

EUREKO

HALF YEAR REPORT 2011



**Board Report**

Board Report - 2011 interim results	3
Uncertainties in H2 2011	4
Statement of the Executive Board of Eureka B.V.	5

**Condensed Consolidated Interim Financial Statements**

Consolidated Statement of Financial Position	7
Consolidated Income Statement	8
Consolidated Statement of Comprehensive Income	9
Condensed Consolidated Statement of Changes in Total equity	9
Consolidated Statement of Total equity	9
Condensed Consolidated Statement of Cash Flows	10
Accounting policies	11
Segment reporting	12
Financial instruments measured at fair value	17
Notes to the Condensed Consolidated Interim Financial Statements	19
Independent auditor's review report on the Condensed Consolidated Interim Financial Statements	23

### Financial results

Eureko generated good results in the first half of 2011. Profit before tax from regular activities\* increased 27% to €201 million. The increase is due in part to improved results in our Life business but Non-life and Health also made significant contributions to profit before tax. Gross written premiums in both Life and Non-life were under pressure due to fierce competition. However, increases in Health ensured total gross written premiums for the Group increased slightly to €11 billion.

We remain financially strong and, in the current turbulent economic climate, a stable partner for our customers. Group solvency increased once again during the reporting period to 224% while the solvency of the insurance entities grew to 233%.

The programmes we introduced to reduce organisational complexity are moving forward according to plan. The creation of integrated back offices that can provide our brands with customer-focused, affordable products are on track. During the first half of 2011, the cost-reduction programme has demanded our full attention, specifically in terms of personnel costs. This is primarily because we are in the process of creating a new health organisation and have accelerated the integration of Achmea Health and Agis as well as improvement initiatives on, for example, health procurement to improve the quality of healthcare. This means we have deployed more personnel in the short-term. Moreover, we made an additional provision for the Achmea Transfer Center (+100 FTEs) that mediates new jobs for excess personnel. At the same time, pension costs for our internal employees have risen considerably. As Executive Board, however, we remain firmly committed to achieving our cost-reduction targets.

### Holding merger

As part of our strategy, we announced in 2009 an efficiency programme and one of the primary goals was to reduce the complexity of our organisation. Part of that programme involves merging the Achmea and Eureko holding companies. We have set that process in motion and have opted to retain the Achmea name for the new holding company. The aim is to finalise the merger in the second half of this year.

### Highlights

The Netherlands Competition Authority (NMa) has given

\*Corrected for impairment Greek bonds (€-48 million), divestments (€30 million) and PZU results (€1 million).

final approval for the merger between Achmea's health business and De Friesland Zorgverzekeraar. The intention is to merge the two organisations at the end of this year.

Eureko has operating companies in Turkey, Greece, Russia, Ireland, Romania, Slovakia and Bulgaria. Interamerican, our Greek subsidiary, is the second largest insurer in that market. In the first half of 2011, Interamerican generated good results. Profit before tax from regular activities rose to €28 million – quite an achievement in the distressed Greek economic environment. Solvency remained robust.

During the reporting period, Eureko exercised its option to acquire the remaining 20% stake in Eureko Sigorta and we now wholly own this Turkish operating company. In the same period, we also completed the divestment of Império France and our Belgian subsidiary, Avéro.

In the current financial environment, we have maintained our low risk profile. With other major financial institutions, Eureko is responding to government's request for private-sector support in resolving the Greek debt crisis. The effect on profit is an impairment of €48 million.

All Achmea brands have been awarded the Dutch quality mark for customer-focused insurance. Now, Agis has also achieved the quality mark, confirming the health insurer meets high standards of customer information, service, accessibility, satisfaction and quality. The quality mark is awarded by an independent foundation that monitors the Dutch insurance sector.

Our direct writers, InShared in the Netherlands and Anytime in Greece, are both performing very well. On 1 July, InShared started to distribute insurance products through the popular Hema retail brand and Anytime, as the only Greek insurer actively selling through the direct channel, proves to be an attractive alternative in the current market.

### The Achlum Convention

The first half of 2011 marked Achmea's second centenary. As part of our commitment to maintaining our cooperative identity, we celebrated this by organising the Achlum Convention. We chose solidarity as theme for the convention to emphasise our cooperative roots. The utility and need for solidarity in our business areas – mobility, health, safety, pension and work – was the day's topic for customers, politicians, writers, artists and other guests.

This enabled us to define an Agenda of Achlum, identifying key themes and pressing issues to ensure solidarity as a main principle for insurance. With this agenda we see a role in both providing a platform for ongoing social dialogue on those themes and taking responsibility for them where appropriate (see [www.agendavanachlum.nl](http://www.agendavanachlum.nl)).

### Looking ahead

Developments in financial markets will continue to be a focus point for us as a major insurer. We are confident that we will remain resilient in these turbulent times due to our low risk profile and robust financial position. That resilience will ensure we can continue to concentrate on our customers. Our point of departure remains the same: the delivery of simple, relevant and affordable products that make our customers feel well insured. That is our commitment to our customers.

## UNCERTAINTIES IN H2 2011

### Health Insurance

Uncertainties in the health insurance industry remain and may still have a significant impact on the performance of Eureko's Health insurance activities. Important (exogenous) factors are the structure of both finance and equalisation of basic health insurance. Claims (from different health insurers) on this over/under financing have been settled through 2007, while settlements for the years 2008 through 2010/H1 2011 remain uncertain.

### Exposure to GIIPS countries

The adverse developments within the so-called GIIPS (Greece, Italy, Ireland, Portugal and Spain) countries are being monitored closely. Consequently, more stringent governance principles have been implemented and further action was taken to reduce exposure to GIIPS countries to bring it in line with our risk profile. Developments in the second half of 2011 are uncertain. The impact on Eureko's Total equity and Net profit is expected to be limited, based on current knowledge.

As a result of Eureko's participation in the proposed voluntary restructuring of Greek government debt, Eureko impaired the related Greek bond portfolio. It is probable that the actual restructuring will take place in the second half of 2011. The impact on Total equity and Net profit depends on the final terms of the conversion.

### Volatility in financial markets

In July and August, market conditions were relatively volatile as equity markets declined, credit spreads widened and interest rates in core countries declined. Continuation of these conditions will have an impact on Eureko's Total equity and could also impact Net profit negatively in the second half of 2011.

Eureko's own-risk equity portfolio (€ 0.8 billion, excluding investments in private equity, commodities and real-estate funds) will be influenced negatively. A decrease of 10% on market value per 30 June 2011 will have a negative impact of approximately € 60 million (after tax) on Eureko's Total equity. In this scenario, the impact on the Group solvency ratio is estimated at a maximum of 2%-points. The decrease could trigger impairments on Eureko's equity investments and therefore could impact Eureko's Net profit.

The value of Eureko's own-risk bond portfolio (€28.4 billion), which is mainly invested in core countries, will be influenced by lower interest rates (positive) and widened credit spreads (negative). Based on asset-liability matching, the impact on both Eureko's Total equity and Net profit has been limited so far.

Expected impact of volatile financial markets on Total equity, Group solvency ratio and Net profit is considered to be limited, based on current knowledge. Eureko's de-risking strategy executed after the financial crisis in 2008 has contributed positively to these limited negative impacts.

### Anticipated business combinations

The anticipated acquisition of De Friesland Zorgverzekeraar was approved by the Netherlands Competition Authority (NMa) in the first half of 2011. De Friesland Zorgverzekeraar and Eureko B.V. intend to merge at the end of 2011. As a result, De Friesland Zorgverzekeraar is expected to be included in Eureko's consolidated Financial Statements 2011.

In current strategic considerations, Eureko is exploring the role of non-insurance related activities. This could result in the divestment of small-scale, non-core business components. Eureko expects no material changes in Total equity or Net profit would ensue from business combinations and/or disposals.

Willem van Duin  
Chairman of the Executive Board  
30 August 2011

The Executive Board reviewed the Eureka B.V. Condensed Consolidated Interim Financial Statements on 29 August 2011 and authorised their issue.

The Executive Board of Eureka B.V. hereby declares that, to the best of their knowledge, the Eureka B.V. Condensed Consolidated Interim Financial Statements 2011, which have been prepared in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2011 and as adopted by the European Union and specifically IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and net profit of Eureka B.V. and its subsidiaries included in the consolidation as a whole.

Furthermore, we acknowledge that the Board Report includes a fair view of the information required pursuant to section 5:25d, subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel Toezicht).

Zeist, 29 August 2011  
Executive Board

W.A.J. (Willem) van Duin, Chairman  
G. (Gerard) van Olphen, Vice-Chairman  
J.A.S. (Jeroen) van Breda Vriesman  
D. (Danny) van der Eijk  
T.C.A.M. (Thomas) van Rijckevorsel

EUREKO B.V.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

30 JUNE 2011

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF PROFIT)

	(€ million)	
	30 June 2011	31 December 2010*
<b>Assets</b>		
Intangible assets	1,899	2,066
Associates	85	149
Investment property	1,369	1,416
Investments	38,861	39,577
Investments backing linked liabilities	22,078	22,637
Banking credit portfolio	16,706	16,828
Deferred tax assets	879	923
Deferred acquisition costs	416	384
Income tax receivable		
Amounts ceded to reinsurers	963	937
Receivables	5,804	5,176
Other assets	897	860
Cash and cash equivalents	1,202	1,939
	<b>91,159</b>	<b>92,892</b>
Assets classified as "held for sale"		1,054
<b>Total assets</b>	<b>91,159</b>	<b>93,946</b>
<b>Equity</b>		
Equity attributable to holders of equity instruments of the Company	10,333	10,352
Non-controlling interest	5	5
<b>Total equity</b>	<b>10,338</b>	<b>10,357</b>
<b>Liabilities</b>		
Insurance liabilities	35,941	35,623
Insurance liabilities for policyholders	19,633	20,305
Investment contracts	2,299	2,365
Employee benefits	1,008	1,080
Other provisions	322	324
Banking customer accounts	4,811	4,659
Loans and borrowings	11,557	12,600
Derivatives	805	1,031
Deferred tax liabilities	545	586
Income tax payable	118	95
Other liabilities	3,782	4,158
	<b>80,821</b>	<b>82,826</b>
Liabilities classified as "held for sale"		763
<b>Total liabilities and Total equity</b>	<b>91,159</b>	<b>93,946</b>

\* Adjusted for comparison reasons where necessary

## CONSOLIDATED INCOME STATEMENT

	(€ million)	
	First half year 2011	First half year 2010*
<b>INCOME</b>		
Gross written premiums Non-Life	2,359	2,441
Gross written premiums Health	6,560	6,189
Gross written premiums Life	2,037	2,083
<b>Gross written premiums</b>	<b>10,956</b>	<b>10,713</b>
Reinsurance premiums	-388	-379
Change in provision for unearned premiums (net of reinsurance)	-696	-770
<b>Net earned premiums</b>	<b>9,872</b>	<b>9,564</b>
Income from associates	-3	730
Investment income	619	685
Realised and unrealised gains and losses	-545	466
Income from investments backing linked liabilities	-279	1,208
Banking income	400	444
Fee and commission income, and income from service contracts	224	243
Other income	100	135
<b>Total income</b>	<b>10,388</b>	<b>13,475</b>
<b>EXPENSES</b>		
Claims and movements in insurance liabilities	9,534	9,540
Claims and movements in insurance liabilities ceded to reinsurers	-195	-286
Profit sharing and bonuses	-281	543
Movements in insurance liabilities for policyholders	-741	824
Benefits and losses on investment contracts	-71	-8
Operating expenses	1,540	1,544
Banking expenses	297	299
Interest and similar expenses	37	43
Other expenses	84	141
<b>Total expenses</b>	<b>10,204</b>	<b>12,640</b>
<b>Profit before tax</b>	<b>184</b>	<b>835</b>
Income tax expenses	4	-29
<b>Net profit</b>	<b>180</b>	<b>864</b>
Net profit attributable to:		
- Holders of equity instruments of the Company	180	864
- Non-controlling interest		
Average number of outstanding ordinary shares	408,884,542	408,884,542
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	0.42	1.97

\* Adjusted for comparison reasons where necessary

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(€ million)	
	First half year 2011	First half year 2010
<b>Net profit</b>	180	864
<b>Net Other comprehensive income</b>		
Currency translation differences on intangible assets, subsidiaries and associates	-51	22
Unrealised gains and losses on available for sale instruments	-241	849
Share in other comprehensive income of associates	-11	-9
Transfer from/to provision for profit sharing and bonuses	135	-593
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal	-41	51
Impairment charges on available for sale instruments reclassified to the Income Statement	74	26
Unrealised gains and losses on cash flow hedging instruments		-12
<b>Comprehensive income</b>	<b>45</b>	<b>1,198</b>
Comprehensive income attributable to:		
- Holders of equity instruments of the Company	45	1,198
- Non-controlling interest		

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	(€ million)	
	First half year 2011	First half year 2010
Balance at 1 January	10,357	10,127
Comprehensive income	45	1,198
Dividends and coupon payments	-101	-655
Other movements	37	50
<b>Balance at 30 June</b>	<b>10,338</b>	<b>10,720</b>

Dividends and coupon payments consist of dividend paid to holders of preference shares of €15 million (2010: €26 million), dividend paid to holders of ordinary shares €42 million (2010: €585 million) and coupon payments to holders of Other equity instruments of €44 million (2010: €44 million).

## CONSOLIDATED STATEMENT OF TOTAL EQUITY

	(€ million)	
	30 June 2011	31 December 2010
Share capital	11,325	11,381
Own shares	-45	-45
Legal reserves	275	272
Revaluation reserve	468	548
Foreign exchange difference	-149	-101
Hedging reserves	-7	-6
Retained earnings	-3,039	-4,242
Profit for the (half) year	180	1,220
Other equity instruments	1,325	1,325
<b>Equity attributable to holders of equity instruments of the Company</b>	<b>10,333</b>	<b>10,352</b>
Non-controlling interest	5	5
<b>Total equity</b>	<b>10,338</b>	<b>10,357</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(€ million)	
	First half year 2011	First half year 2010*
<b>Net cash and cash equivalents as at 1 January</b>	<b>1,939</b>	<b>1,385</b>
Cash flow from operating activities	-611	-305
Cash flow from investing activities	297	1,383
Cash flow from financing activities	-423	-991
<b>Net cash flow</b>	<b>-737</b>	<b>87</b>
<b>Net cash and cash equivalents as at 30 June</b>	<b>1,202</b>	<b>1,472</b>

\* Adjusted for comparison reasons where necessary

Net cash and cash equivalents comprises of Cash and cash equivalents.

### **A. Basis of presentation**

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2011 and as adopted by the European Union and specifically IAS 34 'Interim Financial Reporting'. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Eureko Annual Report 2010. The Eureko Annual Report 2010 is available at [www.eureko.com](http://www.eureko.com).

All amounts in the Condensed Consolidated Interim Financial Statements are in millions of euros unless stated otherwise.

### **B. Changes in reporting**

The accounting policies applied by Eureko B.V. in these Condensed Consolidated Interim Financial Statements are the same as those applied in the Eureko Annual Report 2010, except for some minor changes due to changes in IFRS.

The following standards, interpretations, and amendments to standards and interpretations became effective as of 1 January 2011:

- Improvements to International Financial Reporting Standards;
- IAS 32 Financial Instruments: Presentation – Amendments relating to classification of rights issues;
- IAS 24 Related Party Disclosures – Revised definition of related parties;
- IAS 19 and IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

These new or revised standards, interpretations and amendments to standards and interpretations did not have a material effect on the Condensed Consolidated Interim Financial Statements for the period ended 30 June 2011.

### **C. Consolidation and accounting framework**

The Condensed Consolidated Interim Financial Statements comprise Eureko B.V. and its subsidiaries. For the preparation of the Condensed Consolidated Interim Financial Statements estimates and assumptions are used (e.g. for some of the reported assets and liabilities and the reported amounts of revenues and expenses for the accounting period). The actual outcome may deviate from these assumptions.

## 2. SEGMENT REPORTING

---

Eureko's operating segments relate to the internal segmentation by business lines. Business lines are components of Eureko that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance.

Eureko recognises the business lines Non-Life, Health, Life, Banking and Other.

### SEGMENT RESULTS

---

	(€ million)	
	First half year 2011	First half year 2010
Non-Life	250	219
Health	171	162
Life	73	-100
Banking	22	49
Other	-332	505
<b>Profit before tax</b>	<b>184</b>	<b>835</b>

### SEGMENT ASSETS

---

	(€ million)	
	30 June 2011	31 December 2010
Non-Life	10,064	11,057
Health	8,005	7,560
Life	52,659	54,940
Banking	18,245	19,184
Other	3,968	3,139
Intersegment eliminations	-1,782	-1,934
<b>Total assets</b>	<b>91,159</b>	<b>93,946</b>

## INCOME STATEMENT NON-LIFE

	(€ million)	
	First half year 2011	First half year 2010*
<b>INCOME</b>		
Gross written premiums	2,359	2,441
Reinsurance premiums	-165	-169
Change in provision for unearned premiums (net of reinsurance)	-399	-380
<b>Net earned premiums</b>	<b>1,795</b>	<b>1,892</b>
Investment income	104	117
Realised and unrealised gains and losses		-7
Fee and commission income and income from service contracts	55	65
Other income	45	
<b>Total income</b>	<b>1,999</b>	<b>2,067</b>
<b>EXPENSES</b>		
Net claims and movements in insurance liabilities	1,171	1,249
Profit sharing and bonuses	13	16
Operating expenses related to insurance activities	496	502
Other operating expenses	55	59
Other expenses	14	22
<b>Total expenses</b>	<b>1,749</b>	<b>1,848</b>
<b>Profit before tax</b>	<b>250</b>	<b>219</b>
Expense ratio	27.6%	26.5%
Claims ratio	65.2%	66.0%
Combined ratio	92.8%	92.5%

\* Adjusted for comparison reasons where necessary

## INCOME STATEMENT HEALTH

	(€ million)	
	First half year 2011	First half year 2010*
<b>INCOME</b>		
Gross written premiums	6,560	6,189
Reinsurance premiums	-4	-17
Change in provision for unearned premiums (net of reinsurance)	-158	-162
<b>Net earned premiums</b>	<b>6,398</b>	<b>6,010</b>
Investment income	38	39
Realised and unrealised gains and losses	2	
Income from investments backing linked liabilities		-1
Fee and commission income and income from service contracts	28	27
Other income	33	38
<b>Total income</b>	<b>6,499</b>	<b>6,113</b>
<b>EXPENSES</b>		
Net claims and movements in insurance liabilities	6,021	5,657
Operating expenses related to insurance activities	255	223
Other operating expenses	31	32
Interest and similar expenses	1	9
Other expenses	20	30
<b>Total expenses</b>	<b>6,328</b>	<b>5,951</b>
<b>Profit before tax</b>	<b>171</b>	<b>162</b>
Expense ratio	4.0%	3.7%
Claims ratio	94.1%	94.1%
Combined ratio	98.1%	97.8%

\* Adjusted for comparison reasons where necessary

## INCOME STATEMENT LIFE

	(€ million)	
	First half year 2011	First half year 2010*
<b>INCOME</b>		
Gross written premiums	2,037	2,083
Reinsurance premiums	-219	-192
Change in provision for unearned premiums (net of reinsurance)	-139	-229
<b>Net earned premiums</b>	<b>1,679</b>	<b>1,662</b>
Investment income	482	508
Realised and unrealised gains and losses	-508	477
Income from investments backing linked liabilities	-279	1,210
Fee and commission income and income from service contracts	141	147
Other income	7	15
<b>Total income</b>	<b>1,522</b>	<b>4,019</b>
<b>EXPENSES</b>		
Net claims and movements in insurance liabilities	2,147	2,346
Profit sharing and bonuses	-294	527
Movements in insurance liabilities for policyholders	-741	826
Benefits on investment contracts	-71	-8
Operating expenses related to insurance activities	209	223
Other operating expenses	138	152
Interest and similar expenses	1	3
Other expenses	60	50
<b>Total expenses</b>	<b>1,449</b>	<b>4,119</b>
<b>Profit before tax</b>	<b>73</b>	<b>-100</b>

\* Adjusted for comparison reasons where necessary

## INCOME STATEMENT BANKING

	(€ million)	
	First half year 2011	First half year 2010
<b>INCOME</b>		
Realised and unrealised gains and losses		-4
Banking income	400	439
<b>Total income</b>	<b>400</b>	<b>435</b>
<b>EXPENSES</b>		
Other operating expenses	49	51
Banking expenses	328	328
Other expenses	1	7
<b>Total expenses</b>	<b>378</b>	<b>386</b>
<b>Profit before tax</b>	<b>22</b>	<b>49</b>

## INCOME STATEMENT OTHER

	(€ million)	
	First half year 2011	First half year 2010*
<b>INCOME</b>		
Income from associates	-3	730
Investment income	26	65
Realised and unrealised gains and losses	-39	
Fee and commission income and income from service contracts	6	6
Other income	15	86
<b>Total income</b>	<b>5</b>	<b>887</b>
<b>EXPENSES</b>		
Other operating expenses	301	303
Interest and similar expenses	40	44
Other expenses	-4	35
<b>Total expenses</b>	<b>337</b>	<b>382</b>
<b>Profit before tax</b>	<b>-332</b>	<b>505</b>

\* Adjusted for comparison reasons where necessary

### 3. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active

markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

	30 June 2011				31 December 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
(€ million)								
<b>ASSETS</b>								
Investments								
- equities and similar investments	852	590	490	1,932	958	544	535	2,037
- bonds	18,701	9,613	86	28,400	18,910	9,528		28,438
- loans and mortgages	6	368		374	8	366		374
- deposits with credit institutions	2,557	11		2,568	2,328	2		2,330
- investments related to cash collateral received in securities lending	400	5		405	527	7		534
- derivatives	1	1,314		1,315	121	1,850		1,971
- other financial investments	172	13		185	184	12		196
Investments backing linked liabilities								
- equities and similar investments	9,968	591		10,559	10,239	592		10,831
- bonds and other fixed-income investments	9,984	8	2	9,994	7,974	675	2	8,651
- derivatives	5	46		51	19	290		309
- cash and other financial investments	813	51	1	865	1,875	151	3	2,029
Banking credit portfolio			388	388			414	414
Cash and cash equivalents	1,202			1,202	1,939			1,939
<b>Total financial assets measured at fair value</b>	<b>44,661</b>	<b>12,610</b>	<b>967</b>	<b>58,238</b>	<b>45,082</b>	<b>14,017</b>	<b>954</b>	<b>60,053</b>
<b>LIABILITIES</b>								
Investment contracts	201	2,098		2,299	229	2,136		2,365
Loans and borrowings		3		3		3		3
Derivatives		805		805		1,031		1,031
<b>Total financial liabilities measured at fair value</b>	<b>201</b>	<b>2,906</b>		<b>3,107</b>	<b>229</b>	<b>3,170</b>		<b>3,399</b>

The movements of level 3 financial instruments are as follows:

	(€ million)	
	First half year 2011	First half year 2010
Balance at 1 January	954	864
Investments	63	4
Disinvestments and disposals	-94	-24
Fair value changes	-30	118
Changes in fair value hierarchy	74	21
<b>Balance at 30 June</b>	<b>967</b>	<b>983</b>

In June 2011 Greek government bonds with a nominal value of €145 million were transferred from a level one valuation to a level three valuation. Eureko considers the market for these bonds as not active due to the lack of liquidity and a low number of transactions. The volumes during the first half of 2011 are significantly below the averages observed in 2010 and 2009. Hence, the fair value of these bonds is established using a valuation technique. On 21 July 2011 the European Union agreed on an additional support programme for Greece. Immediately after publication of the additional support programme the trading volumes of Greek government bonds significantly increased. The conditions of this programme and the participation of the private sector in the programme are not fully reflected in the quoted price of the Greek government bonds on 30 June 2011. The input to the valuation model includes the provisions of the additional Greek support programme and the weighted average market quotes of the three labour days after 21 July 2011. In Eureko's opinion, this best reflects the fair value of these bonds.

During the first half year of 2011 no financial instruments were transferred from level two to level three (2010: €21 million).

The fair value changes accounted for during the first half year of 2011 of financial instruments with a level three fair value amounted to €-30 million (2010: €118 million), of which €1 million (2010: €78 million) was included in the Income Statement and €-31 million (2010: €40 million) in Other comprehensive income. The amounts related to financial instruments still held at the end of June 2011 included in the Income Statement are presented as Realised and unrealised gains and losses for an amount of €5 million (2010: €71 million) and as Banking income for an amount of €-4 million (2010: €7 million)). The amounts included in Total equity are included in the Revaluation reserve.

## BUSINESS COMBINATIONS

**Business Combination Eureko B.V. – De Friesland Zorgverzekeraar**

On 1 June 2011 the Netherlands Competition Authority (NMa) approved the intended merger between Eureko B.V. and De Friesland Zorgverzekeraar. De Friesland Zorgverzekeraar and Eureko B.V. intend to merge at the end of 2011. Joining forces strengthens the position of the two insurers, both with backgrounds as mutual societies, in the province of Friesland.

## HELD FOR SALE AND DISCONTINUED OPERATIONS

**Avéro Schade Benelux N.V.**

On 6 January 2011, Eureko closed the sale of Avéro Schade Benelux N.V., which was mainly operating in Belgium and was included in the Non-Life segment.

For the full year 2010, the company reported Gross written premiums of €121 million and Net profit of €2 million. As at 31 December 2010 Total assets amounted to €251 million. The gain on the sale was €30 million and is included in Other income.

**Sale of a consumer credit portfolio of Achmea Retail Bank**

On 1 March 2011, Eureko closed the sale of a part of Achmea Retail Bank's consumer credit portfolio.

**Império France S.A.**

On 4 April 2011, Eureko closed the sale of its life insurance activities in France. For the full year 2010, the company reported Gross written premiums of €55 million and Net profit of €1 million. As at 31 December 2010 Total assets amounted to €598 million.

## INTANGIBLE ASSETS

	(€ million)	
	30 June 2011	31 December 2010
Goodwill	1,317	1,418
Internally developed software	24	26
Brandname	55	60
Value of business acquired	271	300
Distribution networks	162	190
Other intangible assets	70	72
	<b>1,899</b>	<b>2,066</b>

The movement in Goodwill is mainly the result of a recalculation of goodwill due of the acquisition of the remaining share in Eureko Sigorta (reference is made to subsequent events). Furthermore, the movement in Goodwill and Distribution networks is caused by foreign currency exchange rate differences.

## INVESTMENTS

(€ million)

	Available for sale	At fair value through profit or loss	Loans and receivables	30 June 2011
Equities and similar investments	1,532	400		1,932
Bonds	24,071	4,329		28,400
Loans and mortgages	373	1	3,042	3,416
Deposits with reinsurers			640	640
Deposits with credit institutions	2,489	79		2,568
Investments related to cash collateral received in securities lending	405			405
Derivatives		1,315		1,315
Other financial investments	185			185
	<b>29,055</b>	<b>6,124</b>	<b>3,682</b>	<b>38,861</b>

(€ million)

	Available for sale	At fair value through profit or loss	Loans and receivables	31 December 2010
Equities and similar investments	1,601	436		2,037
Bonds	23,998	4,440		28,438
Loans and mortgages	372	2	3,057	3,431
Deposits with reinsurers			640	640
Deposits with credit institutions	2,282	48		2,330
Investments related to cash collateral received in securities lending	534			534
Derivatives		1,971		1,971
Other financial investments	196			196
	<b>28,983</b>	<b>6,897</b>	<b>3,697</b>	<b>39,577</b>

At each reporting date Eureko assesses whether there is objective evidence which may lead to the recognition of an impairment of a recognised asset. In case of investments in equities classified as 'Available for sale' objective evidence that the cost may not be recovered, can be demonstrated through a significant (20%) or prolonged (twelve consecutive months) decline in the fair value below its cost. In 2011, impairments amounting to €87 million before tax (2010: €17 million) were accounted for related to 'Available for sale' investments in Equities and similar investments and Bonds.

On 21 July 2011 the European Union agreed on an additional support programme for Greece. Besides the European Union and its member states the private sector also participates in the support programme. This support is based on a Financing offer prepared by the

Institute of International Finance (IIF). On 1 August 2011 Eureko's Executive Board took a preliminary decision to convert €118 million, of the total €145 million Eureko's Greek government bonds, under the conditions of the IIF Financing offer. Eureko considers this decision as an impairment trigger regarding the bonds to be converted and hence recognised an impairment loss of €48 million. This amount was transferred from the revaluation reserve to profit and loss. The Greek government bonds that will or cannot be converted are not considered impaired. Eureko's investments in government bonds of other GIIPS countries are not considered to be impaired, since no loss events have occurred.

The table below provides an overview of Eureko's exposure to government bonds of the GIIPS countries based on both market value and cost.

(€ million)

GIIPS Exposure Government bonds	Fair value	Cost
Greece	86	145
Ireland	326	481
Italy	89	95
Portugal	40	55
Spain	47	48
<b>Total</b>	<b>588</b>	<b>824</b>

## INSURANCE LIABILITIES

	(€ million)	
	30 June 2011	31 December 2010
<b>Non-Life insurance:</b>		
Unearned premiums	1,741	1,311
Provision for premium deficiency	63	61
Provision for unexpired risks (including ageing provision)	13	13
Outstanding claims (including IBNR)	5,193	5,179
Profit sharing, bonuses and rebates	118	110
<b>Total Non-Life insurance</b>	<b>7,128</b>	<b>6,674</b>
<b>Health insurance:</b>		
Unearned premiums	205	38
Provision for premium deficiency	3	3
Provision for unexpired risks (including ageing provision)	10	20
Outstanding claims (including IBNR)	4,792	4,334
<b>Total Health insurance</b>	<b>5,010</b>	<b>4,395</b>
<b>Life insurance:</b>		
Provision for life policy liabilities	23,161	23,416
Less: Deferred interest surplus rebates	76	87
<b>Net provision for life policy liabilities</b>	<b>23,085</b>	<b>23,329</b>
Profit sharing and bonuses	718	1,225
<b>Total Life insurance</b>	<b>23,803</b>	<b>24,554</b>
<b>Total Insurance liabilities</b>	<b>35,941</b>	<b>35,623</b>

## HEALTH INSURANCE

The Dutch private health insurance system consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is influenced by political processes. Furthermore, within basic health insurance a system of risk mitigation features is in force which also introduces additional uncertainty related to the final settlements.

Settlement of medical care costs between health insurers and Dutch hospitals has been based on the so-called 'Diagnose Behandel Combinaties' (DBC's) since 2005. This settlement method covers a whole medical

treatment period in which the claim compensation for separate treatments is specified. The final settlement with the health insurer is at the end of the treatment period. Presently, Nederlandse Zorgautoriteit (NZa) is in the process of the calculation of the total impact and the allocation of the amount to the health insurers. Eureko follows the settlements received from NZa.

For more details regarding the uncertainties in health insurance, reference is made to the Risk Management paragraph of the Eureko Annual Report 2010 (Note 53).

On 19 July 2011, Eureka acquired 20% of Eureka Sigorta's outstanding share capital from Garanti Bank in Turkey. As a result of this transaction Eureka Sigorta has become a full subsidiary of Eureka B.V.

Zeist, 29 August 2011

### **The Supervisory Board**

A.H.C.M. (Arnold) Walravens, Chairman  
M. (Marinus) Minderhoud, Vice-Chairman  
F.J.F. (Flip) Buurmeijer  
S.T. (Joke) van Lonkhuijzen-Hoekstra  
M. (Mijntje) Lückerath-Rovers  
E.A.J. (Erik) van de Merwe  
P.F.M. (Paul) Overmars  
H.J. (Henk) Slijkhuis  
A.W. (Aad) Veenman  
A.J.A.M. (Antoon) Vermeer  
B.J. (Bé) van der Weg

### **The Executive Board**

W.A.J. (Willem) van Duin, Chairman  
G. (Gerard) van Olphen, Vice-Chairman  
J.A.S. (Jeroen) van Breda Vriesman  
D. (Danny) van der Eijk  
T.C.A.M. (Thomas) van Rijkevorsel

To: The Executive Board and Supervisory Board of Eureka B.V.

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2011 of Eureka B.V., Amsterdam as set out on pages 6 to 22, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated income statement, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in total equity, the consolidated statement of total equity, the condensed consolidated statement of cash flows and the selected explanatory notes for the six-month period then ended. The Executive Board is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### **Scope**

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2011 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 29 August 2011  
PricewaterhouseCoopers Accountants N.V.

Original signed by G.J. Heuvelink RA