributable to such ineffectiveness as well as subsequent changes in fair value are recognized in net income. For those hedge relationships that are terminated, hedge designations removed, or forecasted transactions that are no longer expected to occur, the hedge accounting treatment described in the previous paragraphs will no longer apply. For fair value hedges, any changes to the hedged item remain as part of the basis of the asset and are ultimately reflected as an element of the yield. For cash flow hedges, any changes in fair value of the end-user derivative remain in accumulated comprehensive income and are included in net income of future periods when net income is also affected by the variability of the hedged cash flow. If the hedged relationship was discontinued because a forecasted transaction will not occur when scheduled, any changes in fair value of the derivative is immediately reflected in net income.

Derivatives embedded in products and other investments, which are not clearly and closely related to the underlying host contract, have been bifurcated and valued separately. Certain embedded derivatives in insurance products required the development of models in order to calculate fair value. An adjustment to re-establish deferred acquisition cost was made, where appropriate.

As a result of adopting SFAS 133, AEGON recorded in its net income for 2001, based on US GAAP, a cumulative effect of an accounting change adjustment loss of EUR 54 million and a gain of EUR 49 million in comprehensive income for the same period. A one-time opportunity to reclassify available for sale investments to trading is allowed without tainting the remaining securities in the available for sale portfolio. The Company has elected to take this opportunity to reclass approximately EUR 1.6 billion of available for sale investments to trading as of January 1, 2001.

The total return swaps with Vereniging AEGON are being carried at fair value as a liability with the change in fair value reported in net income.

Prior to January 1, 2001, the Company also used interest rate swap contracts and foreign exchange contracts for hedging purposes. For interest rate swaps, the net amount paid or received and net amounts accrued through the end of the accounting period were included in interest expense. Unrealized gains or losses on interest rate swap contracts were not recognized in income. Gains or losses on contracts terminated early were deferred and amortized to income over the remaining average life of the terminated contracts.

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6.18. GICs and Funding agreements

GIC s and Funding Agreements are sold to a broad array of Institutional customers including defined contribution plans, defined benefit plans, public employee plans, municipal/governmental bond issuers, money market mutual funds, and Medium Term Note investors. GIC s are generally issued to tax-qualified retirement plans while funding agreements are issued to non-qualified institutional investors both in domestic and international markets. The Company utilizes consolidated special purpose entities linked to either Medium Term Notes or Commercial Paper for the issuance of certain funding agreements. Under these programs, the proceeds of each note series or CP issuance are used to purchase a funding agreement from the Company, which is used to secure that particular series. The payment terms of any particular series substantially match the payment terms of the funding agreement that secures that series.

The account balances at December 31, 2002 consist of fixed rate, fixed maturity contracts (48%), floating rate, indeterminate maturity contracts (24%), floating rate, fixed maturity contracts (23%), and market-indexed, fixed maturity contracts (5%). Most of the fixed rate contracts are swapped to floating rate via swap agreements. Credited interest on floating rate contracts reset mostly on a monthly basis on various indices. Indeterminate maturity contracts allow the customer to withdraw funds with advance notice periods ranging from three to thirteen months without a withdrawal penalty. Market-indexed contracts provide a return based on the market performance of a designated index, such as the S&P 500. Futures or swap contracts are used to hedge the market risk and effectively convert the contract to a floating rate liability.

Major components of GICs and funding agreements in the consolidated statements of financial position are summarized as follows (in EUR millions):

	December 31, 2002	**December 31, 2001**
Liabilities for GICs and funding agreements:		
Guaranteed investment contracts issued to defined contribution/benefit plans	4,782	6,521
Medium Term Note Funding agreements issued to an SPE	7,424	6,488
Cash Market Funding Agreements	6,136	7,446
Municipal/Governmental Funding Agreements	4,794	5,669
Other Funding Agreements	1,619	1,819
Total liabilities for GICs and funding agreements	24,755	27,943

The following table presents reserves for guaranteed investment contracts and funding agreements by withdrawal provisions (in EUR millions):

	2002	2001
Book Value Out[1]		
Putable:		
90 days put	1,650	2,154
180 days put	764	682
364 days + put	3,310	4,694
Total putable	5,724	7,530
Market Value Out[2]		
90 days notice	1,370	1,788
180 days notice	120	184
Total market value out	1,490	1,972
Not putable or surrenderable	17,541	18,441
Total GICs and funding agreements	24,755	27,943

[1] Book Value Out: The amount equal to the sum of deposits less withdrawals with interest accrued at the contractual interest rate.

[2] Market Value Out: The amount equal to the book value out plus a market value adjustment to adjust for changes in interest rates.

The Municipal/Governmental funding agreements generally include downgrade language that, in the event various downgrade triggers are breached, one of the following four options must be followed:

transfer contract to a higher rated party

purchase a credit enhancement

collateralize the underlying position

pay the contract out at book value

These options are negotiated with the customer at contract issuance but the Company unilaterally retains the ultimate decision-making capability in the event of a downgrade. Available collateral is monitored to ensure the company would be able to utilize this option at it s discretion.

As of December 31, 2002, the contractual maturities for all contracts with defined maturities were 2003 EUR 4,925 million; 2004 EUR 3,534 million; 2005 EUR 3,068 million; 2006 EUR 2,489 million; 2007 1,797 million; and thereafter EUR 3,063 million.

6.19. Separate accounts (included in Technical provisions with investments for the account of policyholders)

Separate accounts assets and liabilities generally represent funds maintained to meet specific investment objectives of policyholders who bear the investment risk. investment income and investment gains and losses generally accrue directly to such policyholders. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. These assets and liabilities are carried at market value. Deposits, net investment income and realized capital gains and losses on separate accounts assets are reflected on the consolidated income statement offset by a technical provision for policyholders which bear the investment risk under Dutch Accounting Principles. These items are not reported in the income statement pursuant to US GAAP Accounting Principles.

The Company receives investment management fees from the proprietary mutual funds used as investment options for variable annuities and variable life insurance. The Company receives mortality and expense risk fees from the separate accounts. The fees charged to policyholders are included in revenue from fee business and recognized over the period earned pursuant to US GAAP.

6.20. Subsequent events

In January and February 2003, AEGON and certain (former) members of the Executive Board and directors 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 element 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.

On March 20, 2003 AEGON announced to propose a number of changes to its corporate governance with the purpose to modernize its corporate governance structure and to give more authority to its shareholders. For more information on this proposal, see Item 4. Information on the Company Recent Developments and Capital Expenditures and Divestments and Item 6. Directors, Senior Management and Employees Effect of Certain Proposed Amendments of AEGON s Articles of Incorporation .

On March 20, 2003 AEGON announced that its Supervisory Board intends to appoint Mr. Alexander R. Wynaendts as a member of AEGON s Executive Board as of the Annual General Meeting of Shareholders to be held on April 17, 2003. He will be responsible for business development and Asia.

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SCHEDULE I

SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES

	December 31, 2002		
	Cost[1]	Fair value	Book value
		(In million EUR)	
Shares	6,069	6,324	6,324
Bonds:			
Dutch government	670	711	670
US government	4,505	4,591	4,505
Foreign government	4,419	4,705	4,419
Mortgage backed securities	16,169	16,330	16,169
Other	49,934	52,223	49,934
Sub-total	75,697	78,560	75,697
Private placements:			
Dutch government	1,288	1,362	1,288
US government	12	13	12
Foreign government	819	820	819
Mortgage backed securities	7,010	6,864	7,010
Other	12,503	12,875	12,503
Sub-total	21,632	21,934	21,632
Deposits with credit institutions	1,577		1,577
Loans guaranteed by mortgage[2]	18,611		18,568
Real estate	1,799		2,211
Other	4,599		4,599
Grand total	129,984		130,608

1 Cost is defined as original cost for shares and amortized cost for bonds and private placements.

2 Includes real estate acquired in satisfaction of debt amounting to EUR 46 million at cost and book value.

SCHEDULE III SUPPLEMENTARY INSURANCE INFORMATION

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Segment	**deferred policy acquisition cost**	**future policy benefits**	**unearned premiums**	**other policy claims and benefits**	**premium revenue**	**net investment income**	**benefits, claims, losses**	**amortization of deferred policy acquisition costs**	**other operating expenses**	**premiums written**
					(In million EUR)					
2002										
Life insurance	14,089	209,218	NA	NA	17,741	8,964	17,774	1,520	2,028	17,741
Non-life insurance[1]	1,109	NA	1,782	1,840	3,615	631	2,000	328	977	3,615
2001										
Life insurance	15,264	233,317	NA	NA	18,281	9,339	18,906	1,203	2,030	18,281
Non-life insurance[1]	1,202	NA	1,760	1,912	3,297	501	1,825	219	834	3,297
2000										
Life insurance	13,459	217,043	NA	NA	17,983	9,182	19,099	1,143	1,915	17,983
Non-life insurance[1]	545	NA	1,244	1,814	2,788	352	1,549	141	597	2,788

[1] Includes Accident and Health insurance

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SCHEDULE IV

REINSURANCE

Column A	Column B	Column C	Column D	Column E	Column F
	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
			(In million EUR)		
Life insurance in force					
2002	814,074	416,698	430,667	828,043	52.0%
2001	831,263	490,191	417,189	758,261	55.0%
2000	781,347	481,238	382,096	682,205	56.0%

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SCHEDULE V

VALUATION AND QUALIFYING ACCOUNTS

	Years ended December 31,		
	2002	2001	2000
	(In million EUR)		
Balance January 1	451	464	432
Addition charged to earnings	880	804	142
Amounts written off and other changes	(835)	(817)	(110)
Balance December 31	496	451	464

The provisions can be analyzed as follows:

	December 31,		
	2002	2001	2000
Bonds and other fixed rate securities	249	238	110
Loans guaranteed by mortgages	38	53	184
Other loans	32	75	74
Other financial investments	17	34	34
Receivables	160	51	62
Total	496	451	464

ITEM 19. EXHIBITS

The Company agrees to furnish to the Securities and Exchange Commission upon request copies of instruments with respect to long-term debt of the Company and its consolidated subsidiaries.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AEGON N.V.

/s/ JOSEPH B.M. STREPPEL

Joseph B.M. Streppel
Chief Financial Officer

Date: March 27, 2003

CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Donald J. Shepard, certify that:

1. I have reviewed this annual report on Form 20-F of AEGON N.V.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003

/s/ DONALD J. SHEPARD

Donald J. Shepard
Chief Executive Officer

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CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph B.M. Streppel, certify that:

1. I have reviewed this annual report on Form 20-F of AEGON N.V.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2002

/s/ Joseph B.M. Streppel

Joseph B.M. Streppel
Chief Financial Officer