

RESULTS

Full year net income of EUR 1,793 million increased 16% compared to EUR 1,547 million in 2002. The largest influences on full year results were improved equity and credit markets as well as improved administrative operating efficiencies.

Exchange rate translation negatively impacted the earnings reported in euro, which is the currency of the financial statements. At constant currency exchange rates net income and income before tax increased by 30% and 29% respectively in 2003.

Earnings per share for the full year amounted to EUR 1.15, an increase of 11% compared to EUR 1.04 for last year (adjusted for the 2002 stock dividend).

Standardized life production increased by 3% to EUR 2,545 million, which at constant currency exchange rates would have increased by 15%. The increase in standardized life production was driven by higher production in the Americas, the United Kingdom and Other Countries, in particular in Taiwan, partly offset by lower production in the Netherlands.

During 2003, indirect income of EUR 631 million pre-tax was included in earnings, compared to EUR 758 million pre-tax in 2002. As announced earlier, effective January 1, 2004, AEGON discontinued the indirect income method for recognizing gains and losses on investments in shares and real estate. A generally accepted and recognized method has been adopted, which is in accordance with International Financial Reporting Standards (IFRS) requirements and is similar to US GAAP. This method recognizes gains and losses on shares and real estate investments when realized.

Transamerica Finance Corporation (TFC), most of which was sold in line with our strategy to concentrate on life insurance, pensions, savings and investment products, contributed EUR 218 million to net income during 2003 compared to EUR 51 million in 2002.

The effective tax rate for 2003 was 27% compared to 19% in 2002. The lower effective tax rate in 2002 was largely due to a reduction of the deferred tax liability and favorable adjustments resulting from the filing of the 2001 corporate tax returns in the United States, lower taxable income relative to preferred investments and tax-exempt income in the Netherlands and the United States, and the use of tax losses in the United Kingdom.

The following selected financial data should be read in conjunction with AEGON's consolidated financial statements and the related notes to the financial statements of this annual report. The discussion of AEGON's full year results for 2003 includes comparative information presented in USD for the results in the Americas and in GBP for the results in the United Kingdom, which management believes is useful to investors because those businesses operate and are managed primarily in those currencies.

AMERICAS (INCLUDES AEGON USA AND AEGON CANADA)

INCOME BY PRODUCT SEGMENT	2003 in million USD	2002 in million USD	%	2003 in million EUR	2002 in million EUR	%
Traditional life	724	813	(11)	640	859	(25)
Fixed annuities	378	165	129	334	174	92
GICs and funding agreements	241	257	(6)	213	272	(22)
Life for account of policyholders	82	106	(23)	73	112	(35)
Variable annuities	71	(437)		63	(462)	-
Fee business	(19)	5		(17)	5	-
LIFE INSURANCE	1,477	909	62	1,306	960	36
Accident and health insurance	263	233	13	232	246	(6)
INCOME BEFORE TAX	1,740	1,142	52	1,538	1,206	28
Corporation tax	(501)	(226)	122	(443)	(239)	85
NET INCOME	1,239	916	35	1,095	967	13

INCOME BEFORE TAX

Income before tax of USD 1,740 million increased USD 598 million or 52%, compared to 2002, primarily due to lower additions to the asset default provision (USD 258 million), lower accelerated amortization of deferred policy acquisition costs (DPAC) for variable annuities (USD 314 million) and lower additions to the provisions for guaranteed minimum benefits (GMBs) (USD 243 million). Income before tax also reflects the following one-time positive items: a non-recurring property insurance settlement benefit of USD 54 million, a provision release of USD 36 million relating to real estate and interest on a tax refund for an amount of USD 34 million. Partially offsetting the income increases were lower employee pension plan income (USD 90 million), lower indirect investment income from shares and real estate investments (USD 135 million) and lower investment yields (USD 91 million) on the general account fixed income investments.

Traditional life income before tax of USD 724 million in 2003 was 11% lower than in 2002, reflecting lower investment yields on fixed income investments, less indirect investment income and a reduction in employee pension plan income. The one-time property insurance settlement benefit and a provision release described above partially offset these negative results.

Fixed annuity income before tax of USD 378 million increased 129% compared to 2002. The favorable impact of lower credit losses in 2003 was partly offset by the decline in indirect investment income and lower product spreads compared to 2002. Crediting rates were lowered on both existing and new deposits throughout 2003 to improve product spreads. Fixed annuity account balances increased 7% to USD 45 billion during 2003 due to new sales and additional deposits on existing contracts.

GICs and funding agreements income before tax declined 6% to USD 241 million, due to lower indirect investment income (lower by USD 29 million) and interest rate spread compression. Lower additions to the default provision resulted