



# **Eureko Group**

## **2003 Interim Results Presentation**

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# Gerard van Olphen

*Chief Financial Officer*

## ➤ Main Developments

## ➤ Financial Highlights of the Eureka Group

## ➤ Summary and Outlook

### *Exhibits*

#### ➤ *Financial Highlights of the Operating Companies*

#### ➤ *Shareholders' Structure*

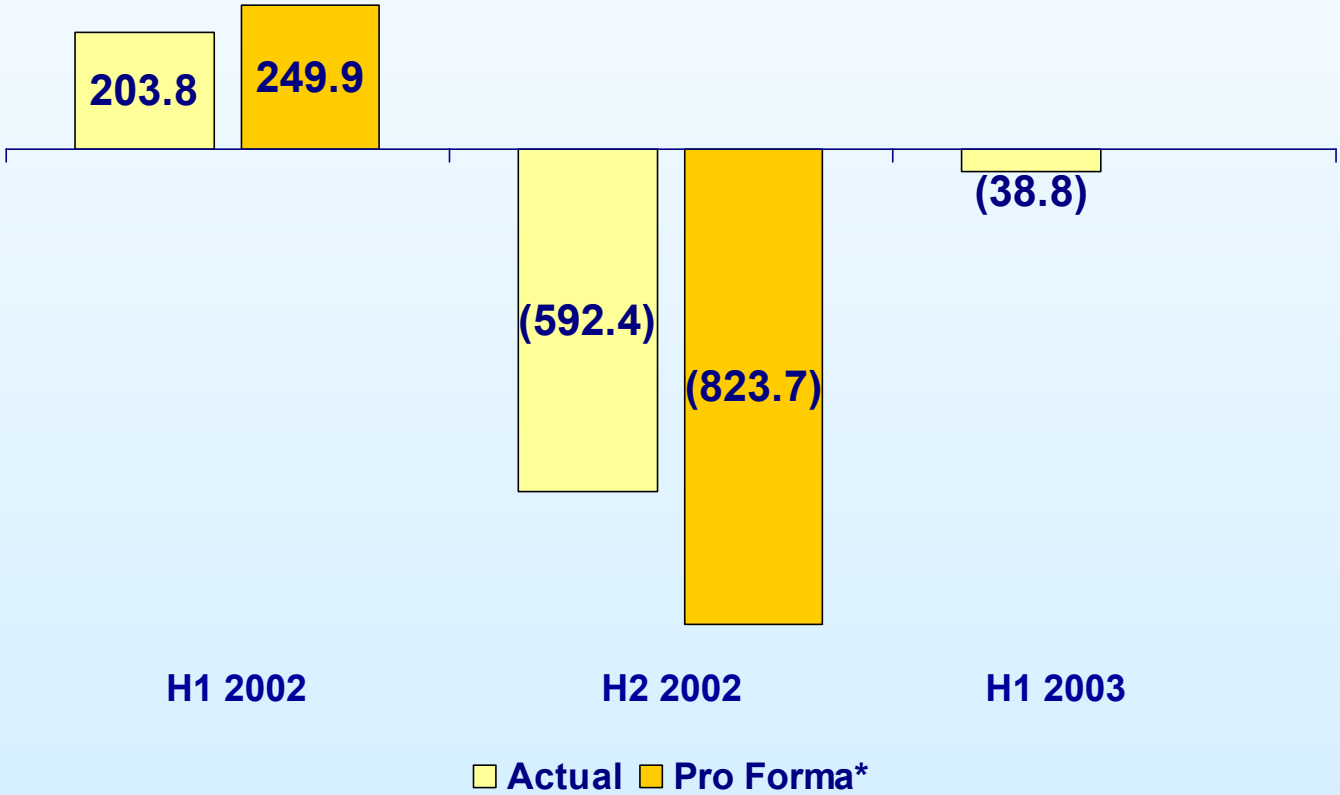
# Main Developments of the Eureka Group in the First Six Months of 2003

- ❑ Significant improvement in profitability, reversing losses experienced in the 2nd half of 2002
- ❑ Strengthening of balance sheet and capital position
  - Share capital increase of EUR 200 million
  - Reduction of Group Indebtedness at holding company level
  - Reduction of risk profile of investment portfolio
- ❑ Re-organisation of Corporate structure and Governance with integration of Group holdings
- ❑ Removal from CreditWatch and affirmation of “A+” long-term counter party credit and insurer financial strength rating by Standard & Poor’s
- ❑ Arbitration process with Polish government concerning PZU has formally started

# Significant Improvement in Profitability

Euro m

Consolidated Net Income

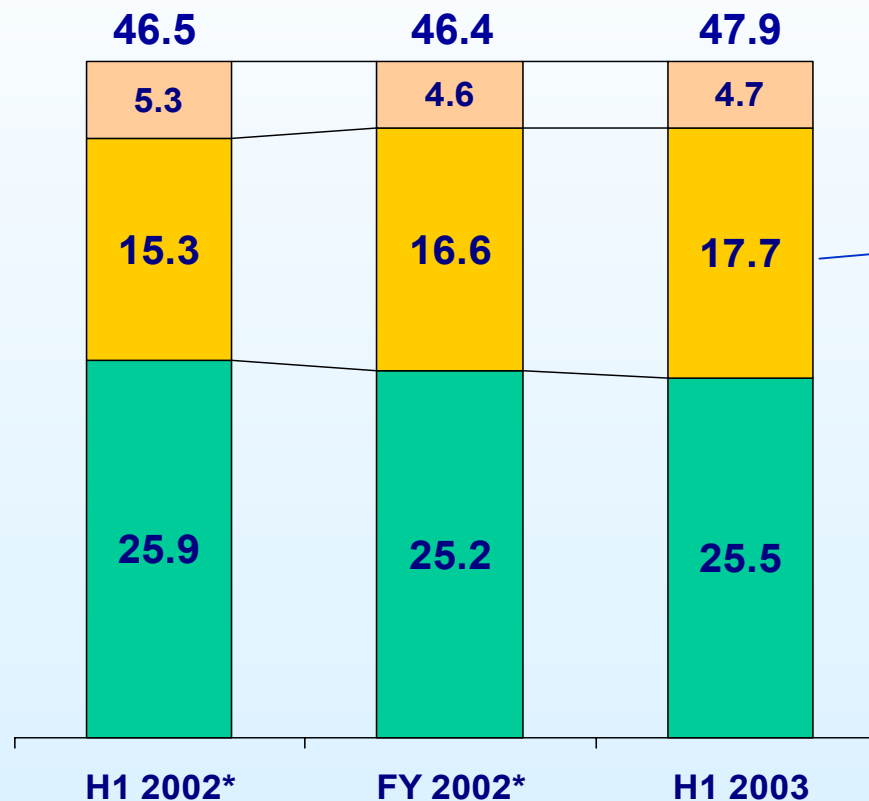


\*Pro Forma : Excluding Seguros e Pensões

# Strengthening the Balance Sheet: Reducing Financial Leverage

Euro bn

- Other assets
- Loans
- Investments



Mortgage portfolio increased 10% YOY, from EUR 11.4m to EUR 12.6m

<b>Loans &amp; Borrowings</b>	<b>8.4</b>	<b>9.8</b>	<b>8.8</b>
<i>Of which</i> <b>Non-banking Debt</b>	<b>2.1</b>	<b>1.8</b>	<b>0.8</b>

Reduction of Group debt at Holding company level

\*Pro Forma : Excluding Seguros e Pensões

# Reduction of the Risk Profile of the Investment Portfolio

*Euro m*

	H1 2003	FY 2002*
Fixed Income	14,419.4	13,329.1
Equities	2,285.4	3,252.1
Real Estate	1,461.2	1,578.8
<b>Investments</b>	<b>18,166.0</b>	<b>18,160.0</b>

Investment on behalf of Policyholders	6,689.2	6,351.3
Investments in Associated Companies	669.7	715.8
<b>Total Investments</b>	<b>25,524.9</b>	<b>25,227.1</b>

- Reduction in equity portfolio driven by asset sales and depreciation, bringing asset class to a 12.6% weighting from 17.9% at year-end 2002 (2001: 25.5%)

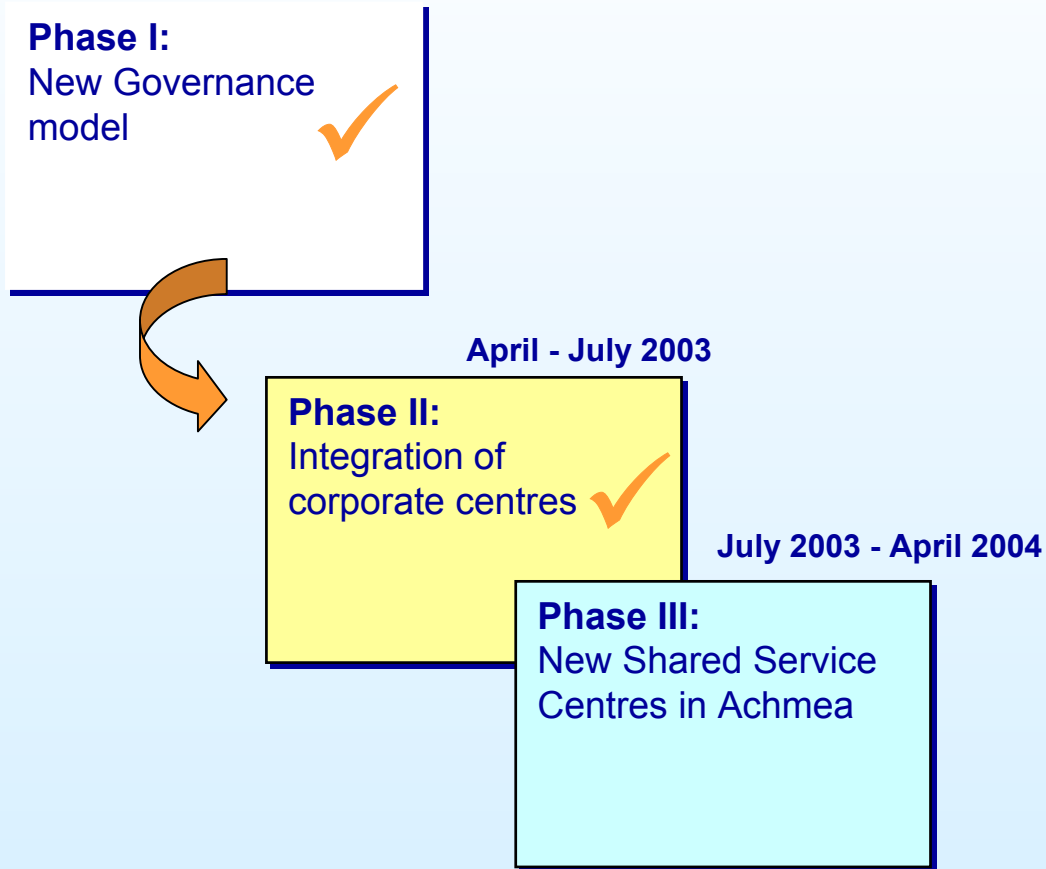
- High quality of bond portfolio

% of total bonds portfolio	H1 2003
AAA	67
AA	23
A	6
Other	4
<b>Total</b>	<b>100</b>

96% of Portfolio is rated A or higher

\*Pro Forma : Excluding Seguros e Pensões

# Integration of Corporate Centres of Eureka B.V. and Achmea Holding N.V.



- Following the relinquishing of joint control by BCP, the group structure and governance is streamlined by the functional integration of the 2 holdings
  - new governance structure
  - simplified operational & organisational structure, resulting in increased efficiency
  - costs savings & preventing duplication of activities
  - study of a new integrated legal structure

*Achmea has now achieved 60% of its staff reduction objective!*

## Positive Development of Group Ratings

<b>Financial strength</b>	
<b>Eureko Group</b>	<b>A+</b>
<b>Operating Companies of Achmea</b>	<b>A+</b>

<b>Senior unsecured debt</b>	
<b>Eureko B.V.</b>	<b>BBB+</b>
<b>Achmea Holding N.V.</b>	<b>BBB+</b>

- On 6 February 2003, Standard & Poor's removed from CreditWatch and affirmed the Group's insurance 'A+' long-term counter party credit and insurer financial strength on its core operating entities, with a stable outlook. The rating affirmations followed the completion of the sale of Seguros e Pensões to BCP.
- Standard & Poor's commented: 'The ratings reflect Eureko's strong business position, strong capitalisation and improving underwriting performance, as well as the continuing commitment of its shareholders to provide capital resources'.

# Developments at PZU

- ❑ **An international arbitration procedure has started under the treaty between the Netherlands and Poland regarding Eureka's dispute with Polish government**
- ❑ **On 23 October 2002, Eureka announced that it informed the Prime Minister of Poland of the decision to start an arbitration procedure with respect to PZU.**
- ❑ **On 6 December 2002 the Polish Treasury Ministry replied that it had agreed to appoint a representative to the arbitration procedure.**
- ❑ **First day in Arbitration Court was on 8 May 2003. A two-week hearing will take place in September 2004 after which the arbitrators will pass judgement. Eureka will state its claim through September next year.**

➤ **Main Developments**

➤ **Financial Highlights of the Eureka Group**

➤ **Summary and Outlook**

## ***Exhibits***

➤ ***Financial highlights of the Operating Companies***

➤ ***Shareholders' structure***

# Financial Highlights

<i>Euro m</i>	H1 2003	H1 2002*
<b>Total Gross Written Premiums</b>	<b>3,226.6</b>	<b>2,940.9</b>
<b>PBT (based on longer-term results)</b>	<b>303.1</b>	<b>491.5</b>
<b>Net results</b>	<b>(38.8)</b>	<b>249.9</b>

<i>Euro m</i>	H1 2003	FY 2002*
<b>Assets under Management (Euro bn)</b>	<b>92.2</b>	<b>94.8</b>
<b>Shareholders' Equity</b>	<b>1,700.5</b>	<b>1,619.7</b>

- Total Gross Written Premiums up by 9.7% fostered by strong growth in Non-Life and in Health, in particular at Achmea
  - Total Net Earned Premiums at EUR 2.7 billion, up by 7.7% (Pro Forma)
- Profit Before Tax, based on long-term appreciation of equities, of EUR 303.1 million, down by 38% due to the significant reduction of investments in equities in 2003 and the release of provisions in 2002
- Net results of (loss) EUR 38.8 million represent a very significant recovery from second half of 2002, explained by revenue growth and the first and clear result of the cost-cutting initiatives
- Volume of Assets under Management influenced by programmed termination of Activest (HVB) contract (EUR 4.2 billion)
- Shareholders' equity increases by 5%

\*Pro Forma : Excluding Seguros e Pensões

## Contribution to Profit Before Tax

<i>Euro m</i>	H1 2003	H1 2002*
Achmea	26.4	196.3
F&C	24.3	22.6
Friends First	17.0	8.6
Interamerican	29.2	1.2
Other	2.4	1.8
<b>Operating Companies</b>	<b>99.3</b>	<b>230.5</b>
<b>Associates</b>	<b>(25.9)</b>	<b>54.8</b>
Holding	(40.7)	61.7
<b>Group</b>	<b>32.7</b>	<b>347.1</b>

- Results at the Operating Companies show marked improvement (Achmea accounted for a release of provisions of EUR 199 million gross in 2002), driven by Investment Results (bond market), better claims experience and cost results
- Contribution from Associates benefit from stable results of PZU (EUR 29.8 million) in spite of losses in BCP shares (EUR -57.9 million)

\*Pro Forma : Excluding Seguros e Pensões

# Contribution to Profit Before Tax

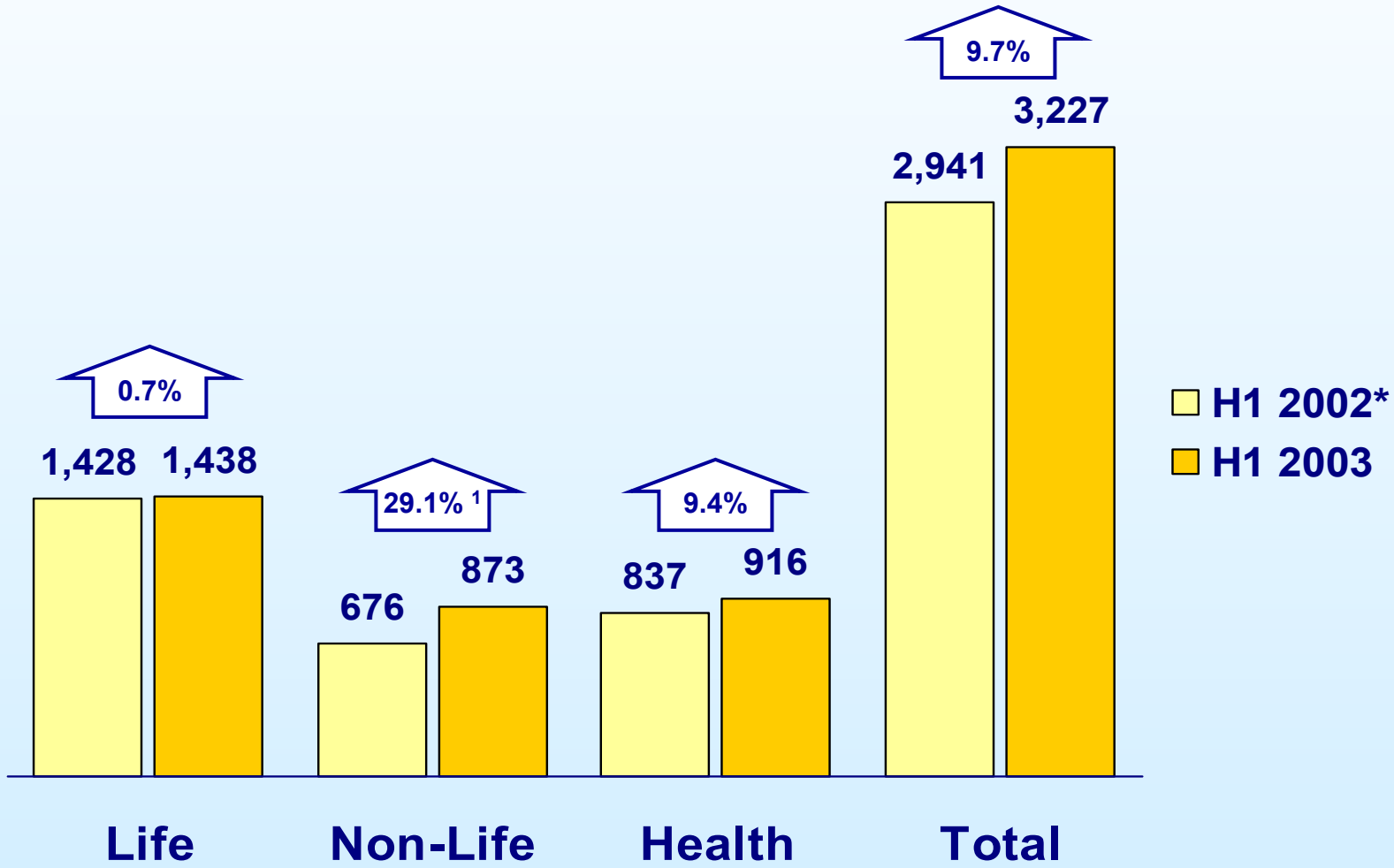
<i>Euro m</i>	H1 2003	H1 2002*
<b>Insurance</b>	<b>343.5</b>	<b>361.5</b>
Life technical results	178.6	200.7
Non-Life technical results	62.9	33.3
Health technical results	32.2	19.6
Other non-technical results	7.0	4.7
Long-term investment returns	62.8	103.2
<b>Asset Management</b>	<b>34.4</b>	<b>39.7</b>
<b>Banking</b>	<b>22.2</b>	<b>12.8</b>
Other activities, Holding, intragroup adjustments	(97.0)	77.5
<b>Profit Before Tax</b> (based on longer term investment returns)	<b>303.1</b>	<b>491.5</b>
Short term fluctuation	(270.4)	(144.4)
<b>Profit Before Tax</b>	<b>32.7</b>	<b>347.1</b>

- Strong recovery of insurance results (Life technical results in 2002 include EUR 199 million release of provisions). Investment results lifted by realised capital gains on bonds
- Non-Life and Health continue to improve profitability due to very positive developments in both claims and expense results
- Asset Management maintains a high level of profitability thanks to its aggressive cost-cutting initiatives which have offset lower volumes under management
- Banking results improve due to the increase in margins and reduction of operating expenses
- At the Holding level the Group experienced reduction of operating expenses, insufficient to offset impact of non-recurring items in 2002 and an impairment of real estate for own use in 2003 (EUR 29 million)

\*Pro Forma : Excluding Seguros e Pensões

# Non-Life and Health Insurance Foster Group's GWP Growth

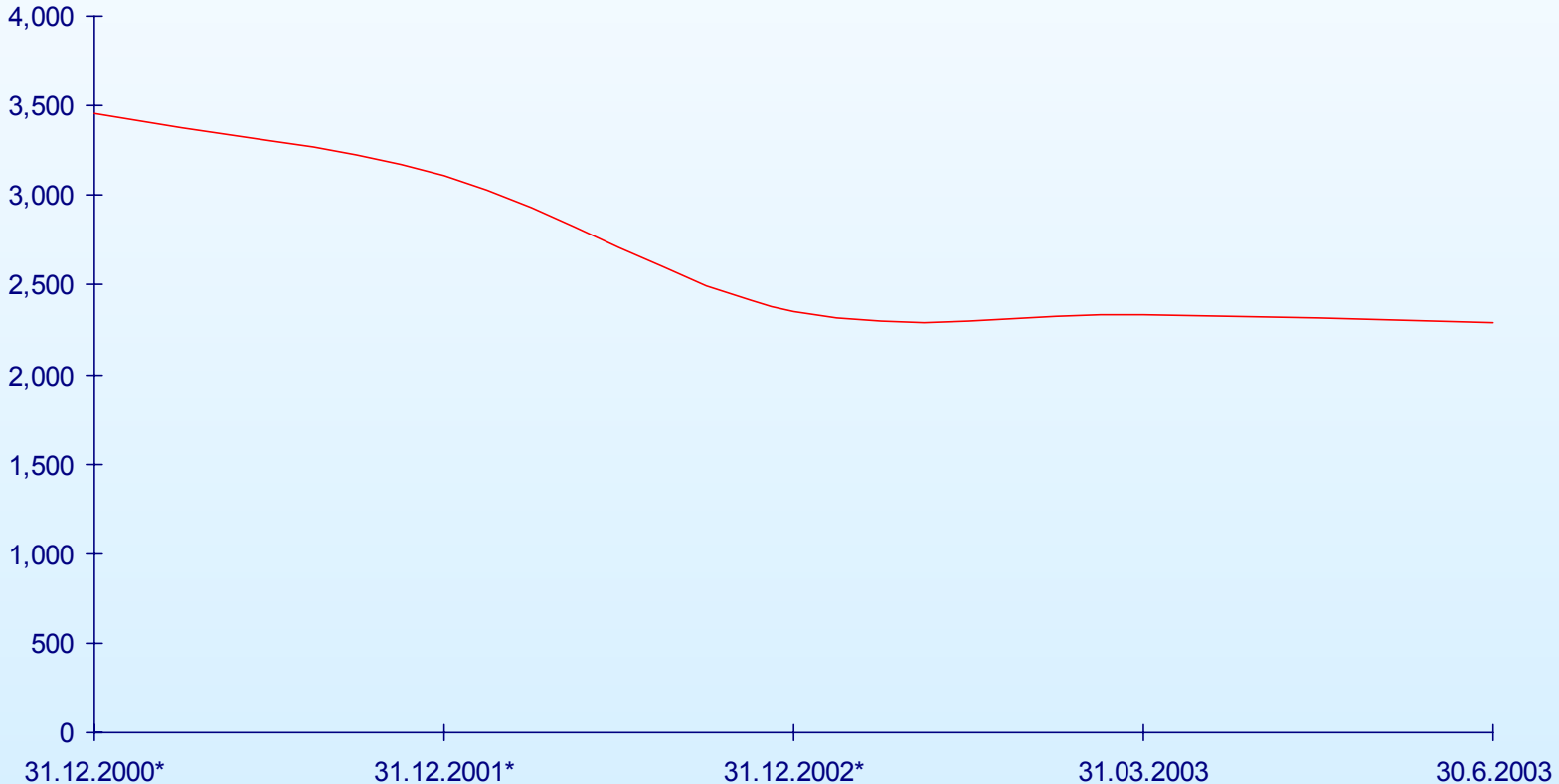
Euro m



<sup>1</sup> Relevant change in consolidation perimeter: RSA Benelux contributes with EUR 140m in 2003

\*Pro Forma : Excluding Seguros e Pensões

# Embedded Value: resilience through challenging markets

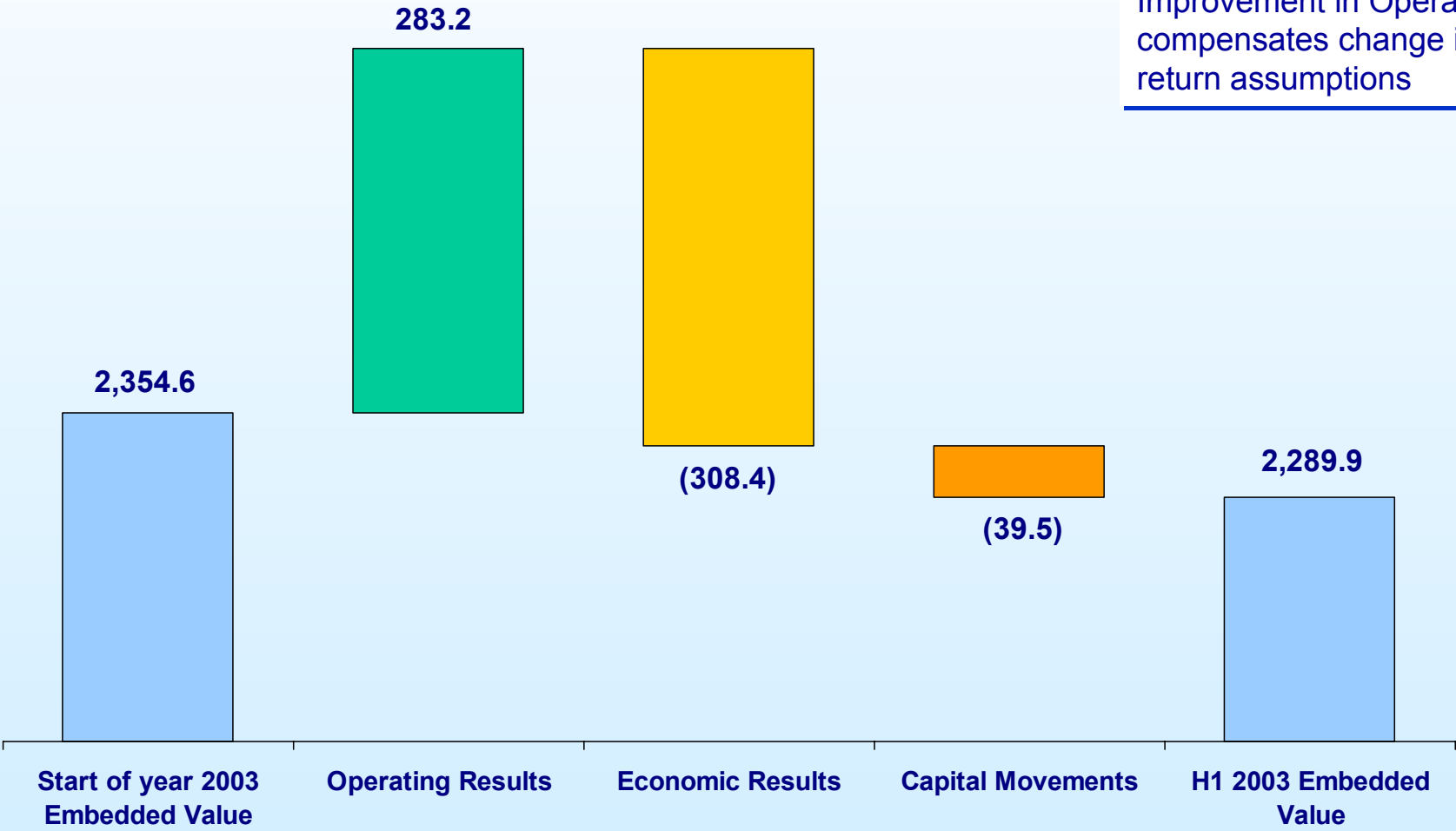


*N.B.: Embedded Value calculations for 2003 and Pro Forma have not been subject to external review*

*\*Pro Forma : Excluding Seguros e Pensões*

# Development of Embedded Value

Euro m



Improvement in Operating Results compensates change in investment return assumptions

*N.B.: Embedded Value calculations for 2003 have not been subject to external review*

# Embedded Value : Margin of New Business Shows Clear Improvement

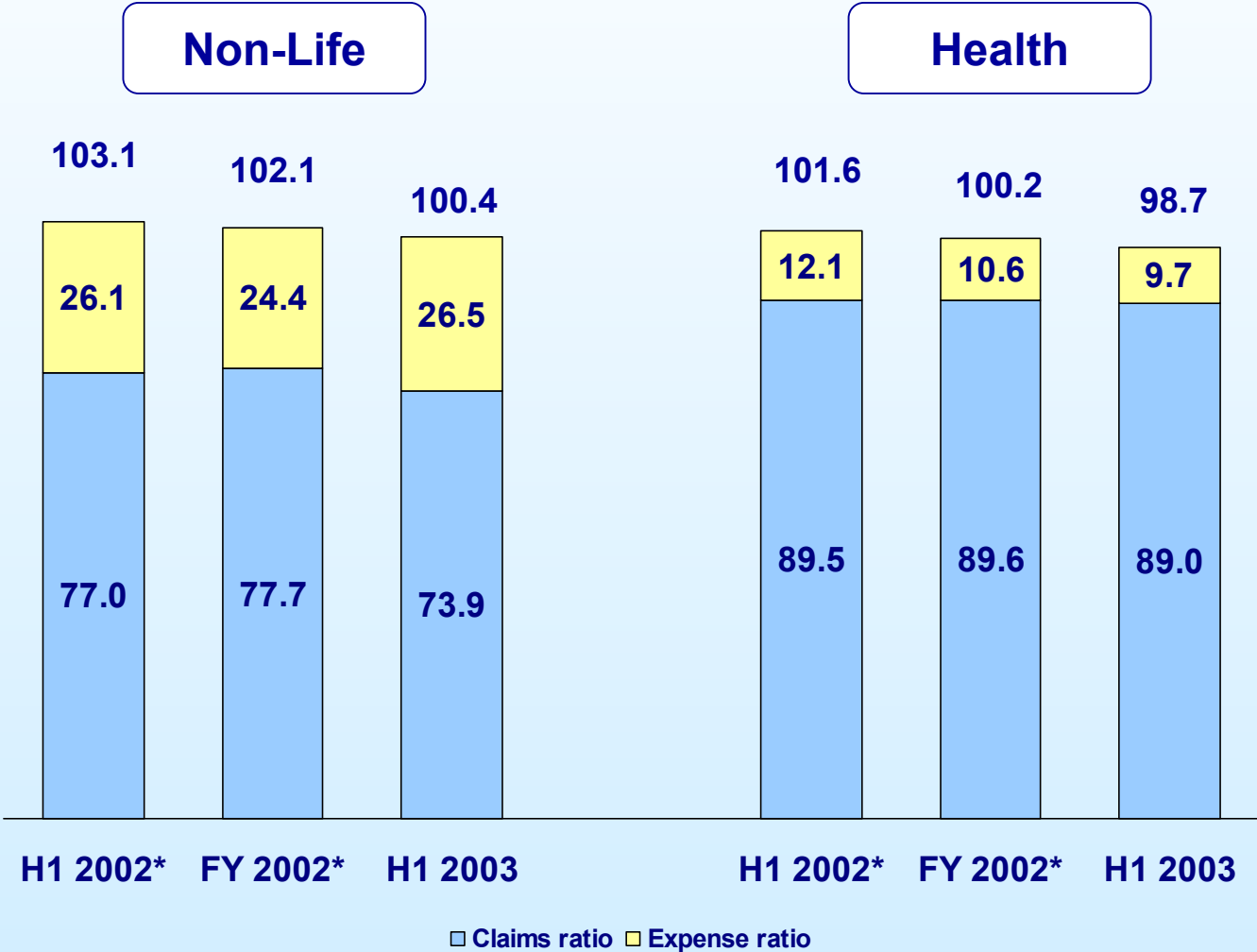
*Euro m*

<b>Consolidated Value of New Business</b>	<b>31 Dec 2002</b>	<b>30 June 2003</b>
<b>Value added by new business before cost of solvency capital</b>	<b>(17.7)</b>	<b>(1.7)</b>
<b>Cost of solvency capital</b>	<b>(9.0)</b>	<b>(3.2)</b>
<b>Value added by new business after cost of solvency capital</b>	<b>(26.7)</b>	<b>(4.9)</b>
<b>Annual Premium equivalent (“APE”)</b>	<b>227.9</b>	<b>106.2</b>
<b>Value added by new business as % of APE</b>	<b>(12%)</b>	<b>(5%)</b>

*N.B.: Embedded Value calculations for 2003 have not been subject to external review*

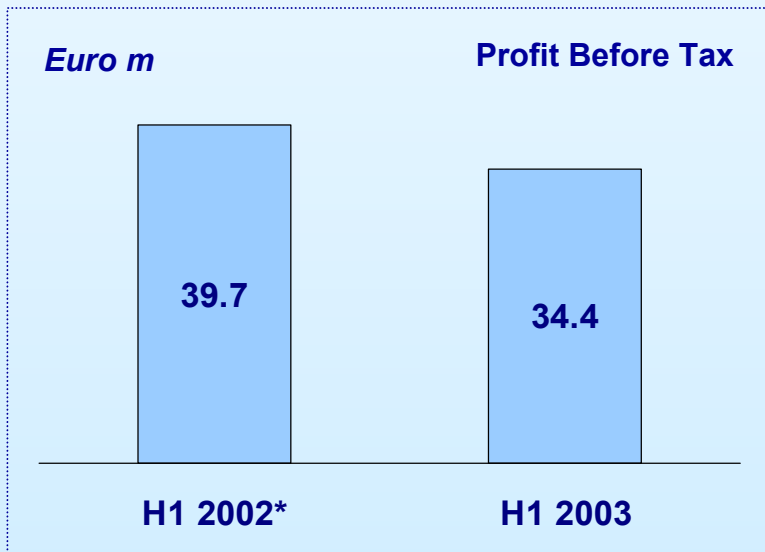
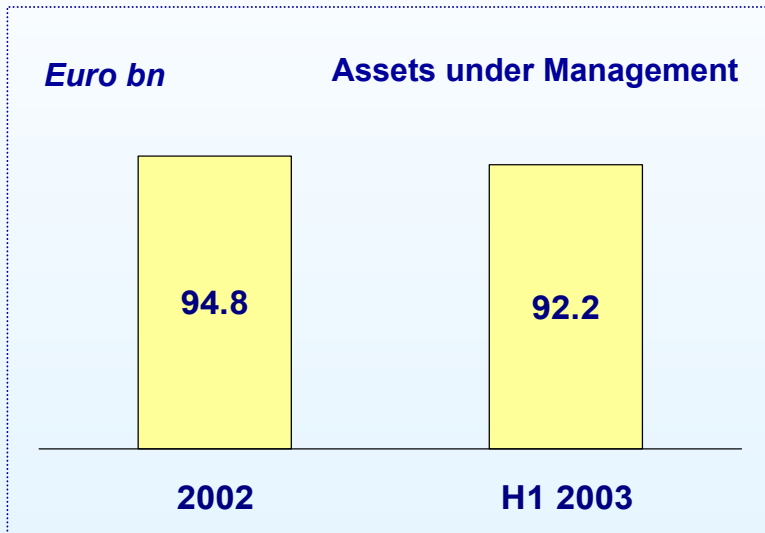
# Better Claims Experience and Cost Results (Health) Drive Improvement of Combined Ratios

%



\*Pro Forma : Excluding Seguros e Pensões

# Asset Management

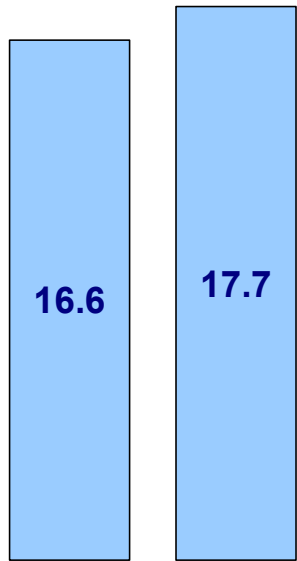


- Lower commission income, down by 5.5%, driven by lower volumes under management, largely explained by the programmed termination of the Activest contract (EUR 4.2 billion)
- Operating Expenses down by 10.3%, reflecting management determination in achieving higher operating efficiency levels as well as the realisation of synergies arising from consolidation of operations into a single platform
- Ownership of Intertrust transferred to Eureka in order to complete its integration process under F&C Management during the second half of 2003

*\*Pro Forma : Excluding Seguros e Pensões*

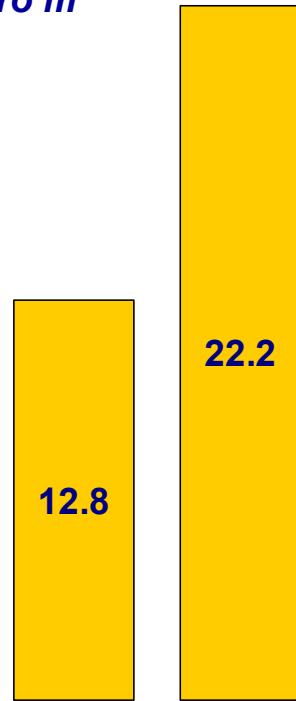
# Recovering Profitability of the Banking Activities

**Credit Portfolio**  
*Euro bn*



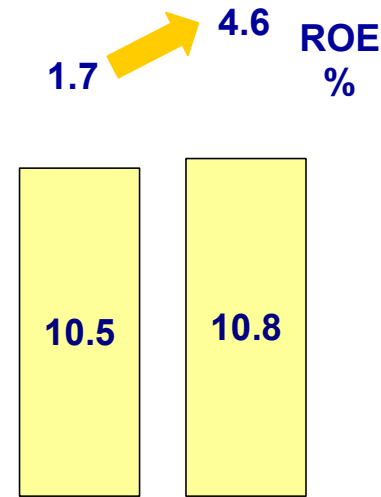
FY 2002 H1 2003

**Profit before tax**  
*Euro m*



H1 2002 H1 2003

**Solvency**  
*BIS ratio %*

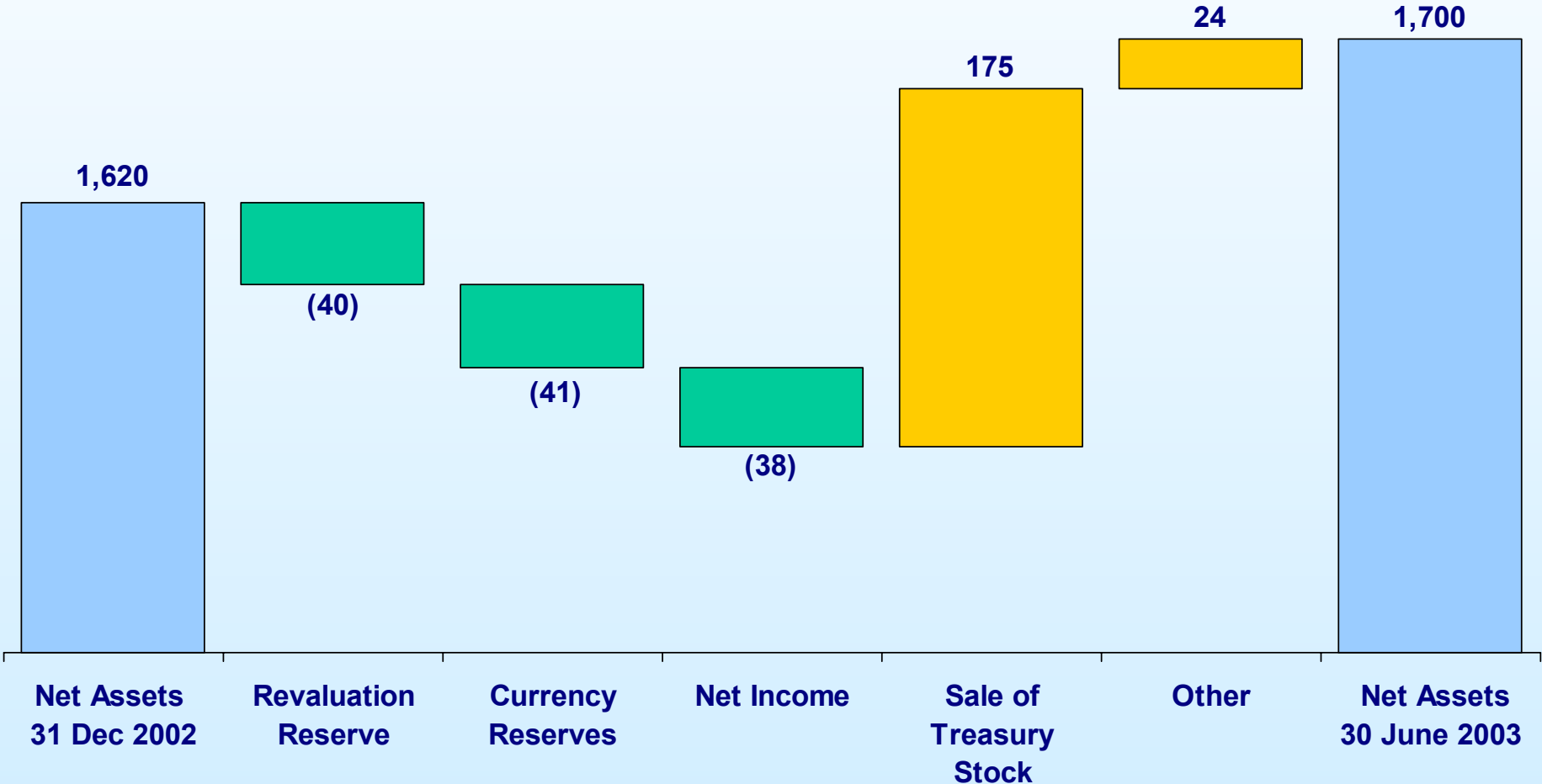


FY 2002 H1 2003

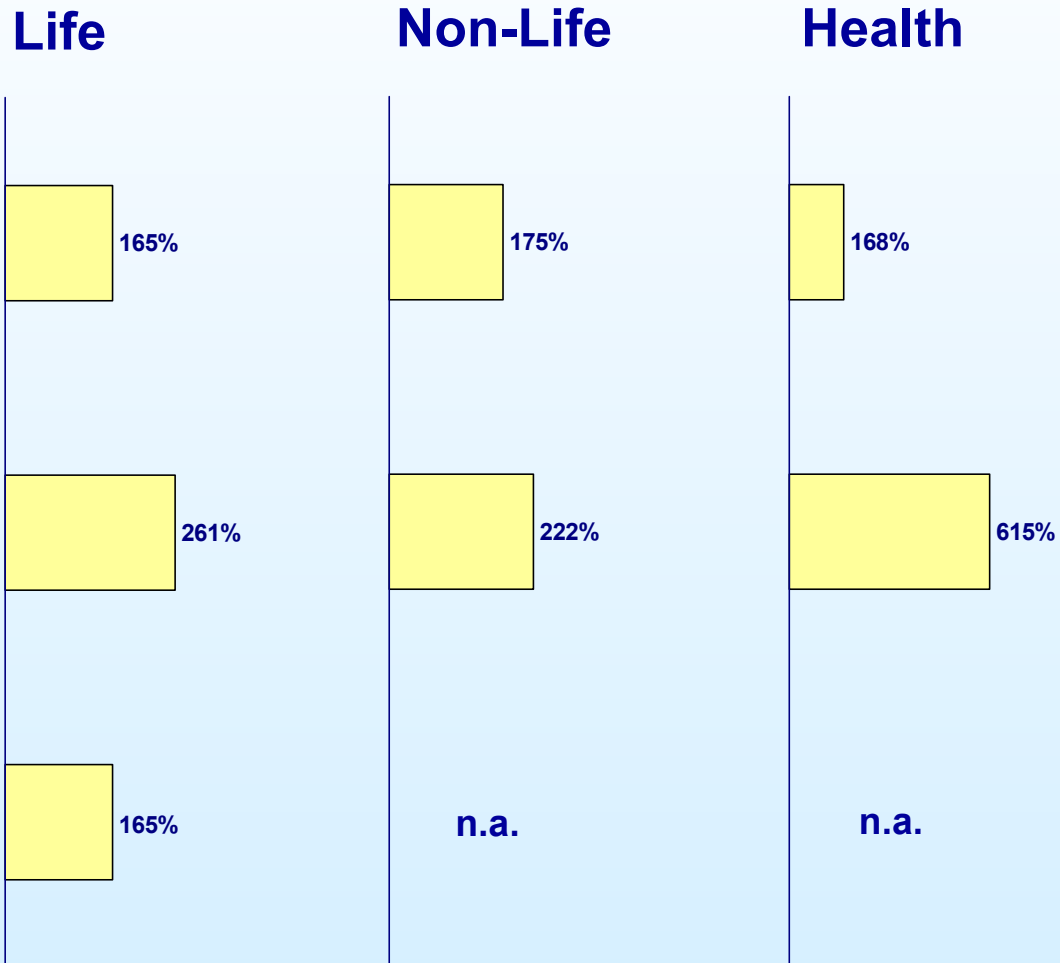
- Profit before tax of Banking activities show positive impact of both higher interest margins and interest income, lower operating expenses which are partially offset by lower commission income (lower levels of client activity) and provisions for loan losses (maintaining a conservative stance in provisioning)
- Overall profitability and efficiency providing room for substantial improvement

# Development of Shareholders' Equity

Euro m



# Solvency of the Eureka Operating Companies Remains Very Strong



Life & Non-Life solvency were boosted by capital gains

Share capital increase of € 20m

- **Main Developments**
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- **Summary and Outlook**

## ***Exhibits***

- ***Financial highlights of the Operating Companies***
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## Summary and Outlook for 2003

- ❑ **Due to the volatility of the financial markets it is not possible to provide a full year earnings outlook, in spite of Management's confidence in seeing continuing improvements of the Group operating results**
- ❑ **Strong commitment to continue to improve profitability through fostering revenue growth and a relentless pursuit of higher operational efficiency**
- ❑ **Intention to re-enter capital markets in light of favourable developments towards insurance issuers**
- ❑ **Assess business portfolio aiming at optimising overall group performance without disregarding opportunities in our core activities**

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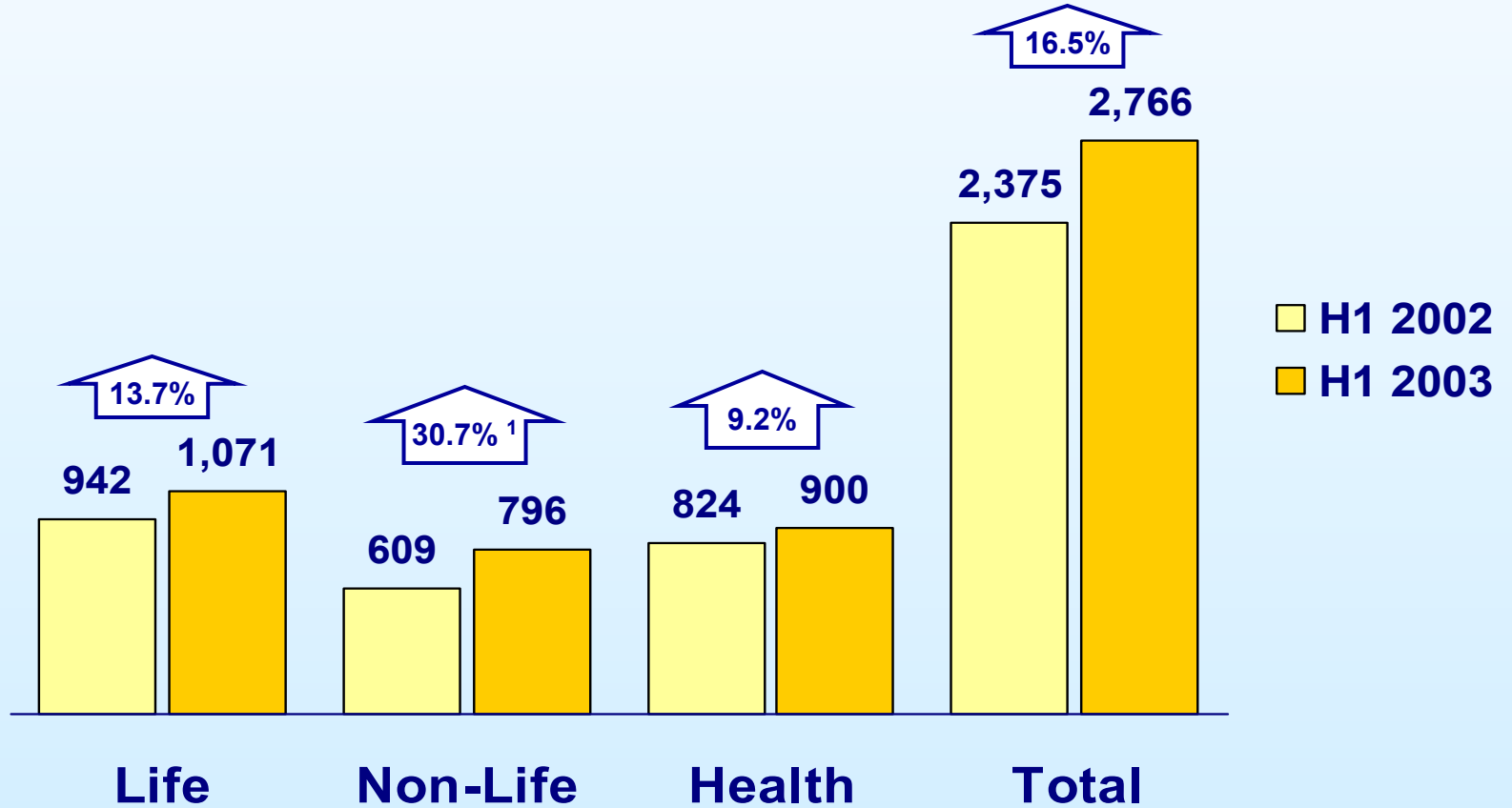
<i>Euro m</i>	H1 2003	H1 2002
<b>Total gross written premiums</b>	<b>2,766.3</b>	<b>2,375.3</b>
Life technical results	152.3	201.8
Non-Life technical results	53.8	28.6
Health technical results	31.7	23.1
<b>Technical results insurance</b>	<b>237.8</b>	<b>253.5</b>
Investment income for shareholders (based on longer term investment return)	58.8	96.6
Other non technical income	(2.5)	3.6
Asset management	6.6	9.3
Banking	21.7	11.3
Other activities and Holding	(113.0)	42.2
<b>PBT (based on longer term investment return)</b>	<b>209.4</b>	<b>416.4</b>
Short term fluctuations	(183.0)	(220.2)
<b>PBT</b>	<b>26.4</b>	<b>196.3</b>

- Strong recovery of insurance results (Life technical results in 2002 include EUR 199 million release of provisions)
- Private Lines, Health, Intermediary and Commercial Lines Business Units show very strong improvement of operating results driven by strong cost control and better claims experiences
- Investment policy yields improve results with strong capital gains on fixed income which partially offset losses on equity portfolios
- Other activities reflect impact of provisions for Group restructuring and value impairment on real estate in own use

# Strong Performance of Achmea Insurance Activities

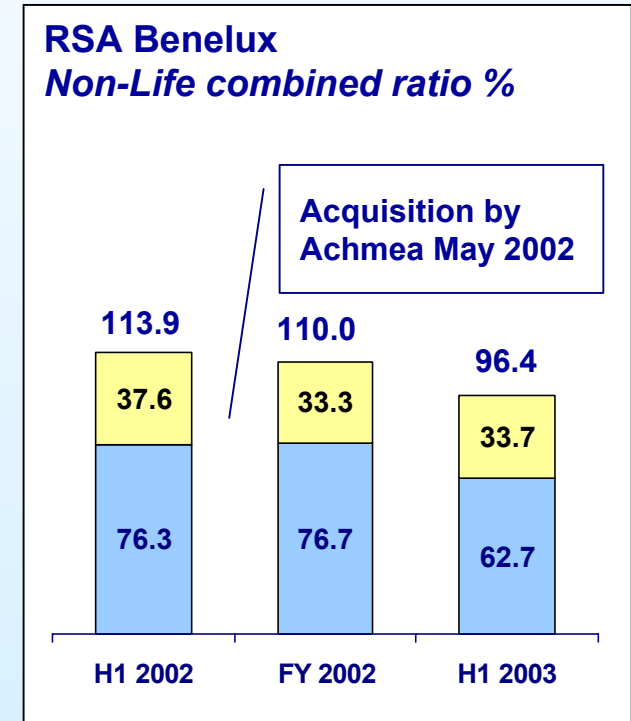
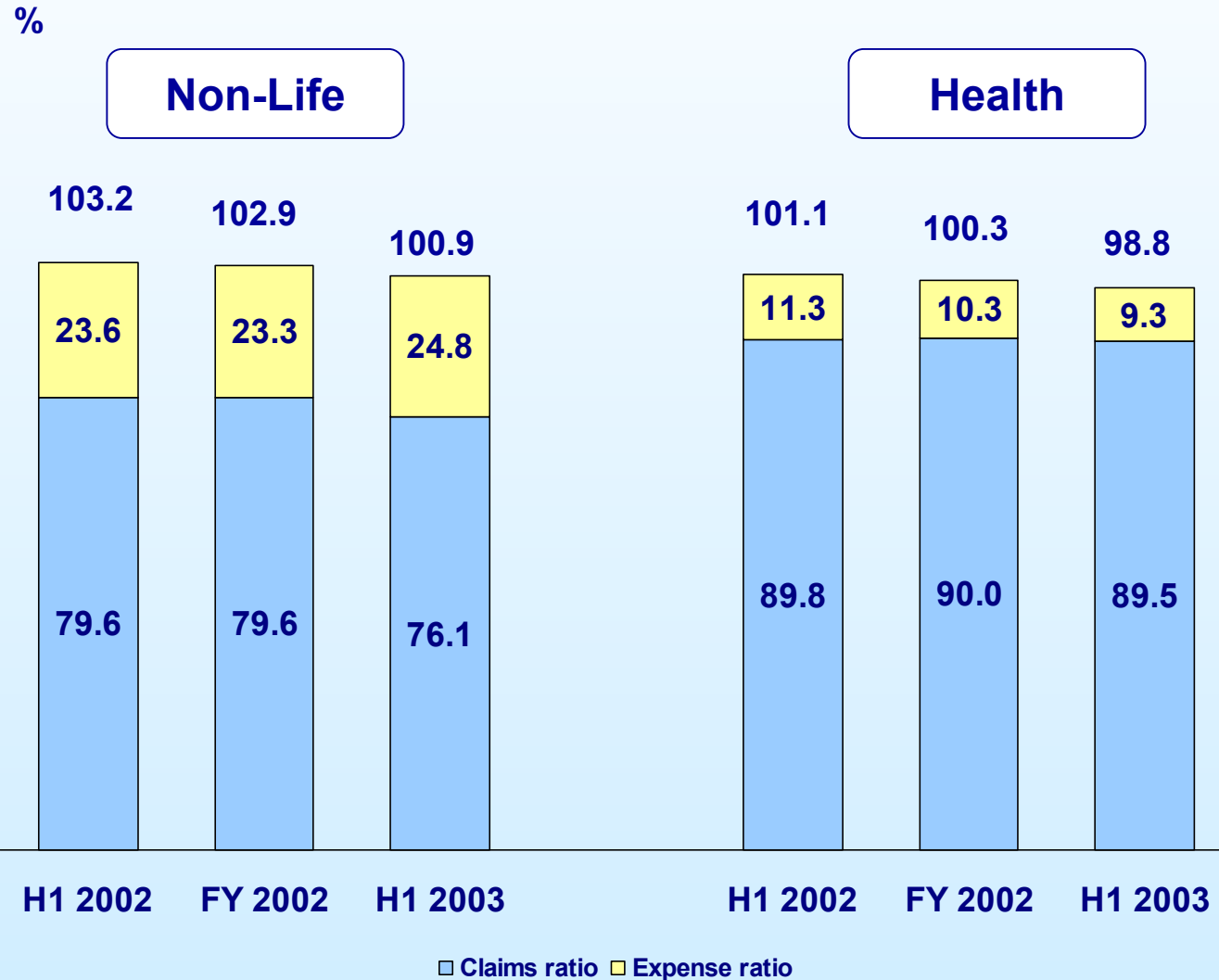


Euro m



<sup>1</sup> Relevant change in consolidation perimeter: RSA Benelux contributes with EUR 140m in 2003

# Strong Improvement of Combined Ratio of Achmea



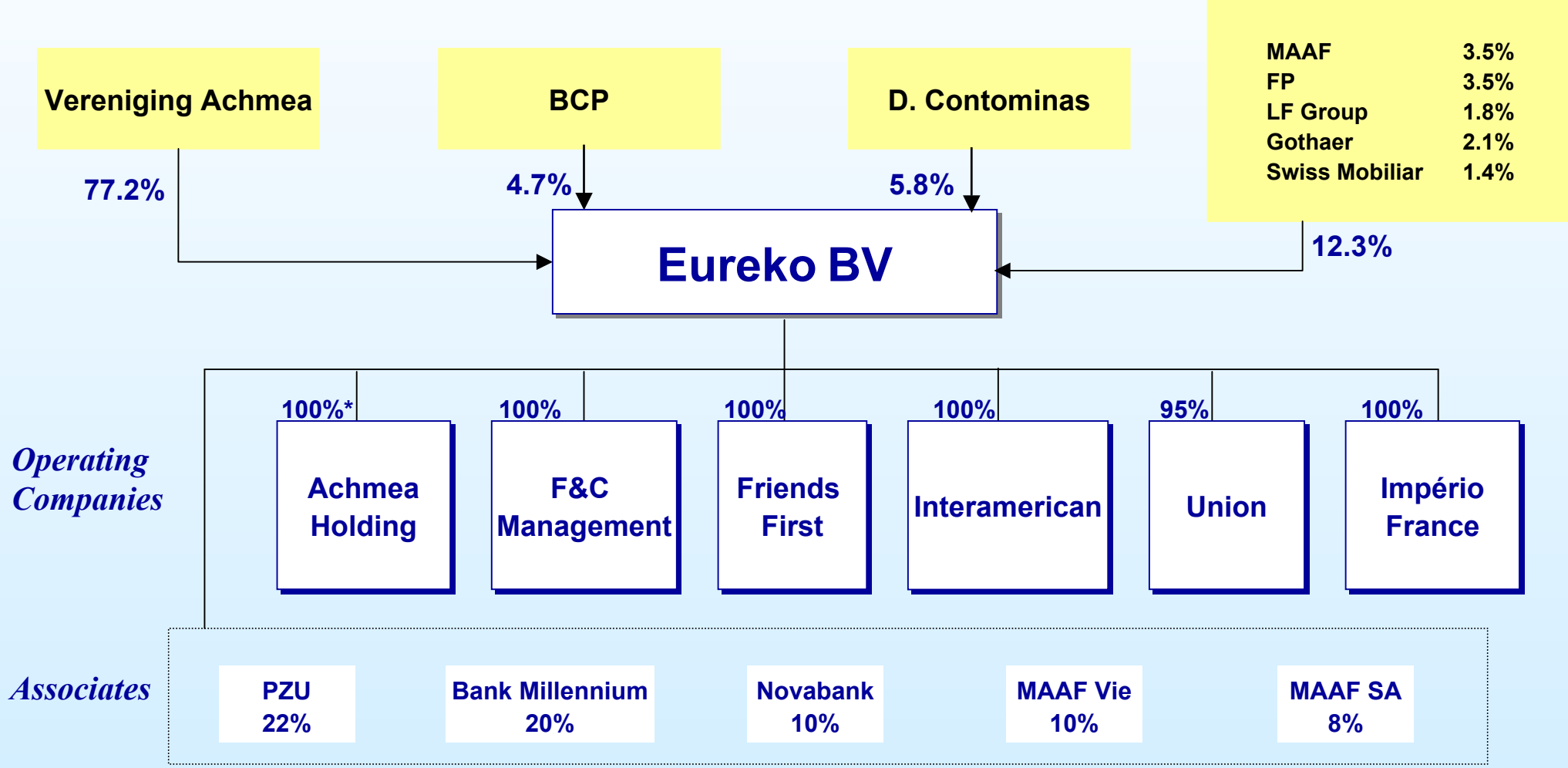
<i>Euro m</i>	H1 2003	H1 2002
Management fees	95.1	101.9
Other income	1.9	1.9
Operating expenses	72.5	81.2
Other expenses	0	0
<b>Profit Before Tax</b>	<b>24.5</b>	<b>22.6</b>

<i>Euro m</i>	H1 2003	H1 2002
<b>Total gross written premiums</b>	<b>206.4</b>	<b>326.5</b>
Life technical results	13.8	3.3
Non-Life technical results	0.7	0.3
Health technical results	-	-
<b>Technical results insurance</b>	<b>14.5</b>	<b>3.6</b>
Investment income for shareholders (based on LT investment return)	1.8	1.8
Other non technical income	0.0	0.0
Asset Management	-	-
Banking	0.5	1.5
Other activities and Holding	0.4	0.5
<b>PBT (based on longer term investment return)</b>	<b>17.2</b>	<b>7.4</b>
Short term fluctuations	(0.2)	1.2
<b>PBT</b>	<b>17.0</b>	<b>8.6</b>

<i>Euro m</i>	H1 2003	H1 2002
<b>Total gross written premiums</b>	<b>189.7</b>	<b>196.9</b>
Life technical results	7.4	13.8
Non-Life technical results	7.2	8.8
Health technical results	0.6	1.2
<b>Technical results insurance</b>	<b>15.3</b>	<b>23.8</b>
Investment income for shareholders (based on LT investment return)	2.7	5.7
Other non technical income	2.4	(27.3)
Asset management	3.6	7.8
Banking	0.0	0.0
Other activities and Holding	(0.3)	(13.8)
<b>PBT (based on longer term investment return)</b>	<b>23.8</b>	<b>(3.8)</b>
Short term fluctuations	5.4	5.0
<b>PBT</b>	<b>29.2</b>	<b>1.2</b>

# Updated Shareholders' Structure

Voting rights (current)



\*9% economic interest held by Preference Shareholders