

2004 ANNUAL REPORT

VERENIGING

AEGON

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Vereniging AEGON

P.O. Box 202

2501 CE The Hague

Telephone: +31 (0)70 3448288

Fax: +31 (0)70 3477929

E-mail: Secretariaat@VerenigingAEGON.nl

Registered office in The Hague, the Netherlands

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This is a translation of the Dutch text of the 2004 Annual Report of Vereniging AEGON. In the event of a difference in interpretation the Dutch text prevails.

EXECUTIVE COMMITTEE AND MEMBERS

Executive Committee

P.P. Kohnstamm, chairman
 J.L. Bouma, vice-chairman (until 16 April 2004)
 J.W.B. Westerburgen, vice-chairman (from 16 April 2004)
 J.M. Boll
 W.M. van den Goorbergh (from 16 April 2004)
 P.J. Idenburg
 D.J. Shepard
 J.B.M. Streppel

	<u>Year of resignation</u>	
	Scheduled	Final
Members		
J.M. Boll	2008	2012
A.F. Bosma	2007	2011
J.L. Bouma (until 16 April 2004)		
W.B. Brouwer (until 16 April 2004)		
H.J.E. Bruins Slot	2006	2018
W.M. van den Goorbergh	2007	2018
J. van Hes	–	2005
P.J. Idenburg	2005	2012
H.P.M. Knapen (from 1 July 2004)	2008	2016
P.P. Kohnstamm	2006	2010
Mrs I.E. Koster-Burbidge	2007	2018
Mrs P.C. Krikke (from 1 July 2004)	2008	2016
P.M. van der Laan	–	2005
H.J. Lambert (until 16 April 2004)		
Mrs P.C. Lodders-Elfferich	2006	2010
H.W. Lulofs (until 16 April 2004)		
Mrs E.J. Mulock Houwer	2006	2011
H.M. Pinedo	2005	2013
D.J. Shepard	n/a	2008
R. Spiekerman van Weezenburg	2007	2010
J.B.M. Streppel	n/a	2011
J.W.B. Westerburgen	2005	2012
G.G. Witsen Elias (until 16 April 2004)		

Secretary

T.H.M. Schijf (from 1 September 2004)

Members at 31 December 2004

J.M. Boll (1942) became a member of the Vereniging in 1996 and joined the Executive Committee in 1998. Mr Boll is a member of the Council of State. He is also chairman of Vereniging Rembrandt.

A.F. Bosma (1941) has been a member of the Vereniging since 1983. Mr Bosma is an insurance intermediary and a director of MeerPolis B.V. Until 1984, Mr Bosma was chairman of the NBvA (Dutch Association of Independent Financial and Insurance Advisers).

H.J.E. Bruins Slot (1948) has been a member of the Vereniging since 1998. Mr Bruins Slot is currently chairman of Netherlands Public Broadcasting. His previous positions included secretary-general of the Ministry of Education, Culture and Science and mayor of the Municipality of Apeldoorn.

W.M. van den Goorbergh (1948) became a member of the Vereniging in 2003 and joined the Executive Committee in 2004. He currently holds several executive and supervisory positions. Until 2002, he was vice-chairman of the Executive Board of Rabobank Nederland.

J. van Hes (1935) has been a member of the Vereniging since 1997. Mr van Hes is a director of H.D. Beheer B.V. (Leeuwarden), Eisma Business Media, Eisma EDU Media and Eisma Publishing Consultants.

P.J. Idenburg (1942) became a member of the Vereniging in 1989 and joined the Executive Committee in 1996. Prof. Idenburg is an executive coach. He is also a consultant to the European Commission. He was dean of the Postgraduate School and of the Faculty of Technology, Policy and Management of the Delft University of Technology. Prof. Idenburg was also previously deputy director-general at the Ministry of Economic Affairs and a member of the Group Board of Van Leer, Packaging Worldwide.

H.P.M. Knapen (1951) has been a member of the Vereniging since 2004. Mr Knapen is

a member of the Executive Board of PCM Uitgevers. He is also a member of the Advisory Council on International Affairs and holds a number of executive and supervisory positions.

P.P. Kohnstamm (1940) has been a member of the Vereniging since 1990. Mr Kohnstamm was elected a member of the Executive Committee in 1992 and he has been the chairman since 1998. He is a consultant and holds several executive and supervisory positions. He was previously an executive director of Wilma Vastgoed and professor of Real Estate Science at the University of Amsterdam.

Mrs I.E. Koster-Burbidge (1948) became a member of the Vereniging in 1999. Mrs Koster was managing director of the Taleninstituut Regina Coeli B.V. in Vught. Her other positions include membership of the Board of the Maag-Lever-Darm Stichting (Stomach-Liver-Intestine Foundation).

Mrs P.C. Krikke (1961) has been a member of the Vereniging since 2004. Mrs Krikke is mayor of the Municipality of Arnhem and holds several executive and supervisory positions.

P.M. van der Laan (1935) has been a member of the Vereniging since 1999. Mr van der Laan was a civil-law notary and partner in Nauta Dutilh in Amsterdam. He is currently a member of the Supervisory Board of Dexia Bank Nederland N.V.

Mrs P.C. Lodders-Elfferich (1940) has been a member of the Vereniging since 2002. Mrs Lodders is chairman of the NOV (The Dutch Association for Volunteer Effort) and also chairman of ICCO (Interchurch Organisation for Development Co-operation).

Mrs E.J. Mulock Houwer (1941) has been a member of the Vereniging since 2002. Mrs Mulock Houwer is director-general of Prevention, Youth and Sanctions at the Ministry of Justice, a member of the Supervisory Board of N.V. Kasbank and a member of the Board of the Residentie Orchestra.

H.M. Pinedo (1943) has been a member of the Vereniging since 2001. He is a professor of Medical Oncology at the VUmc and director of the VUmc Cancer Centre in Amsterdam. Before this he was head of the Medical Oncology department of the VUmc.

D.J. Shepard (1946) has been a member of the Vereniging and its Executive Committee since 2002. Mr Shepard is chairman of the Executive Board of AEGON N.V. In the United States, he is also a Board member of Mercantile Bankshares Corporation and CSX Corporation. He is also a trustee of Johns Hopkins Medicine and Johns Hopkins University and a member of the Board of Directors of the Financial Services Roundtable.

R. Spiekerman van Weezenburg (1940) has been a member of the Vereniging since 1995. Mr Spiekerman van Weezenburg was major general of the Royal Netherlands

Marines and Commander of the Royal Netherlands Marine Corps. Until September 2002, he was chancellor of the Chancery of the Netherlands Orders of Knighthood.

J.B.M. Streppel (1949) has been a member of the Vereniging and its Executive Committee since 2000. Mr Streppel is a member of the Executive Board of AEGON N.V. and a member of the Supervisory Board of KPN N.V.

J.W.B. Westerburgen (1942) was elected as a member of the Vereniging in 2001 and he joined the Executive Committee in 2003. Mr Westerburgen has retired having formerly been joint secretary of Unilever N.V. and Plc. Mr Westerburgen is a member of the Supervisory Board of ASML Holding N.V., Unilever Nederland B.V. and Rodamco Europe N.V.

OBJECTS AND HISTORY

Objects

Vereniging AEGON ('the Vereniging') represents as a shareholder in a balanced manner the direct and indirect interests of AEGON N.V. and its group companies, insured parties, employees, shareholders and other relations of these companies. The Vereniging does so by holding AEGON N.V. securities and exercising the associated rights, including the voting rights. The Vereniging's income is the income on these securities.

History

The Vereniging is an association under Dutch law. Until 1983, it was known as Vereniging AGO. It was established in 1978 as the legal successor of AGO Onderlinge Levensverzekering-maatschappij, which was demutualised as a result of a legal restructuring of the AGO insurance group. Under the restructuring, Vereniging AGO became the sole shareholder in AGO Holding N.V.

At the time of the merger between AGO and Ennia in 1983, the Vereniging transferred its holding of the entire share capital in AGO Holding N.V. to the listed company Ennia N.V. (whose name was changed to AEGON N.V.) in exchange for new AEGON N.V. common and preferred shares. Vereniging AGO was also renamed Vereniging AEGON. Under the terms of the 1983 Merger Agreement, the Vereniging acquired a substantial minority interest in the common shares as well as all the preferred shares, thus acquiring a majority of the voting rights in AEGON N.V. Under the Agreement, in the event of a dilution of its voting rights, the Vereniging also received the right to acquire new preferred shares in order to maintain its majority position as desired by the parties involved in the merger; this was known as the option rights scheme.

The Vereniging agreed a Recapitalisation Agreement with AEGON N.V. in September 2002. This agreement formed the basis for the Vereniging's sale of 350,000,000 AEGON N.V. common shares at a net price of € 9.76 per share. The Vereniging used part of the proceeds to reduce its debt and agreed a new credit facility with a consortium of banks for the remainder. The

Vereniging granted all of its AEGON N.V. common shares and the revenues from the AEGON N.V. preferred shares as security for this facility. The Vereniging paid the remaining portion of the proceeds (€ 2,064,000,000) as a premium on its AEGON N.V. preferred shares in an effort to raise their value to that of the common shares.

This transaction cut the Vereniging's voting rights from approximately 52% to approximately 33%. The Recapitalisation Agreement included provisions for the continuation of the option right scheme at this lower level of voting rights. The Vereniging also indicated that it was prepared, subject to the implementation of certain changes in corporate governance at AEGON N.V., to further reduce its voting rights in the near future to approximately 23.6%, a figure that corresponds to the capital paid in by the Vereniging. This reduction in the voting rights was formalised in May 2003, although under certain circumstances the Vereniging is entitled to make use of the multiple voting rights on its preferred shares in accordance with the higher nominal value of these shares (25/12 vote per share), thus reinstating the voting rights to the level agreed in the Recapitalisation Agreement for a limited period.

€ 2,116,920,000 has been paid in on the 211,680,000 Class A preferred shares held by the Vereniging being a par value of € 52,920,000 and share premium of € 2,064,000,000. As a result the amount paid in on each preferred share A is € 10. Only the par value of € 0.25 has been paid in on the Class B preferred shares issued since 2002.

REPORT OF THE EXECUTIVE COMMITTEE

Developments in 2004

Exercising voting and dividend rights

As in previous years, the Vereniging met its objectives by holding shares in AEGON N.V. and exercising the associated rights, in particular the voting rights.

In accordance with the resolution of the General Meeting of Members of the Vereniging, the right to vote was exercised at the Annual General Meeting of Shareholders of AEGON N.V. held on 22 April 2004.

In line with resolutions of the Executive Committee, the 2003 final dividend and 2004 interim dividend were taken in shares and these new shares were subsequently sold at € 10.70 and € 9.20 per share respectively.

Relationship between the Vereniging and AEGON N.V.

Under the 1983 Merger Agreement as amended on 26 May 2003, if AEGON N.V. issues new shares, the Vereniging is entitled to as many Class B preferred shares as are needed to enable the Vereniging to adjust for dilution below its actual percentage of total voting shares (31 December 2004: 32.35%). AEGON N.V. will then issue Class B preferred shares at par value (€ 0.25), unless a higher issue price is agreed.

Accordingly, following sales by AEGON N.V. of shares held in treasury and share issues by AEGON N.V. for the 2003 final dividend and the 2004 interim dividend, the Vereniging exercised its option rights on 12 November 2004 and obtained 5,800,000 preferred shares at par value in adjustment.

The Vereniging's voting rights in normal circumstances amounted to approximately 22.49%, based on the number of outstanding and voting shares (excluding common shares held in treasury by AEGON N.V.), at 31 December 2004. In the event of 'special cause', the Vereniging's voting rights would increase for six months to the full number of votes, 32.35% at 31 December 2004.

Members and Executive Committee

At 31 December 2004, the General Meeting of Members of the Vereniging consisted of

18 members (2003: 21). The majority of the voting rights are with 16 of the members who are neither employees or former employees of AEGON N.V. or its associated companies, nor current or former members of the Supervisory Board or the Executive Board of AEGON N.V. The other two members are elected by the General Meeting of Members from the members of the Executive Board of AEGON N.V.

The Executive Committee of the Vereniging has seven members, five of whom, including the chairman and the vice-chairman, are not and never have been related to the AEGON Group. The other two members are also members of the Executive Board of AEGON N.V. If a vote in the Executive Committee is tied, the General Meeting of Members has the casting vote.

During the year under review, Messrs J.L. Bouma, W.B. Brouwer, H.J. Lambert, H.W. Lulofs and G.G. Witsen Elias stepped down as members of the Vereniging and Mrs P.C. Krikke and Mr H.P.M. Knapen became members of the Vereniging. Mr W.M. van den Goorbergh joined the Executive Committee. Mr J.M. Boll stepped down as a member and as a member of the Executive Committee and was re-elected. Mr J.W.B. Westerburgen was elected vice-chairman.

During the year under review, it was decided to maintain the age limit of 70 set for membership by the Articles of Association. Members appointed from 1 January 2004 have a maximum term of three periods of four years. It was also decided to hold an intensive assessment of present and prospective members after every four-year term. This will be set out in an upcoming amendment to the Articles of Association.

Remuneration

The members of the Executive Committee receive a fixed fee for their activities. The other members receive a fixed fee and an attendance fee. The General Meeting of Members sets all fees.

In 2004, members received a fee of € 7,000 per year and € 1,000 per meeting attended. The chairman of the Executive Committee

received a fee of € 28,500 and the vice-chairman received a fee of € 23,000 for 2004. The fee for the other members of the Executive Committee was € 20,000.

Netherlands corporate governance code

Under the guidance of Mr M. Tabaksblat, a committee with representatives of several sections of society drew up a corporate governance code for the Netherlands in 2003. The code is intended primarily to set out corporate governance rules and best practice provisions for listed companies and there are also obligations on institutional investors. The Vereniging is neither a listed company nor an institutional investor as meant by the code. As a shareholder of AEGON N.V., the Vereniging appreciates the efforts AEGON N.V. has made on corporate governance.

2004 Financial statements

Under the accounting policies, the Vereniging's shareholding is carried at market value. Unrealised gains and losses for the financial year are taken to the reserves,

provided the revaluation account is positive. Consequently, an unrealised loss of € 259 million was recognised in the statement of income and expenditure for the financial year 2004. The book value of the shareholding was € 3,846 million at 31 December 2004 (31 December 2003: € 4,137 million).

The result for 2004 was a deficit of € 194.1 million (2003: surplus of € 15.4 million). The result is significantly affected by movements in the market value of the shares.

The Executive Committee recommends that the General Meeting of Members adopts the 2004 financial statements and endorses the Executive Committee's management in 2004.

The Hague, 24 March 2005

On behalf of the Executive Committee,
P.P. Kohnstamm, chairman

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

(after appropriation of the result)

Amounts in thousands of euros

	2004	2003
Fixed assets		
<i>Financial fixed assets</i>		
Participations	3,845,925	4,136,831
Other securities	191	–
	<hr/> 3,846,116	<hr/> 4,136,831
Current assets		
Prepayments and accrued income	79,491	95,289
Liquid assets	812	2,705
	<hr/> 80,303	<hr/> 97,994
Total Assets	<hr/> 3,926,419	<hr/> 4,234,825
Capital and reserves	2,304,902	2,499,019
Long-term liabilities	1,583,392	1,685,498
Current liabilities	38,125	50,308
Total Capital, Reserves and Liabilities	<hr/> 3,926,419	<hr/> 4,234,825

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of euros

	2004	2003
Income		
Dividend on common shares	73,741	99,418
Dividend on preferred shares	79,491	95,289
Result on total return swap	29,676	4,590
Other interest income	–	19
Total Income	182,908	199,316
Expenses		
Realised losses on common shares	33,626	42,173
Unrealised losses on common shares	258,729	45,740
Financial expenses	83,838	95,426
Expenses	832	540
Total Expenses	377,025	183,879
Result	(194,117)	15,437

CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of euros

	2004	2003
Cash flow from operating activities		
Dividend received on preferred shares	95,289	30,631
Interest received	4,845	6,179
Dividend on total return swap passed on	(8,185)	(11,394)
Financial expenses paid	(95,833)	(97,979)
Expenses paid	(454)	(475)
	(4,338)	(73,038)
Cash flow from investing activities		
Payment on AEGON N.V. preferred shares	(1,450)	(2,775)
Disposal of AEGON N.V. common shares	73,741	102,651
	72,291	99,876
Cash flow from financing activities		
Repayment of long-term loans	–	(2,269)
Repayment of credit facilities	(1,376,619)	(2,219,402)
Drawn on the credit facility	1,306,773	2,197,490
	(69,846)	(24,181)
Movement in liquid assets	(1,893)	2,657

The consolidated cash flow statement has been prepared using the direct method. A credit facility has been accounted for under cash flow from financing activities. The principal sum of this credit facility is set periodically, depending on the value of the security. For further information, please see page 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

To the extent that the Supervisory Board of AEGON N.V. does not apply the profit for the year to strengthening capital or creating reserves, an annual dividend is paid on the average paid-in capital of 229 million preferred shares in AEGON N.V. at a rate which is equal to the European Central Bank refinancing rate on the first business day of the year on the Euronext Amsterdam stock exchange plus 1.75 percentage points. The dividend on the preferred shares for the current year was set at 3.75%.

At 31 December 2004, the Vereniging owned 172 million AEGON N.V. common shares.

The Vereniging has financial fixed assets of

approximately € 3.8 billion (based on the closing price of the AEGON N.V. common shares on the Euronext Amsterdam stock exchange on 31 December 2004 of € 10.03) and outstanding debt of € 1.6 billion, for which bank facilities have been arranged until September 2005.

Section 402 of Book 2 of the Netherlands Civil Code has been applied allowing a simplified format for the Vereniging's statement of income and expenditure.

Consolidation policies

The consolidated financial statements of Vereniging AEGON include the group entities Albidus B.V. and AEGON Mirror Fund.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Amounts in thousands of euros

Accounting policies

Unless otherwise stated, balance sheet items are carried at face value.

Participations

This item is the holding in AEGON N.V. and was as follows:

	2004	2003
Common shares	1,724,900	2,017,256
Class A preferred shares	2,116,800	2,116,800
Class B preferred shares	4,225	2,775
Total	3,845,925	4,136,831

Participations are valued at their market value or, if unquoted, at fair value. Unrealised gains and losses are taken to the revaluation reserve to the extent that this reserve is available. Unrealised losses which cannot be accounted for through the revaluation reserve and realised gains and losses on share disposals are accounted for in the statement of income and expenditure. If a dividend is taken in shares, an amount equal to the proceeds is added to the shareholding and accounted for through the statement of income and expenditure. An equal number of shares is immediately sold and the difference between the proceeds and the average cost of the shares is accounted for through the statement of income and expenditure.

The market value of the common shares at 31 December 2004 was € 1,724,900 (€ 10.03 per share). At 31 December 2003, the market value was € 2,017,256 (€ 11.73 per share). The cost of the common shares at 31 December 2004 was € 2,463,428 (€ 14.32 per share).

Movements in common shares:

	2004		2003	
	Number	Value	Number	Value
Balance at 1 January	171,974,055	2,017,256	171,974,055	2,108,402
2003 final stock dividend (2002)	3,372,040	36,074	6,878,962	63,630
2004 interim stock dividend (2003)	4,094,607	37,666	3,070,965	35,788
Sold:				
Net price: € 10.70 (2003: € 9.72)	(3,372,040)	(36,074)	(6,878,962)	(66,863)
Net price: € 9.20 (2003: € 11.65)	(4,094,607)	(37,666)	(3,070,965)	(35,788)
Revaluation, realised and unrealised	–	(292,356)	–	(87,913)
Balance at 31 December	171,974,055	1,724,900	171,974,055	2,017,256

Movements in preferred shares:

	2004		2003	
	Number	Value	Number	Value
Balance at 1 January	222,780,000	2,119,575	440,000,000	2,116,800
Purchases	5,800,000	1,450	11,100,000	2,775
Conversion	–	–	(228,320,000)	–
Balance at 31 December	228,580,000	2,121,025	222,780,000	2,119,575

The preferred shares are carried at cost, which is considered to be a reasonable approximation of the fair value in view of the expected dividend, which is adjusted annually in line with market interest rates. The expected dividend on the preferred shares, on an annual basis, is equal to the European Central Bank main refinancing rate on the first trading day on the Euronext Amsterdam stock exchange of the year to which the dividend relates plus 1.75 percentage points. For 2004, a dividend of 3.75% is expected (2003: 4.5%). The expected dividend is included in accrued income.

The conversion in 2003 relates to a change of the par value of the preferred shares from € 0.12 to € 0.25 per share and an issue of shares charged to the share premium reserve. Consequently, the number of preferred shares fell by 228,320,000.

Other securities

	2004	2003
Total return swap 2001	248,467	229,276
Total return swap 2002	130,026	116,766
Mark to market in 2002	(378,302)	(378,302)
	191	(32,260)
Included in long-term liabilities	–	32,260
Total	191	–

On 29 June 2001, AEGON N.V. entered into a Total Return Swap (TRS) with the Vereniging in order to hedge the staff stock option plan for 2001. In effect, the TRS entitles AEGON N.V. 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 on the exercise price of € 32.04. AEGON N.V. will reimburse any losses compared to the exercise price to the Vereniging upon termination. AEGON N.V. pays quarterly interest to the Vereniging on the remaining amount outstanding under the TRS. The interest rate is equal to the 3-month EURIBOR plus a margin. The TRS matures on 12 March 2006 but may be fully or partly terminated early, at the option of AEGON N.V. The TRS is carried at market value with changes in market value taken directly to the statement of income and expenditure.

On 11 March 2002, AEGON N.V. entered into a second TRS with the Vereniging in order to hedge the staff stock appreciation rights plan for 2002. The TRS entitles AEGON N.V. 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 on the exercise price of € 26.70.

AEGON N.V. will pay quarterly interest to the Vereniging on the remaining amount outstanding under the TRS. The interest rate is equal to the 3-month EURIBOR plus a margin. The TRS matures on 11 March 2009, but may be fully or partly terminated early, at the option of AEGON N.V. The TRS is carried at market value with changes in market value taken directly to the statement of income and expenditure.

On 17 September 2002, the Vereniging and AEGON N.V. agreed to mark the TRS agreements to market based on the closing price of AEGON N.V. shares on the Euronext Amsterdam stock exchange of € 10.04. This resulted in a payment of € 378,302 to the Vereniging; interest is paid on the amount.

Prepayments and accrued income

	2004	2003
Expected preferred dividend	79,491	95,289
Long-term liabilities		
Drawn on the credit facility	1,583,392	1,653,238
Total return swap	–	32,260
Total	1,583,392	1,685,498
Drawn on the credit facility	1,583,392	1,653,238

The Vereniging has arranged a credit facility with a consortium of banks led by ABN Amro Bank N.V. This credit facility consists of an Equity Repurchase Facility (Repo Facility) and a Revolving Repo Backup Facility (Back-up Facility). Both facilities mature in September 2005. Under the Repo Facility, the Vereniging will be able to enter into Repo transactions in underlying AEGON N.V. common shares with the banking consortium up to € 1,720,000. The Vereniging also has a Back-up Facility which can be applied for if the contractual cover of AEGON N.V. common shares is no longer sufficient.

All the AEGON N.V. common shares and the income from the AEGON N.V. preferred shares have been given as security for the credit facility. At the end of the financial year 2004, 165,812,259 shares in AEGON N.V. served as security for the Repo Facility.

The Vereniging has arranged derivatives to cover interest rate risks. At 31 December 2004, interest rate contracts had been taken up for a total of € 2,635,000 (notional amount), with a negative market value of € 17,233 (31 December 2003: negative € 42,359). The interest rate obligations under these contracts are included in accrued interest.

Current liabilities	2004	2003
Accrued interest	36,503	48,802
Other liabilities	1,622	1,506
Total	38,125	50,308

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of euros

Income and expenditure attributable to the financial year are included in the statement of income and expenditure.

Dividend on common shares is dividends received in the financial year. In the case of a stock dividend, the proceeds from these shares are taken to the statement of income and expenditure on the date of distribution.

The dividend on preferred shares is the European Central Bank main refinancing rate on the first trading day of the year on the Euronext Amsterdam stock exchange plus 1.75 percentage points. For 2004 this percentage was 3.75% (2003: 4.5%). The dividend is attributed to the year to which the dividend relates.

The result on the total return swap was as follows:

	2004	2003
Unrealised capital gains	32,451	10,117
Net interest income	5,410	5,867
Dividends passed on	(8,185)	(11,394)
	29,676	4,590

The realised losses on common shares were € 33,626 and were the difference between the proceeds and the average cost of the 7,466,647 common shares sold. The number of shares sold equals the number of shares received as dividend in the financial year.

The unrealised losses on common shares were € 258,729 and were the portion of the revaluation of common shares that could not be taken to the revaluation account as the balance on that account was insufficient.

	2004	2003
Interest paid	78,728	90,558
Commissions paid to financial institutions	5,110	4,868
	83,838	95,426

Expenses include € 157 (2003: € 107) charged to the Vereniging in the financial year for the remuneration of the members of the Executive Committee, pursuant to Article 383(1), Book 2 of the Netherlands Civil Code.

For further information on AEGON N.V., reference is made to the AEGON N.V. financial statements for 2004.

BALANCE SHEET AT 31 DECEMBER

(after appropriation of net income)

Amounts in thousands of euros

	2004	2003
Fixed assets		
<i>Financial fixed assets</i>		
Participations and group companies	3,845,925	4,136,831
Other securities	191	-
	<hr/> 3,846,116	<hr/> 4,136,831
Current assets		
Prepayments and accrued income	79,491	95,289
Liquid assets	812	2,705
	<hr/> 80,303	<hr/> 97,994
Total Assets	<hr/> 3,926,419	<hr/> 4,234,825
Capital and reserves		
Capital	2,304,902	2,499,019
Revaluation reserve	-	-
	<hr/> 2,304,902	<hr/> 2,499,019
Long-term liabilities	1,583,392	1,685,498
Current liabilities	38,125	50,308
Total Capital, Reserves and Liabilities	<hr/> 3,926,419	<hr/> 4,234,825

STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of euros

	2004	2003
Income and expenditure		
Net result of group entities	(82,629)	4,348
Other income and expenditure	(111,488)	11,089
Result	(194,117)	15,437

NOTES TO THE BALANCE SHEET

Amounts in thousands of euros

Accounting policies

Unless stated otherwise, balance sheet items are valued in accordance with the accounting policies presented in the notes to the consolidated balance sheet.

Participations and group companies

This item is the holding in AEGON N.V., and the participating interests in Albidus B.V. and AEGON Mirror Fund, and was as follows:

	2004	2003
AEGON N.V. common shares	1,072,944	1,254,799
AEGON N.V. preferred shares	2,121,025	2,119,575
Albidus B.V. (100%)	6	7
AEGON Mirror Fund	651,950	762,450
Total	3,845,925	4,136,831

Albidus B.V. and AEGON Mirror Fund are stated at net asset value.

Movements in common shares:

	2004		2003	
	Number	Value	Number	Value
Balance at 1 January	106,973,495	1,254,799	106,973,495	1,311,495
2003 final stock dividend (2002)	2,097,519	22,439	4,278,962	39,580
2004 interim stock dividend (2003)	2,546,988	23,430	1,910,251	22,261
Sold:				
Net price: € 10.70 (2003: € 9.72)	(2,097,519)	(22,439)	(4,278,962)	(41,591)
Net price: € 9.20 (2003: € 11.65)	(2,546,988)	(23,430)	(1,910,251)	(22,261)
Revaluation, realised and unrealised	-	(181,855)	-	(54,685)
Balance at 31 December	106,973,495	1,072,944	106,973,495	1,254,799

Movements in AEGON Mirror Fund:

	2004	2003
Balance at 1 January	762,450	796,900
Result on participating interest	(82,629)	4,348
Dividend	(27,871)	(38,798)
Balance at 31 December	651,950	762,450

For the notes to the preferred shares and other securities reference is made to the consolidated annual accounts.

Capital and reserves

Capital and reserves consists of:	2004	2003
Capital	2,304,902	2,499,019
Revaluation reserve	-	-
Total	2,304,902	2,499,019

Movements in Capital and reserves were as follows:

	Capital	Revaluation- reserve	Total 2004	Total 2003
Balance at 1 January	2,499,019	-	2,499,019	2,483,582
Result for the year	(194,117)	-	(194,117)	15,437
Balance at 31 December	2,304,902	-	2,304,902	2,499,019

For the notes to the long-term and current liabilities reference is made to the consolidated annual accounts.

The Hague, 24 March 2005

The Executive Committee

P.P. Kohnstamm, chairman
 J.W.B. Westerburgen, vice-chairman
 J.M. Boll
 W.M. van den Goorbergh
 P.J. Idenburg
 D.J. Shepard
 J.B.M. Streppel

AUDITOR'S REPORT

Introduction

We have audited the financial statements of Vereniging AEGON, The Hague, for the year 2004. These financial statements are the responsibility of the Executive Committee of the Vereniging. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Vereniging AEGON as at December 31, 21004 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

The Hague, March 24, 2005

Ernst & Young Accountants