



Eureka B.V.  
Handelsweg 2  
3707 NH  
Zeist  
The Netherlands  
T +31 30 693 7000  
F +31 30 693 7225  
[www.eureko.net](http://www.eureko.net)



## Contents

**INTRODUCTION – EUREKO**

- 01 Profile and Values
- 02 Key Financial Highlights
- 04 Eureko at a Glance
- 06 The Eureko Strategy
- 08 Chairman's Statement

**GREAT BRANDS, LOCAL SOLUTIONS**

- 10 Dutch market
- 12 Product divisions
- 13 Channel divisions
- 18 Other activities in the Dutch market
- 20 European market
- 31 Partnerships and associated companies
- 33 Participating interests

**EUREKO'S MANAGEMENT STRUCTURE**

- 34 Executive Board

**ADDITIONAL INFORMATION**

- 36 Contact details

## Introduction – Eureko

### Our profile

Eureko is a European financial services group, whose core business is insurance. In addition to its home base in The Netherlands, Eureko has operations in nine European countries.

Building on our co-operative roots, we do business with the aim of achieving balanced value creation for our stakeholders: customers, distribution partners, employees and shareholders. To achieve that, we aim to maintain the leading market position in The Netherlands and gain a significant position in selected European markets.

Our primary goal is not so much to be the biggest, but to be the best, most customer-centred and innovative financial service provider.

Our core values are:

- 1 To empathise – We put our customers at the heart of everything we do
- 2 To innovate – We challenge our people to deliver superior products and solutions
- 3 To deliver – We aim to deliver results, quality and customer satisfaction in a reliable and transparent manner



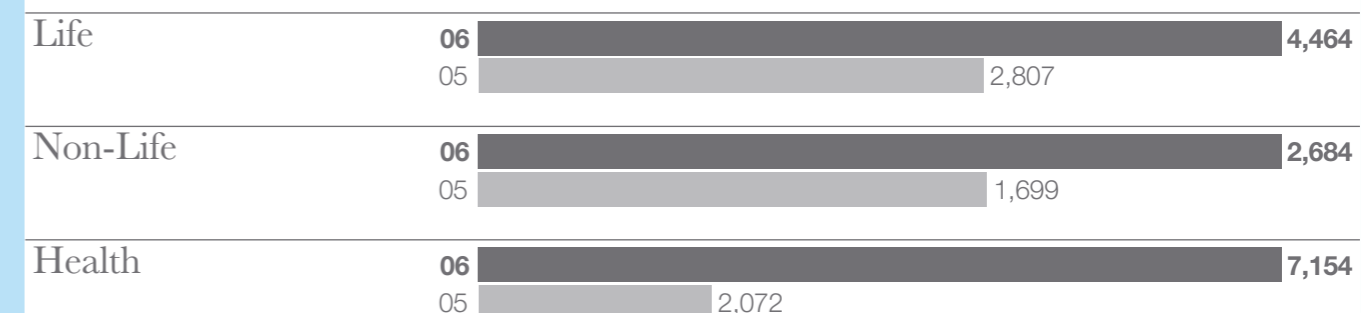
## INTRODUCTION – EUREKO

## Key Financial Highlights

Key figures	IFRS			Eureko GAAP		
	2006	2005	2004	2004	2003	2002
EUR million						
<b>Group income statement</b>						
Gross written premiums	14,302	6,577	5,524	6,209	5,656	7,431
Profit before tax and discontinued operations	1,216	826	386	605	437	-838
Net profit	985	706	1,023	1,153	243	-389
Number of employees (FTEs)	21,784	20,166	14,550	14,550	15,234	18,179
<b>Insurance gross written premiums</b>						
Life	4,464	2,807	2,312	2,879	2,603	3,921
Non-Life	2,684	1,699	1,477	1,471	1,432	1,793
Health	7,154	2,072	1,735	1,860	1,620	1,717
<b>Banking</b>						
Net interest margin	142	161	136	138	209	184
<b>Net contribution per Operating Company</b>						
Achmea Benelux	757	467	297	325	212	-543
Friends First Ireland	35	29	21	27	20	14
Império France	3	3	3	3	2	2
Interamerican Greece	25	-58	0	-17	19	-84
Union Slovakia	-17	1	1	1	1	0
Other Operating Companies	9	6	-2	-2	0	0
<b>Group balance sheet</b>						
Total assets	86,448	83,293	52,911	51,296	47,779	46,756
Total investments (excluding unit-linked)	38,736	39,062	23,500	23,046	19,177	18,876
Banking credit portfolio	17,272	16,459	16,942	16,781	17,134	16,611
Total equity	9,632	8,525	3,251	4,138	2,224	2,034
Embedded value Life business	6,089	4,537	2,348	2,744	2,593	2,355
<b>Key ratios</b>						
<b>Group</b>						
Return on equity	13.0%	12.7%	10.9%	39.0%	14.2%	-20.0%
Return on adjusted equity	14.7%	16.9%	17.1%			
Debt leverage	6.1%	9.6%	12.8%	11.5%	31.6%	48.2%
<b>Insurance</b>						
Combined ratio Non-Life	88.5%	89.9%	92.6%	92.5%	97.0%	104.1%
Combined ratio Health	100.4%	94.5%	97.4%	97.6%	99.1%	101.2%
<b>Banking</b>						
Cost/income ratio	84.2%	72.2%	103.9%	106.6%	88.7%	73.6%
BIS ratio	14.2%	16.0%	13.5%	13.3%	10.6%	10.5%
<b>Figures per ordinary share</b>						
Net profit	2.92	2.98	1.74	5.29	1.22	-1.94
(Proposed) dividend	1.41	1.41	1.96	1.96	0.45	0.00

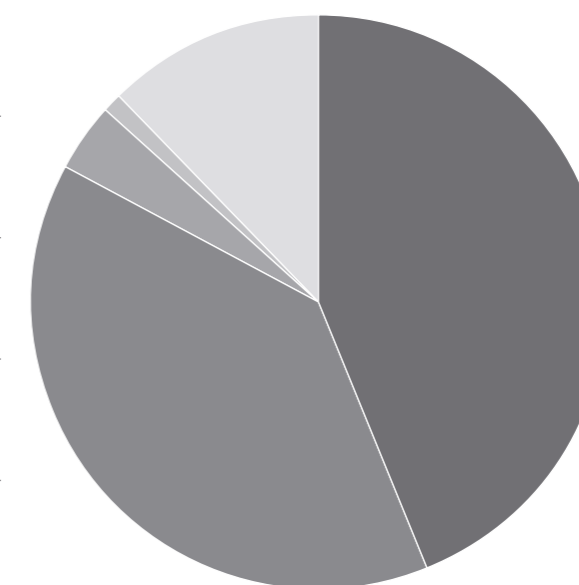
## Insurance Gross Written Premiums

Total EUR 14,302 million



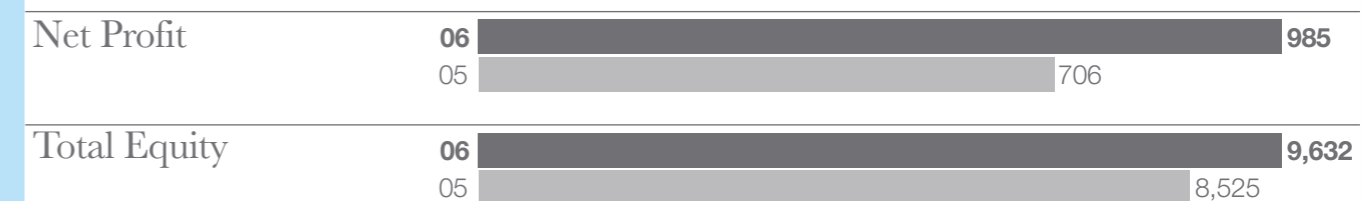
## Profit before Tax and Discontinued Operations

Total EUR 1,216 million



## Net Profit and Total Equity

EUR million



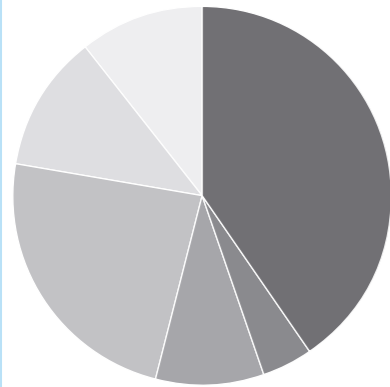
## Eureko at a glance

## Dutch market

We have set out our business to reflect our dominant position in The Netherlands, which provides Eureko with a strong and stable base.

Eureko operates in the Dutch market with six divisions and banking operations, and markets its products under well-known brands, such as Centraal Beheer Achmea, Interpolis, Zilveren Kruis Achmea, Avéro Achmea and FBTO.

## 94% of GWP



Divisions	Gross Written Premiums (EUR million)
Health	5,393
Occupational Health	578
Pensions	1,235
Bank Distribution	3,169
Broker Distribution	1,562
Direct Distribution	1,416

Banking Operations	Banking Credit Portfolio (EUR million)
Achmea Bank	14,412
Staalbankiers	2,131

## Divisions

## Health

Division Health is one of the biggest group health insurance partners in The Netherlands with its brands Zilveren Kruis Achmea, Groene Land Achmea, PWZ Achmea and DVZ.

## Occupational Health

Division Occupational Health serves self-employed individuals, SMEs and large companies with income protection and disability products under the Centraal Beheer Achmea, Zilveren Kruis Achmea, Interpolis, Avéro Achmea, and Groene Land Achmea brands.

## Pensions

Division Pensions offers pension administration services and asset management to industry-wide and company pension funds, and it provides group life insurance solutions to the corporate sector. The division markets its products by using the brands Centraal Beheer Achmea, Interpolis, Avéro Achmea and PVF Achmea.

## Bank Distribution

Division Bank Distribution is the business partner of Rabobank for insurance products and offers private customers and companies a wide range of products and services from Achmea under the Interpolis brand.

## Broker Distribution

Division Broker Distribution offers the intermediary market a wide range of products and services for private customers and SMEs via its brands Avéro Achmea and Woonfonds.

## Direct Distribution

Division Direct Distribution is responsible for all direct sales of insurance and financial products and services using the Centraal Beheer Achmea and FBTO brands.

## Banking Operations

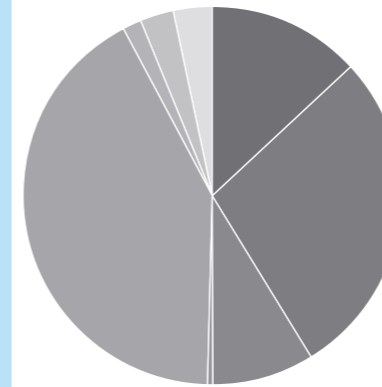
Achmea Bank offers retail banking and investment products, including mortgages, savings products and consumer credit under the brands Centraal Beheer Achmea, Avéro Achmea, FBTO and Woonfonds. Staalbankiers is a private bank that provides a wide range of financial services to high net worth individuals and small to medium sized institutions.

## European market

Our position in other European markets is still relatively small, but our aim is to capitalise on the growth potential, especially in Central and Eastern Europe.

Division Europe has been established to support the Operating Companies in achieving growth and enhancing profitability.

## 6% of GWP



Operating Companies	Gross Written Premiums (EUR million)
Avéro Belgium	114
Friends First Ireland	246
Império France	76
Interamerican Bulgaria	4
Interamerican Greece	365
Interamerican Romania	14
Interlife Cyprus	25
Union Slovakia	29

## Operating Companies

## Avéro Belgium

Avéro is a small but successful niche player in the Belgian market. It provides a range of Non-Life products – private lines, commercial lines. Its focus is on profitability and on providing tailor-made products to its targeted market.

## Friends First Ireland

Friends First is one of Ireland's most dynamic and successful financial services groups. Its strategy is based on delivering high value sales growth, using superior customer service as its key differentiator from the market. It has established itself as a leader in both the Life and Pensions business and also has a successful Asset Finance and Loans business, Friends First Finance.

## Império France

Império is a Life insurance provider in a niche market: the Portuguese community in France. Its focus is to position itself as a specialist in the areas of protection, savings and personal property and asset management.

## Interamerican Bulgaria

Interamerican Bulgaria provides Non-Life insurance products such as property, motor, accident, cargo, travel and liability, combined with unique assistance services.

## Interamerican Greece

Interamerican Greece is among the leaders in the Life, Health and Non-Life sectors and has been a pioneer in the development of private insurance in Greece. It is the only insurance company that has an extensive, privately-owned healthcare services and emergency assistance infrastructure.

## Interamerican Romania

Interamerican Romania is one of the most experienced insurance companies in the market, and one of the few companies that offers three classes of insurance: Life, Non-Life and Health. In 2005, Interamerican opened the first private hospital in Romania, Euroclinic, in Bucharest, the cornerstone of the private health insurance system, Medisystem.

## Interlife Cyprus

Interlife Cyprus is one of the few composite insurers in Cyprus, and holds a number one position among those companies who do not have a bancassurance relationship. Interlife operates ten branches and six agencies across Cyprus and has 138 agents.

## Union Slovakia

Union was established in 1992 and offers Life, Non-Life, Health and supplementary Health insurance. Health insurance was started in 2006, in preparation for the Health insurance reforms from 1 January 2007. Union is the leading travel insurer in the market.

Eureko also has significant shareholdings in PZU (Poland's largest insurance company), and F&C Asset Management plc, Eureko's primary money manager.

## The Eureko strategy – A strategy for future growth

We shall strive to maintain our leading position in the Dutch market and grow in the European market, by supporting the profitable growth of our existing companies and entering into partnership agreements with like-minded companies, currently established with Rabobank and the Eurapco Alliance partners. Eureko's unique strength is in its combined mix of public and private insurances and services.

Leveraging our competitive edge will be a key issue in developing success stories. Our position in Non-Life is very strong, especially in Motor.

In The Netherlands, we have successfully integrated the public health companies into the private health business, and have become one of the leading health insurance companies.

Further legislation reforms will create development opportunities across Europe, and we are uniquely placed to exploit the potential they may present. We also further share our (Dutch) expertise in multi-distribution channels.

### 1

#### Market leadership

Achmea, Eureko's Dutch operation, is already among the top three players in all markets – insurance, pensions and employability. Our primary aim is not so much to be the biggest but to be the best, most customer-centred and innovative financial services provider in the market, and, where possible, to strengthen our position on the Dutch market. Commercial vitality, customer satisfaction, innovation, and operational excellence are the key priorities.

We aim to achieve a significant position in selected European markets, by partnership agreements with like-minded companies, and by selective M&A opportunities. PZU, in Poland, will continue to be a cornerstone of our international strategy of seeking growth opportunities in the emerging markets of Central and Eastern Europe and the Balkans.

### 2

#### Identity and core values

Eureko is not only the Dutch market leader; it is also unique in relation to its major competitors. We believe that a balanced approach will ultimately generate a self re-inforcing spiral of value creation for *all* stakeholders: our customers, our distribution partners, our employees and our shareholders. This should also qualify us as one of the best employers in the sector.

Eureko adopts this stakeholder approach in all its operations. The core values for the Group are defined as:  
**to empathise** – we put our customers at the heart of everything we do;  
**to innovate** – we challenge our people to deliver superior products and services;  
**to deliver** – we aim to deliver results, quality and customer satisfaction in a reliable and transparent manner.

These values are increasingly expressed in our culture, such as management style, working environment, personnel policy and communications. However, in each of our operating territories, our approach is tailored to the respective country's cultural and market ethics.

## We perform our business operations with the aim of achieving balanced value creation for all our stakeholders: customers, distribution partners, employees and shareholders.

However, it is clear that, despite their rapid growth, the markets in Central and Eastern Europe will remain relatively small over the next decade. Therefore, we shall also look for growth opportunities in developed markets. This could be achieved by start-up operations in these markets or a Merger and Acquisition (M&A) and/or a partnership approach, in addition to those with Rabobank and Eurapco.

During the year we strengthened our capital base by raising additional hybrid capital. That gives us access to sufficient funds to implement our growth plans in the immediate future.

We consider a solution to the PZU issue important to the fulfilment of our Polish ambitions, and of our Central and Eastern European strategy. We will continue to seek a solution to the conflict with the Polish government over the promised – but never delivered – additional 21% shareholding in PZU. An Initial Public Offering (IPO) for the company remains Eureko's primary goal.

Our main challenge is to transfer our competitive edge via our Operating Companies to the most relevant market segments. To facilitate this, a new Division has been formed – Division Europe – specifically to support our non-Dutch operations. The market leadership skills and expertise within our companies will be transferred as 'best practice' to other Operating Companies.

### 3

#### Growth in The Netherlands

In our core market, The Netherlands, Achmea is positioned in terms of *unburdening* its clients, in line with the stakeholder approach, to achieve maximum value for our clients.

The meagre growth potential in the Dutch market means that, to achieve business growth, we have to secure a bigger share of that market. Attractive products, streamlined processes, optimum use of ICT and low unit prices should result in operational excellence, cost leadership, commercial vitality and, ultimately, growth.

To achieve that, there are four aspects to developing our Dutch business:

- **Strong distribution channels** The strength of our business lies in a multi-channel approach, thus satisfying consumer preferences, and allowing us to choose the most effective form of distribution for each product or customer group. We aim to strengthen our intermediary and banking distribution, achieving profitable growth while expanding faster than the market.
- **Operational excellence** We want to translate our scale into cost leadership in all areas of our business operation. Synergy gains are attainable by streamlining products and processes in the back office and offering variants specific to each channel via the front office. ICT is key to streamlining processes, so we focus heavily on this area.
- **Selective acquisitions and divestments** There is little scope for acquisitions, but where opportunities occur, we shall assess these on their merits.
- **Innovative value propositions** To fulfil our market promise, we aim to 'unburden' our customers by offering them attractive products and services. Through collaboration between channel and product divisions, we aim to offer our customers an innovative range of financial services.

Our goal is clear: to become the industry leader in all the market segments in which we operate.

### 4

#### Growth in Europe

Our route outside The Netherlands is based on a challenging ambition, and focuses on products, channels and countries in order to accomplish international growth with the aim of value creation for all our stakeholders. Over the next few years, we will focus mainly on developing our existing activities in several European countries, with a small dedicated team – Division Europe – supporting our non-Dutch Operating Companies and our international strategy.

We are convinced that a more European-focused portfolio is in the interests of our stakeholders, as we expect international consolidation to marginalise mid-scale domestic players in the long term. When it comes to partnerships, we would seek equals, who share the same values with regards to business model. To be able to participate in future consolidations, we will require a considerable European position from which we can generate a sizeable part of our long-term GWP and value from the non-Dutch markets in Europe. Eureko will leverage its unique competitive edge, based on the three pillars embedded in our roots: product power, distribution power, and shareholders with a long-term view.

To achieve overall success, it is imperative that we build a stronger platform for Eureko's European insurance business. The challenge is to transfer the competitive edge and expertise developed in our most relevant markets and channels to our Operating Companies. To facilitate this, we launched 'Flying Squads' specialising in particular distribution channels and products. We shall also provide support for a more integrated financial approach in our international operations. These will be managed as portfolios in which some operating companies contribute mainly by way of net income, and others contribute more by premium growth.

## Chairman's statement

### Dear Reader,

2006 was a successful year. Hard work produced very strong results, with net profit of EUR 985 million. The major focus during the year was on the merger of Achmea and Interpolis in The Netherlands. The speed and efficiency with which that has been realised is a credit to everyone involved. Much remains to be done of course but we also recognise that growing our market share in The Netherlands will prove difficult going forward. However, a strong home base in The Netherlands affords us the opportunity to expand elsewhere.

Following the introduction of new health legislation in the Dutch market, we successfully attracted 569,000 new clients, which must be seen as a testimony to our approach. Admittedly, there have been client service issues, but we have made considerable progress in addressing them.

Health developments in our other territories, namely Slovakia, have created an opportunity for Eureko. Existing health funds there have been transferred to commercial companies, creating a new sector with enormous growth potential. We have already achieved a significant position as a result.

Meanwhile, the political situation in Poland has further frustrated our plans for our shareholding in PZU. The current government appears totally entrenched in its reluctance to find a solution to the conflict. If we could resolve the PZU issue and PZU became part of the Group, it would contribute around 20% of our GWP.

2006 was a time to re-focus on Eureko's future strategy. We are committed to achieving leading positions in key markets outside of The Netherlands and will assist Eureko companies to achieve their full profit and growth potential.

In The Netherlands and elsewhere, co-operation with Rabobank has been fruitful, forming the basis for further developments. Rabobank now has about a 37% shareholding in Eureko. While a possible merger is being explored, we aim to proceed cautiously.

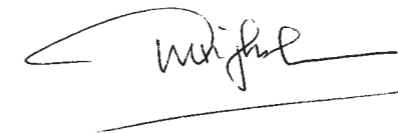
Eureko's partnership with members of the Eurapco Alliance remains very important. Taking this partnership a step further, either within the framework of Eurapco, or with individual partners has the potential to create a very big market player.

In March 2007, we signed an agreement with Garanti Bank in Turkey, to acquire 80% and 15% respectively of the bank's Non-Life and Life insurance businesses. Turkey is a new and dynamic market for us and the transaction is a further step towards our goal of significant expansion in the developing markets of Central and Eastern Europe and the Balkans.

Whilst we are gratified that hard work has produced very strong results, we have continued to face pressure in our various markets. Our 2006 results are respectable, with net profit at EUR 985 million.

None of our successes could have been achieved without the flexibility and dedication of our employees. I also wish to pay tribute to the commitment of my fellow Executive Board members and the ongoing and unifying support of our Supervisory Board.

Looking to the future, there is great excitement at the potential that exists. Eureko is in excellent financial health and well-placed to take advantage of any growth opportunities that fit within our strategy.



**Maarten Dijkshoom**  
Chairman and Chief Executive Officer  
Eureko B.V.

29 March 2007



**Maarten Dijkshoom**  
Chairman and CEO



GREAT BRANDS, LOCAL SOLUTIONS

# Dutch market

## Leveraging our leading market position

### Introduction

The Dutch market is mature, saturated and fiercely competitive. Products generally are relatively standardised and offer limited possibilities to avoid price competition. While competitors are primarily focused on Life and Non-Life or Health or services, Achmea covers all areas and provides integrated solutions. Achmea is a unique organisation which differentiates itself by aiming to create value for all stakeholders and by having a 'group focus'. This is a result of the company's co-operative roots, private-public background and strong position in collective employer-employee arrangements.

Achmea's unique characteristics are captured in its overall positioning to 'unburden' customers. Achmea's focus is on key issues faced by customers and society generally. Achmea's ambition is to help people live more healthy life styles, to encourage them to save and to help them to build and manage their assets for the future. Achmea will also help companies to increase work participation and business continuity, through its Occupational Health companies.

### Product Divisions

1	2	3
Health	Occupational health	Pensions

### Brand portfolio

Achmea has a rich heritage of strong brands and has explicitly chosen to preserve and build upon this brand portfolio via the theme 'unity in diversity'. While the shared services and shared promise to 'unburden' its customers are the cornerstones of its activities, each 'power brand' plays its own distinctive part in the insurance market. The 'power brands' of Achmea are Interpolis, Centraal Beheer Achmea, Zilveren Kruis Achmea and Avéro Achmea. These brands will all be dedicated to one distribution channel.

FBTO is a 'flanking' brand for the direct channel, with special focus on internet and direct writing. Besides the core brands, Achmea offers related services under the Achmea label and uses niche labels for special product-market combinations.

Following the merger with Interpolis in 2006, Achmea was restructured into six Divisions (three product; three distribution channels) from some 20 Business Units and Marketing Organisations. The streamlined operation encompasses all units within their respective product or channel division.

### Channel Divisions

4	5	6
Bank Distribution	Broker Distribution	Direct Distribution
		<b>Other activities</b>

## GREAT BRANDS, LOCAL SOLUTIONS

# Product divisions

## Health is our priority



Key figures EUR million	2006
Gross Written Premiums Health	5,393
Fee and Commission Income	15
Number of FTEs	3,435

## Product division

### Health

#### Profile

The Division Health is one of the biggest group health insurance partners in The Netherlands. Division Health, with its brands Zilveren Kruis Achmea, Groene Land Achmea, PWZ Achmea and DVZ is a major player in the health sector. Through these brands and Achmea's distribution channels, employers, umbrella organisations, alliances and sectors are offered an all-care package comprising prevention, health care, absenteeism prevention, re-integration and income insurance. The total number of health insurance policyholders, if all Divisions are combined, has increased to 3.5 million, which puts Achmea Health in second position in the Dutch market.

#### Main developments 2006

The Division Health's main priority during 2006 was the proper implementation of the new Health Insurance Act as of 1 January 2006. This led to further liberalisation of the health care market, moving towards a fair ex ante risk adjustment model, modernisation of the AWBZ ('Algemene Wet Bijzondere Ziektekosten', Exceptional Medical Expenses Act) and introduction of the WMO ('Wet Maatschappelijke Ondersteuning', Social Support Act).

Due to the introduction of the new health system and its commercial success, operational performance was challenged but has recovered well. Furthermore, the Division has dealt with the transition towards more group contracts in this market, with employers, industry sectors and umbrella organisations and other consumer groups linking up to secure price and package advantages.

#### Strategy

Achmea Health's strategy is focused on further development of the group portfolio. To this end, it is investing in innovative services and products, care packages and service standards. The health care range will be tailored to better meet the needs of companies and specific target groups such as the elderly, the physically active, patients and sports people.

Achmea aims to distinguish itself from other market players by taking a balanced approach towards its stakeholders: shareholders, employees, customers, distribution partners and also the health care providers. It is essential to invest in our relationship with care providers, as meeting customer demands has become even more important. This investment includes professionalising health care purchase and increasing the efficiency of the administrative flow between the health insurer and the care providers. As for our customers, service aspects such as accessibility, speed and accuracy of processing, complaint management and clear communication have the utmost focus.

Other key initiatives include a reduction in FTE headcount as a result of centralisation, improved efficiency and the implementation of programmes and performance management in order to restore profitability.

# Ensuring vitality of business workforce



Key figures EUR million	2006
Gross Written Premiums Health	578
Fee and Commission Income	110
Number of FTEs	2,512

## Product division

### Occupational Health

#### Profile

The Division Occupational Health, with its brands Centraal Beheer Achmea, Zilveren Kruis Achmea, Interpolis, Avéro Achmea and Groene Land Achmea, is one of the top three suppliers in the business-to-business market for income protection insurance and the No. 2 player in the occupational health and work safety service market.

The Division's customers are self-employed individuals, SMEs and large companies. They are provided with sickness insurance, individual and collective disability insurance and with services related to occupational health and work safety service solutions.

Distribution is via the bancassurance channel in co-operation with Rabobank (Interpolis), the Broker channel (Avéro Achmea) and the Direct channel (Centraal Beheer Achmea). However, the Division Health also acts as an important outlet for occupational health products and services as well as representative bodies in channelling sales to their member-SMEs.

#### Main developments 2006

The products and services of the Occupational Health Division are closely connected to the legal framework of income protection insurance in The Netherlands. A major shift in this framework occurred in 2006 with the introduction of the WIA, the new disability legislation. This created a major commercial challenge. The Division's response to this challenge has been successful as 95% of the portfolio is being converted into new policies.

In addition, sickness insurance and individual disability insurance showed continued strong technical results despite pricing issues.

#### Strategy

In order to create sustainable value for our stakeholders in the highly competitive income protection insurance market our focus is on operational excellence, improving cost ratios and the development of attractive products for customers. The merger of Achmea and Interpolis has enabled the Division to achieve greater efficiency in areas like distribution, cost of information infrastructure, staffing and physical locations.

Our customers, especially SMEs, are challenged by the complexity of social insurance rules and regulations. We aim to reduce this complexity by offering a fully integrated solution of insurance products and occupational health services. The Interpolis product 'WerkAttent' – awarded 'the most innovative product of 2006' by the International Forum for Organisational Health (IFOH) – has already proven to be successful in meeting this objective. Furthermore, Achmea has a strong reputation in the service of its customers by means of easily accessible service desks. Greater customer and distribution partner satisfaction can be achieved by the use of internet and the integration of supply chains. These strengths and the employer's growing awareness of the importance of re-inforcing and maintaining the vitality of his workforce are starting points for further product and service development.



## GREAT BRANDS, LOCAL SOLUTIONS

## Delivering on the retirement promise



Key figures EUR million	2006
Gross Written Premiums Life	1,235
Fee and Commission Income	301
Number of FTEs	2,821

## Product division

### Pensions

#### Profile

The Division Pensions is the market leader for the provision of group pension solutions in The Netherlands. With its full range of products and expertise, the Division is uniquely positioned to operate successfully in the increasingly complex Dutch pensions industry, which is subject to continuously changing legislation.

The Division has five operating activities. Pension Services provides pension administration to 52 out of the existing 103 industry-wide Dutch pension schemes, and it has a market share of 11% in the company pension fund segment. Group Life Insurance has a top three position in The Netherlands. Its primary distribution channel is Direct (Centraal Beheer Achmea), but it is now increasingly building volume through intermediaries (Avéro Achmea) and the Rabobank channel (Interpolis). The Shared Service Centre Life and Pensions is an operational unit, that services both the Division Pensions as well as the Divisions Broker Distribution and Direct Distribution. Pensions Advisory and Asset Management, currently has EUR 37 billion in assets under management of 70 clients. The final activity is the Real Estate Asset Management with EUR 12 billion in assets under management.

#### Main developments 2006

In 2006, the combined Achmea and Interpolis Pension Division was formed. Despite the focus on the integration, both commercial and operational success was achieved. The insurance element managed to regain market share by renewing almost all expiring contracts and by signing up new customers. Additionally, a simplified SME pension product was successfully piloted through the Rabobank channel, which generated almost EUR 10 million in premiums. Furthermore, the AKZO pension fund was taken over with EUR 4.6 billion assets under management.

Another landmark deal was the transition of Maxeda's (formerly VendexKBB) company pension fund (with EUR 1.4 billion) to the Retail Industry Fund for which we perform both administration and asset management.

Operational progress was made with the roll-out of SAS certification. PVF's (Achmea pension administration) Level II certification was maintained while the Achmea and Interpolis real estate units both acquired Level II certification for the first time. Additionally, the insurer, the remaining pension administration activities and Interpolis real estate and fund management are all expected to achieve SAS Level II certification by early 2008 latest.

#### Strategy

The merger of Achmea and Interpolis allows the Division to benefit from economies of both scale and skills. Staff and service departments are being centralised, creating centres of expertise in areas such as regulation, process and project management and lowering of the cost base. Clients benefit from the availability of a full range of seamlessly integrated, pension solutions.

For 2007, the Division focus will be on intensifying its relations with industry-wide pension funds and on realising growth in the company pension fund, corporate and SME sectors, partly via the Rabobank channel. Distribution strength will be leveraged further to develop financial and risk management and consulting as well as in (real estate) asset management activities. Internal IT and process management challenges will be resolved, enabling the Division to become an innovative insurer that excels in client communication.



## Channel divisions

### Clear benefits for all parties



Key figures EUR million	2006
Gross Written Premiums Life	1,936
Gross Written Premiums Non-Life	1,157
Gross Written Premiums Health	76
Total Gross Written Premiums	3,169
Number of FTEs	2,213

## Channel division

### Bank Distribution

#### Profile

The Division Bank Distribution is, under the Interpolis brand, the insurance business partner of Rabobank. Rabobank, with its 218 local banks, 1,229 offices and 3,093 contact points, is the largest insurance intermediary and has the largest penetration of any retail bank network in The Netherlands. Currently, one in every four Rabobank customers has an Achmea product for insurance, occupational health or pensions.

The Division Bank Distribution offers both private customers and companies a wide range of Achmea products and services under the Interpolis brand. As a partner, we contribute to the ambition of the Rabobank Group to be the best and most innovative provider of comprehensive financial services.

#### Main developments 2006

One of the main priorities in 2006 was to ensure growth in the number of insurance policies and clients for Rabobank by intensive support for local banks. A new integrated package of insurance and services for SMEs ('WerkAttent') was introduced to manage employee re-integration and absenteeism. New guidelines for the insurance needs of private individuals for homes, planning for the future and business start-ups were also introduced. There was additional success for an innovative way of problem solving as an alternative to the traditional financial settlement of claims (e.g. repairing, cleaning, re-building).

#### Strategy

The Division's aim is to increase substantially the number of Rabobank clients holding Achmea insurance products. An outline of client needs and events that trigger the sales of products and services in the area of insurance, occupational health and pensions needs to be analysed.

Today's competitive market requires a head-start on cost control, which will be achieved by efficiency improvements through joint purchasing and further collaboration between the Divisions. The formation of shared service centres for settlements, information and communication technology, legal assistance and agriculture illustrates this co-operation. Continuous focus on helping customers to avoid damage and increasing the option of providing damage repairs as opposed to cash settlements will contribute to the 'Glashelder' (Crystal clear) profile.

A further strategic priority is to deliver sustained healthy financial results.



## GREAT BRANDS, LOCAL SOLUTIONS

## Independent, impartial client advice



Key figures EUR million	2006
Gross Written Premiums Life	390
Gross Written Premiums Non-Life	314
Gross Written Premiums Health	858
Total Gross Written Premiums	1,562
Fee and Commission Income	8
Number of FTEs	800

## Channel division

### Broker Distribution

#### Profile

The Division Broker Distribution offers the broker market a wide range of products and services for both private customers as well as SMEs. These products are provided through various types of intermediaries, from all-round brokers up to specialists. The products cover all three business lines, Life, Non-Life and Health.

Customers are private individuals and SMEs who wish to consult the broker channel's expertise for advice on the proper insurance products and services. Division Broker Distribution markets its products under the Avéro Achmea and Woonfonds brands. Avéro Achmea covers a large part of the private insurance market in the Health and Non-Life segments, while Woonfonds is mainly active in the Life segment.

#### Main developments 2006

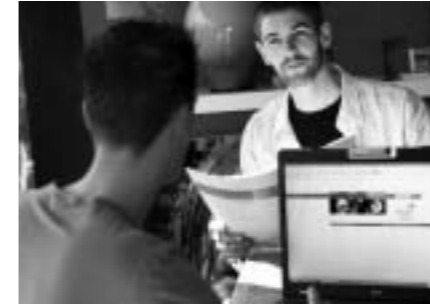
The introduction and the increased influence of the new 'Financial Services Act' and regulations in the broker insurance market have led to further support of the broker, to comply with these laws and regulations. The Division's competitive proposition meant it was able to realise an increase in its customer base. The introduction of the motor insurance product 'Auto Xcellent' and the introduction of 'Your Marketing Plaza', a web-based tool, proved to be successful. The Division was very successful in obtaining new health insurances and the customer base more than doubled in 2006 to become the largest health insurer with broker distribution. This success led to performance issues which were under control by the end of 2006. The co-operation between the Division Broker Distribution and Obvion, a mortgage distribution partner of the Rabobank Group, was strengthened.

#### Strategy

The Division Broker Distribution focuses on reliability, expertise and transparency in order to become a top player in the Dutch broker market. It aims to exceed the service level expectations of the customers. The merger of the activities of Avéro Achmea, Interpolis and Woonfonds Hypotheken, the offer of tailor-made service concepts featuring transparency and ease to the three core segments in the broker market, support these ambitions. The merger of the activities will lead to a lean and cost-efficient operation and will generate additional value for customers, employees, distribution partners and the Achmea group. Particular attention is also paid to the corporate culture where terms such as involvement, entrepreneurship and revitalisation are central and where management takes a leading role. We will therefore start a development programme for our employees and managers.



## Leading brands in direct communication



Key figures EUR million	2006
Gross Written Premiums Life	330
Gross Written Premiums Non-Life	867
Gross Written Premiums Health	219
Total Gross Written Premiums	1,416
Commission Fee and Income	8
Number of FTEs	1,662

## Channel division

### Direct Distribution

#### Profile

Division Direct Distribution is responsible for all Direct insurance sales as well as financial products and services in the segments of Life and Non-Life, to private customers, SMEs, corporates and non-profit organisations. The Division also provides the front-office activities for the Divisions Pensions and Occupational Health when the Centraal Beheer Achmea brand is involved. Achmea is the leading Direct writer in The Netherlands and its Centraal Beheer Achmea brand has a specific strong position in the employee benefit segment. FBTO on the other hand, has a strong position in internet distributed insurances. The Division strives for operational excellence to remain the best Direct writer in the market. It intends to do so by offering its customers products that are both of high quality and competitively priced, combined with reliability and outstanding service. With 1.3 million households, 75,000 SMEs and a strong position in specific segments in the large commercial market, the Division is well positioned to address anticipated market developments.

#### Main developments 2006

In 2006, an Achmea shared service centre for claims and repair services was established under the management of Division Direct Distribution. The introduction of the 'Levensloop' product in the Dutch market was not quite the success hoped for due to the perceived uncertainty of the sustainability and flexibility of the product. Centraal Beheer Achmea however, managed to secure a considerable market share and achieved the No. 2 position in this market. The Division Direct Distribution has undertaken several steps to comply with legal and regulatory developments, such as rules regarding greater transparency, customer protection, and the assessment of the expertise of the providers of financial products and services. Although there was a slight reduction in the number of customers due to a sharp rise in the collectivisation of contracts, the introduction of a new basic health insurance product for FBTO was successful. In addition, greater focus on product development resulted in various new propositions such as internet-only car insurance and an environmentally-friendly motor policy.

#### Strategy

The Division Direct Distribution aims to remain the best Direct writer in The Netherlands, by continuing to introduce profitable and innovative propositions and by continuously exceeding customer expectations for the services offered.

This should be achieved by building on key competences: best practice in claims handling and underwriting, strong brands, cost leadership and communications and operational excellence. Furthermore, potential competencies will be developed, including further improvement of the use of customer data. There is a further focus on the business to business segment through offering more integrated propositions.

The Division's aim is to offer its employees a challenging environment with adequate opportunities for development. Specific efforts will be on internal communication and personal health. The Division is committed to improving employee satisfaction and creating challenging and rewarding jobs.





Key figures EUR million	2006
Net Interest Margin	142
Net Commission Income	11
Number of FTEs	399



## Other activities in the Dutch market

### Achmea Bank

#### Profile

Achmea Bank has two main operating entities: Achmea Hypotheekbank N.V. and Achmea Retail Bank N.V.

Achmea Hypotheekbank offers private individuals mortgage loans via the brands of Centraal Beheer Achmea, FBTO, Avéro Achmea and Woonfonds. Distribution is through Division Direct and Division Broker.

Achmea Retailbank provides private individuals with loans through the Centraal Beheer Achmea, Avéro Achmea and FBTO brands. It also encourages savings, with savings accounts as well as contractual savings and Life Cycle Plan ('levensloop') products.

#### Main developments 2006

The mortgage market has experienced considerable pricing pressure, which has resulted in reduced profit margins. In addition, the demand for simple, low-budget mortgages without expensive options has increased. To address these changing circumstances, Achmea Hypotheekbank has introduced a low-budget mortgage product and has concluded a volume contract with a commercial chain. At the end of 2006, the mortgage activities of Interpolis were taken over by Achmea Hypotheekbank. Due to the historically low interest rates, there is still a substantial demand for refinancings. As a result, the penalty interest received, though lower than in 2005, influenced the result positively. However, due to the large number of early redemptions, net growth is moderate. Further, in a market survey by Blauw Research, Achmea Hypotheekbank came out as the best service provider.

Achmea Retailbank has also experienced increased competition. It has begun offering the Life Cycle Plan product through the employee-employer channel (Central Beheer Achmea), and has achieved considerable success in this market.

#### Strategy

To remain competitive in the current environment, Achmea Bank is concentrating on cost efficiency and operational excellence. Investing in updating the IT systems is a necessary prerequisite. Achmea Bank aims to gain volume contracts with large organisations and will try to minimise early redemptions. As a result of the positive economic climate, more loans will be available.

The development of long-term savings products with tax benefits, which are expected as from 1 January 2008, will contribute to portfolio growth in 2008.



Key figures EUR million	2006
Net Interest Margin	28
Net Commission Income	18
Number of FTEs	224

## Staalbankiers

#### Profile

Staalbankiers is a fully specialised private bank that provides a wide range of financial services to high net worth individuals and small to medium sized institutions. The bank proactively offers advice on financial products tailored to the individual needs of its clients, based on knowledge built from the close relationship with its clients.

#### Main developments 2006

In 2006, Staalbankiers introduced improvements in its internal organisation to increase its service capability and expanded the range of products offered to clients. One of these products is 'Staalbankiers Fondsbeheer', an investment management product based on investment funds. Financial planning tools have also been implemented to further enhance the asset management capabilities. The Board of Directors was increased from two to four members.

#### Strategy

For 2007, Staalbankiers will continue to develop as a wholly specialised private bank. Staalbankiers will make full use of the financial planning tools introduced in 2006. As a result, the asset management policy for the individual client will be one whereby the client's investment risk is fully aligned with the client's financial goals and individual needs.

The bank's main focus will be on nurturing its close relationship with its clients. The (small) size of the bank, its dedicated employees and its focus solely on private banking, distinguish the bank from its competition.

Staalbankiers will leverage the strength of its client relationship to further increase the network of leads and prospects, in order to gain a greater market share.

From a revenue point of view, the focus will be on increasing the assets managed by Staalbankiers. To support this, Staalbankiers will extend its asset management services with a variety of asset management products.

The back-office and IT activities of Staalbankiers were outsourced to Ordina BPO in 2004. Ordina plans to replace the existing systems, including the internet banking software, in the latter part of 2007. This project is underway and it is expected that the new systems will help to improve the quality of client services.



# European market

## Focusing on growth potential

### Introduction

Eureko is now concentrating on accelerating the implementation of its European strategy outside of The Netherlands, after having consolidated its position in The Netherlands, with Achmea as the leader in the Dutch market.

To reflect the more streamlined approach, Eureko has created 'Division Europe', which will focus on all strategic European development and the Operating Companies outside of The Netherlands in order to strengthen and grow its overall European position.

Division Europe will focus on expanding Eureko's existing markets, working closely with and supporting the Operating Companies in the non-Dutch territories and seeking suitable acquisitions, mergers and partnership opportunities. Eureko will focus primarily on the developing markets of Central and Eastern Europe.



## GREAT BRANDS, LOCAL SOLUTIONS

## Looking after people's long-term interests



Key figures	
EUR million	2006
Gross Written Premiums Non-Life	114
Number of FTEs	160

## European market

### Avéro Belgium

#### Profile

Avéro Belgium is a Non-Life insurer, providing a range of products and services in its market – private lines (property, accident, motor), commercial lines (property, casualty, engineering), marine business (cargo, hull, CMR, trucks) and special risks.

The company is essentially a niche player in its domestic market, but has achieved significant premium growth and profitability. It understands well its target groups and tailors its products accordingly. Its primary distribution channel is via brokers.

#### Main developments 2006

The company became a Eureko Operating Company as a result of the re-structuring of Achmea into six Divisions.

#### Strategy

Avéro Belgium aims to be a significant contributor to Eureko's Group strategy. To achieve this, it will focus on profitability, combined with growth. Its main objective is 'net profit', which will be realised through strict underwriting discipline. The company aims to achieve growth through small-scale acquisitions, although it has no aspirations to become a major player in the Belgian market. It will continue to serve its client base assiduously, focusing on product and service excellence, whilst maintaining strict cost control.

In 2007, Avéro Belgium will invest in IT development, increase its market profile through targeted campaigns, and re-inforce its brand recognition.



## Customer services is a key differentiator



Key figures	
EUR million	2006
Gross Written Premiums Life	246
Fee and Commission Income	25
Number of FTEs	511



## European market

### Friends First Ireland

#### Profile

Friends First is one of Ireland's most dynamic and successful financial services groups, catering primarily for the individual market. The majority of Friends First's 455 staff are based at its Dublin headquarters with the remainder in regional offices in Cork and Galway.

Friends First has established itself as a leader in both the Life and Pensions business and also has a successful Asset Finance and Loans business, Friends First Finance. Both operations are strong players in their respective markets, with a total of over 250,000 customers. Life and Pensions customers are accessed primarily through independent brokers and other substantial relationships with major retail financial institutions.

Asset Finance and Loan products are distributed through select intermediaries, affinity groups and Friends First Finance's own direct sales force.

#### Main developments 2006

The company holds the Q-mark (for Quality) and is ranked as the highest scoring company in the Irish market.

There was a significant increase in Savings & Investment activity with a range of successful new products.

For the second successive year, Friends First was winner of the 'Property Investment Company of the Year', reflecting the excellent performance of the company's property funds.

The Private Investment Division was re-launched, providing property and other specialised products to high net worth clients.

Further, Friends First Finance re-negotiated its syndicated funding facility of EUR 350 million. It is now larger, cheaper and extends over a longer period than previous facilities.

#### Strategy

Friends First's business strategy is based on delivering high value sales growth, using superior customer service as its key differentiator from the market.

The Life company is focused on three specific markets, Income Protection, Pensions and Investments. Its strategy is to grow profitably in these markets on the basis of service excellence, product innovation and broadening its distribution base.

Friends First Finance focuses primarily on asset-backed hire purchase, leasing, personal and business loan products. It has secured a competitive advantage through a combination of excellent customer service and a strong focus on relationship management. This will continue to be its business approach while it also aims to maintain a keen focus on credit and margin management.

Each of the Friends First developmental businesses continues to make strong progress.

## GREAT BRANDS, LOCAL SOLUTIONS

## Providing quality customised products to a niche market



Key figures EUR million	2006
Gross Written Premiums Life	76
Number of FTEs	57

### European market Império France

#### Profile

Império Assurances et Capitalisation S.A. is a Life insurance company operating in a niche market segment, namely the Portuguese community living and working in France. This community comprises some 0.9 million people.

The company provides customised, quality products and services, as well as exceptional client relations, distribution expertise and efficient policy administration.

Império was established in 1971 as a subsidiary of a major Portuguese insurer. Since then, the company has developed into the largest Life insurance provider to the Portuguese community in France, particularly for those resident in the Paris region. Império also provides brokerage services in Non-Life insurance.

Império has a branch in Lausanne, Switzerland and in total, the company employs 55 people.

Its products are distributed through two channels: a tied-agents' network of 18 people and a bancassurance network through co-operation with the bank Caisse d'Épargne, which represents some 60 agencies.

#### Main developments 2006

In the area of savings and personal asset management, Império has focused on Unit-Linked products in both distribution channels. The range of investment funds for Unit-linked clients was broadened to satisfy clients demand. Structured funds (new generation of mixed fixed-yield and variable-yield investment) were the most successful.

As a result of the improvement in the performance of the equity markets, many clients chose to switch their guaranteed rate savings contracts to Unit-Linked contracts, using the so-called 'Fourgous' Amendment.

Império introduced a hospitalisation product in the bancassurance network, extending the products in this channel to Life, personal accident and Health.

#### Strategy

Império will continue to focus its activities on the Portuguese community in France. In addition to its role of traditional insurer, Império aims to reinforce its image of being a specialist in the areas of protection, savings and personal property and asset management.

Constant innovations to satisfy and anticipate clients' needs, plus operational excellence are important drivers for the company. Consequently, Império anticipates progress in accident and sickness product lines which should represent an important element of portfolio growth for individual risk products.

Unit-linked sales should also continue to grow as the effects of the 'Fourgous' Law favour this type of product line.

Império has launched several growth initiatives. The management has set an objective to further develop the distribution capacity of its agents' network. Império plans to increase the number of agents and improve their advisory skills with the aid of advanced training programmes, combined with investment in IT tools. The company aims to develop partnerships with brokers active in the Portuguese community market.



## Better brand awareness through effective marketing



Key figures EUR million	2006
Gross Written Premiums Non-Life	4
Number of FTEs	42

### European market Interamerican Bulgaria

#### Profile

Interamerican Bulgaria was established in 1999 and operates as a Non-Life insurance company on the Bulgarian market. Interamerican Bulgaria is the first insurance company, founded with foreign interest, operating on the local market. In 2002, the company established a separate legal entity, Interamerican Assistance S.A. which provides various assistance services, particularly 'roadside assistance'. Interamerican Bulgaria provides insurance products such as property, motor, accident, cargo, travel and liability, combined with unique assistance services (i.e. 'Home Help' with property insurance, Road Assistance and 'On the Spot Inspections' with motor insurance). These services are provided by Interamerican Assistance S.A. 24 hours a day.

The company's products are distributed mainly through Agencies/Agents' network, brokers and banks. In 2006, direct sales started developing. The Agencies/Agents' network is the main distribution channel for the targeted retail business in the Non-Life operation, primarily for domestic property, travel, accident and small and medium size commercial properties.

The company currently has 47 employees, with 21 at Interamerican Assistance S.A.

#### Main developments 2006

In 2006, an intensive marketing campaign was launched. The aim of the campaign was to increase brand awareness, to develop a clear and distinctive brand image and to highlight the company's main products. Interamerican Bulgaria aims to be seen as a customer-focused insurance provider that offers high quality service and takes care of its customers.

In 2006, Interamerican Bulgaria also expanded its Agents' network and opened two new agencies, bringing the total number to 16.

On 1 January 2006, the new Bulgarian Insurance Code came into force. The Code is in compliance with European insurance legislation and applies to Bulgaria from its EU accession date on 1 January 2007. In accordance with the Code, all insurance companies on the Bulgarian market had to re-apply for a license to conduct Motor TPL Insurance. Interamerican Bulgaria was the second of 24 insurance companies to be re-licensed by the Financial Supervision Commission. The Insurance Code also stipulates requirements for capital increases, as well as new requirements for brokers and agents.

#### Strategy

Interamerican's mission is to provide products and services of excellent quality; to be close to its clients; to improve its market position and client base; and to have a balanced, ethical and open relationship with its clients, employees, partners and shareholders.

In achieving these goals, it will highlight its values and justly earn the confidence of its clients. The company continues to focus on ensuring the development of its individual employees with appropriate training courses.

Interamerican Bulgaria also expects that three additional new agencies will be established in 2007 and 2008.



## GREAT BRANDS, LOCAL SOLUTIONS

The most widely recognised  
insurance brand in Greece

Key figures EUR million	2006
Gross Written Premiums Life	190
Gross Written Premiums Non-Life	133
Gross Written Premiums Health	43
Total Gross Written Premiums	365
Fee and Commission Income	100
Number of FTEs	1,963

European market  
Interamerican Greece**Profile**

Interamerican is among the leaders in the Life, Health and Non-Life sectors in Greece, and is the only insurance company with an extensive, privately owned healthcare service and emergency assistance infrastructure.

Interamerican's mission is to provide a secure and better economic environment for its clients by offering a wide range of products and services that effectively cover all financial and insurance needs.

With one of the most extensive tied agency distribution networks in the country, the company is developing the bancassurance channel through its co-operation with Nova Bank and is exploring the potential of direct sales and other complementary distribution channels.

Its history, strong market presence, large client base and distribution capability make Interamerican the most widely recognised insurance brand in Greece.

Interamerican benefits from being very well capitalised.

**Main developments 2006**

In 2006, a number of new management appointments was made, including the CFO and the General Managers of the General Insurance and Assistance companies. An agreement was reached with the labour union and employees to close the optional defined benefits pension scheme.

The company further restructured its sales network and introduced a new bonus scheme and agency agreement.

A new Business Automation system (e-sales platform) was developed which allows third parties to input and issue motor policies. 'Anytime', a direct motor insurance channel was launched on a trial basis.

Interamerican's shareholding in Best Line was sold, resulting in a capital gain of EUR 2.1 million.

Hospital clinics' revenues were above expectation due to high demand, especially from non-Interamerican clients, which now represent around 30% of total revenues.

**Strategy**

Interamerican is committed to being one of the most financially-sound and leading insurance companies in Greece. A key goal is to maintain its dominant position in Life, Health and Emergency Assistance businesses, and gradually to achieve a leading position in the General Insurance business as well.

Customer focus is of paramount importance and Interamerican is committed to developing the required technology, the product and service portfolio, and the appropriate corporate culture in which this can be achieved.

Distribution strength is equally important for the Group. Interamerican's tied agency network remains the main sales distribution channel. This is being restructured to develop a leaner, more efficient organisation. Interamerican intends to develop supplementary distribution channels such as bancassurance, brokers and direct. This will include expanding the existing co-operation with Nova Bank and increasing sales through other banks and channels, mainly in the Non-Life business.

Interamerican is enjoying an excellent reputation and its brand name is synonymous with quality and innovation. This brand equity will be further strengthened, both in a commercial sense and in terms of corporate social responsibility. Specially designed HR programmes will be introduced to increase employee involvement, productivity and satisfaction.

Well positioned to take advantage  
of new legislation

Key figures EUR million	2006
Gross Written Premiums Life	7
Gross Written Premiums Non-Life	7
Gross Written Premiums Health	1
Total Gross Written Premiums	14
Number of FTEs	150

European market  
Interamerican Romania**Profile**

Interamerican Romania is one of the most experienced insurance companies in its market, and one of the few companies that offers three classes of insurance: Life, Non-Life and Health.

Interamerican's main distribution channel is its own network of 46 agencies in the major cities in Romania, and some 1,100 sales consultants. It has over 180 employees at its headquarters in Bucharest.

In 2005, Interamerican opened the first private hospital in Romania, Euroclinic, in Bucharest, the cornerstone of the private health insurance system, Medisystem.

**Main developments 2006**

In 2006, the company moved into multi-distribution, through brokers, key account managers and bancassurance. Brokers and key account channels are mainly targeted at corporate clients, while the regular sales force and bancassurance channels are aimed at the individual.

In February, Interamerican opened a new Medical Centre, part of the Medisystem network in Bucharest. The Medisystem network was greatly expanded in 2006, to all major cities in Romania, with more than 80 medical services providers (clinics) contracted, and over 1,000 doctors in the network.

Three new investment funds were introduced for the unit-linked product, Investitia Ta, which is the most productive on the Romanian market.

In May, Interamerican launched a new Non-Life insurance product, Casco Light – the only product of its kind on the Romanian market.

In December, Interamerican was given an award in the 'Best Insurance Products' category, for the best investment performance by 'Investitia Ta'.

A new corporate identity was introduced, based on the creative concept of the Zilveren Kruis brand of the Dutch Operating Company, Achmea.

**Strategy**

On 1 January 2007, Romania gained EU accession, which introduced a number of new legal requirements to comply with EU legislation.

Similarly, the law on private pensions came into operation, introducing the pensions third pillar, and in Q1, it is expected that the second pillar for private pensions will be introduced.

Also in January 2007, the law on the unification of MTPL and Green Card came into force.

The government intends to introduce legislation for mandatory household insurance.

Interamerican Romania aims to become a market leader in health, with a targeted 30% market share. In the Life sector, the company strives to be one of the top four, and has ambitions to grow in the Non-Life market.

In 2007, the company intends to enter the Private Pensions market.



## GREAT BRANDS, LOCAL SOLUTIONS

## One of the few composite insurance companies in Cyprus



Key figures EUR million	2006
Gross Written Premiums Life	18
Gross Written Premiums Non-Life	7
Total Gross Written Premiums	25
Number of FTEs	62

### European market Interlife Cyprus

#### Introduction

Interlife Insurance Company Ltd. was established in May 1999, through the rebranding of Aetna Insurance Company. Interlife is one of the few composite insurers in Cyprus. In 2003, it became a direct subsidiary of Eureko.

The company's mission is to provide high level insurance services through excellent insurance products.

In the Life business, Interlife is ranked No.1 among those companies which do not have a bancassurance relationship, and ranked fourth overall in new business.

Interlife operates through ten branches and six agencies across Cyprus and has 138 agents.

#### Main developments 2006

The Life sector continued its positive contribution and satisfactory growth.

Growth in the Non-Life sector was curtailed in the first nine months due to increases in motor premiums, though this was improving in the fourth quarter. The individual medical card product has been upgraded. A new group medical product has been finalised and will be launched in 2007.

#### Strategy

The ultimate goal is to become one of the largest companies in both the Life and Non-Life markets by improving business volumes and profitability and by carefully selecting potential acquisition portfolios.

As a means of achieving its strategic goals, the company will also continue to focus on product development, management development and human resources improvements.



## Building on a position of knowledge and experience



Key figures EUR million	2006
Gross Written Premiums Life	10
Gross Written Premiums Non-Life	18
Gross Written Premiums Health	1
Total Gross Written Premiums	29
Number of FTEs	142

### European market Union Slovakia

#### Profile

Eureko operates two sister companies in Slovakia which are separate for legislative reasons. They are Union Insurance Company, of which Eureko owns 98.7% of the shares, and Union Health Insurance Company which is 100% owned by Eureko.

Union Insurance Company was established in 1992 and is one of the most experienced on the Slovak market, offering Life, Non-Life and Supplementary Health Insurance products to both individual and corporate clients. Union is the leading Travel Insurer, with a market share of around 50%.

Union Health Insurance Company was established in 2006 to operate Basic Health insurance. Being able to utilise the Health insurance knowledge and experience within the Eureko Group and the Supplementary Health expertise of Union Insurance Company made this a natural extension of Eureko's operations in Slovakia. Strong sales and marketing activity in 2006 resulted in 462,000 confirmed applications from individual clients, who became customers from 1 January 2007. This is a market share of 8.5%. The basic health insurance business will transform the scale of Eureko's operations in Slovakia.

Union has a comprehensive distribution structure which includes direct sales networks (for both individual and corporate customers), broker distribution, call centre and the internet. Union also co-operates with the biggest travel agencies throughout Slovakia for the distribution of Travel insurance.

#### Main developments 2006

The launch of Union Health Insurance Company in May and the subsequent acquisition of over 462,000 new clients from 1 January 2007 was a major milestone for the company.

The acquisition and integration of the Non-Life business of Vzajomne Zivotna poistovna a.s. (formerly owned by ING) was completed, and the business subsequently grew by more than 60% in 2006.

Net Income of EUR 2 million for Union Insurance was the highest in the company's history, and was a 50% increase on 2005.

Year-on-year growth through brokers of over 50% for both its Life and Non-Life business was achieved, and direct internet sales grew by more than 100%.

#### Strategy

The Union Group (Union Insurance and Union Health Insurance) will utilise its new scale of operations and brand power, to facilitate growth in all business lines. It plans to utilise cross selling and CRM to achieve a higher efficiency of distribution channels and gain market share in all business lines. It will also build the supplementary health business through employer and affinity group contracts.

Union will also take a considered approach to value-adding M&A opportunities where they fit with Eureko's development strategy.



## GREAT BRANDS, LOCAL SOLUTIONS

## Other activities

### Supporting clients in all areas



Key figures	2006
EUR million	
Re-insurance Premiums	471
Number of FTEs	50

## Other activities

### Eureko Re

#### Profile

Eureko Re is the competence centre for re-insurance for the Eureko Group, combining a policy-making function, an internal business function and a third party business function.

In terms of providing operational re-insurance support, the Achmea Divisions and the other Operating Companies are Eureko Re's primary internal clients. A broad range of products is offered, such as re-insurance analysis and advice, training, administration service, risk bearing and retro-ceding.

The external clients of Eureko Re consist of large enterprises, agricultural and micro insurance mutuals and (re)insurance companies. The range of products offered is: re-insurance analysis and advice, traditional re-insurance solution (only for Eureko's affiliates), captive management services, reciprocal business and structured life re-insurance. The backbone of the third party business is from structured Life re-insurance transactions. The company is able to gain new business by actively networking with re-insurers and Rabobank International.

#### Main developments 2006

Due to the merger of Achmea and Interpolis, Eureko Re has been able to set higher group retention levels for catastrophe and fire risks. It was also able to benefit from greater central buying power for re-insurance, and was able to benefit from a growing market for structured Life re-insurance transactions. This primarily concerned re-insurance solutions to manage longevity risk.

#### Strategy

Being part of Eureko, Eureko Re is able to benefit from a number of competitive advantages, such as access to low-priced capital, and specific knowledge, through its relationship with Rabobank, plus specialised agricultural knowledge and expertise. Another advantage is its attractiveness to professional re-insurers, as Eureko Re does not directly compete with them.

One of Eureko Re's main ambitions is to draw up a new group retention policy, which is built on the basic principle that optimal retention at Eureko Group level is preferable. A further aim is to establish a Group re-insurance programme for all lines of business for outward re-insurance, in compliance with the new group retention policy. The focus will also be on further expanding the third party business in the structured life re-insurance market.



## Partnerships and Associated Companies

### Opportunities for growth



## Partnerships

### Eurapco

European Alliance Partners Company

#### Profile

Eurapco is an Alliance of independent European companies from the financial services industry. It consists of seven Partner companies – Eureko, Covéa/MAAF-MMA (France), Friends Provident (UK), Gothaer (Germany), Länsförsäkringar (Sweden) and Swiss Mobiliar (Switzerland) – operating in 17 countries in Europe. Caser (Spain) joined in 2005 for a trial membership period, with an option to join the Alliance at a later date.

Each of the Partners holds a strong position in its domestic market. Together, they form one of the leading insurance groups in Europe with a total premium volume of more than EUR 30 billion and around 30 million clients.

Eurapco activities cover the main insurance lines of the Partners, i.e. Life insurance, Non-Life insurance and the respective support functions. Eurapco resources are dedicated to the continuing development of the Alliance, specifically to create and exploit synergy opportunities. Eurapco conducts around 60 activities, which are all Partner-driven. These include knowledge exchange through networking with organised business groups, forums, workshops, peer seminars, symposiums and benchmarking exercises, as well as the development of new projects, leading where appropriate to common commercial activities. Eurapco also contributes to the training and management development of Partners' senior and high potential managers.

#### Main developments 2006

In the past year, Eurapco generated over EUR 3.5 million worth of benefits for the Partners. The Marine Group continued its successful co-operation and the majority of the partners have now signed the underwriting authority agreement. Gross cumulated premium for the joint Marine operation was EUR 7.2 million, and generated over EUR 2 million in new business.

International Employee Benefits again had very good results, with a production of more than EUR 31 million.

The new healthcare legislation in The Netherlands was a trigger for in-depth knowledge exchange as the other partners benefited from Eureko's experience in adapting its health products and services in The Netherlands to comply with the new laws. All European countries face the prospect of legislative reforms in health and pensions, and the Dutch experience provided a welcome source of information for other insurers.

The Fraud Group broadened its activities from motor to property insurance.

#### Strategy

The Eurapco Partners aim – through co-operation – to strengthen their ability to compete in their local markets and also wish to benefit from involvement on the international stage. By enhancing the systematic exchange of skills, know-how and resources, Eurapco creates value and sustainable commercial benefits for its Partners.



## Associated Companies

### PZU Poland

PZU is the largest Life and Non-Life insurer in Central Europe, with around 50% market share.

In 1999, Eureko B.V., acted as consortium leader with Bank Millennium, investing 3 billion Zlotys (approximately EUR 700 million) to buy 30% of PZU. The acquisition was based on the Polish Government's decision and promise to privatise PZU, the largest insurance company in Poland, by an Initial Public Offering (IPO) on the Warsaw Stock Exchange, by the end of 2001 at the latest.

However, successive Polish governments have refused to perform the privatisation agreement, which eventually led Eureko to seek arbitration under the Dutch-Polish Bilateral Investment Treaty in 2002, at an International Arbitration Tribunal.

Currently, Eureko holds 33% minus 1 share of PZU, with the Polish State retaining majority control of 55%.

#### Conflict between the Polish State and Eureko

The grounds of the conflict between Eureko and the State of Poland are two-fold; Eureko contends that:

1. PZU should be privatised as soon as possible by the Republic of Poland according to the stipulated agreements. In this IPO, the Republic of Poland should sell 21% of the shares to Eureko against the price set in 2001;
2. PZU should be run as an independent, transparent, commercially-oriented company with good and effective corporate governance, and not as a vehicle for dispensing political favours.

In August 2005, the International Arbitration Tribunal issued a partial award strongly supporting Eureko's claims against the Polish State stating that the Republic of Poland committed various breaches under the Bilateral Investment Treaty and that Eureko's rights as an investor in Poland had not been protected by the Republic of Poland.

Recently, the Brussels Court of First Instance re-confirmed the decision of the International Arbitration Tribunal.

The second part of the Arbitration proceeding is due to start (probably around the end of 2007, once the various appeals lodged by Poland in Brussels have been heard), at which the remedies for the breaches will be assessed and awarded.

Currently, Eureko estimates the additional damages at over EUR 2.2 billion. This amount assumes 21% of PZU's shares being awarded to Eureko. Without this assumption, Eureko's claim could well be in the order of at least twice the amount of additional damages.

Eureko is committed to PZU and Poland. Eureko is not interested in selling its shareholding in PZU. It will honour its obligations as an investor and buy the additional 21% stake, as contractually agreed in 2001. As required by Polish regulations, Eureko will finance it by its own means and with unencumbered funds. Eureko expects the Polish State similarly to honour its obligations, as definitively confirmed in arbitration, to protect the rights of bona fide investors. Despite winning the first phase of the arbitration, Eureko is, as always, still prepared to discuss an amicable solution. Eureko is convinced that an elegant compromise is feasible.

The current situation is that there remains an impasse between Eureko and the Polish Government. The second phase of the Arbitration (award of damages) is expected to commence around the end of 2007. The Government in Poland, has until now, refused to acknowledge the validity of the Arbitration findings, as well as the dismissal of the various appeals it (Poland) has lodged in Brussels and Warsaw.



## Associated Companies

### F&C Asset Management United Kingdom

F&C Asset Management is a leading European investment group whose UK holding company, F&C Asset Management plc's shares are quoted on the London Stock Exchange.

F&C Asset Management has some EUR 154.6 billion assets under management (as at 31 December 2006).

Until 2004, F&C Asset Management was a wholly-owned Eureko operating company, but was then merged with ISIS Asset Management, in which Friends Provident was the majority shareholder. Eureko retains a 19.7% shareholding in F&C Asset Management, which acts as one of Eureko's principal money managers, with long-term mandates.



## Participating Interests

### Friends Provident United Kingdom

Friends Provident is a leading UK financial services group and a member of the FTSE100. With a history dating back to 1832, Friends Provident has three core businesses: UK Life and Pensions; International Life and Pensions and Asset Management, and the latter through its subsidiary F&C Asset Management plc in which Eureko has a significant direct shareholding.

Eureko and Friends Provident hold reciprocal shareholdings in each other of around 2%, and have had close ties over the years. When Eureko sold its asset management company, F&C Asset Management, Friends Provident acquired the majority shareholding and merged F&C Asset Management with its own asset manager, ISIS.

MillenniumBCP is Portugal's leading independent bank, in which Eureko has a 7.24% shareholding. The two companies have enjoyed a historical association (Banco Comercial Português was one of the early members of the Eureko Alliance), and continue to develop joint business initiatives in complementary European domains.

## MillenniumBCP Portugal

MillenniumBCP is Portugal's leading independent bank, in which Eureko has a 7.24% shareholding. The two companies have enjoyed a historical association (Banco Comercial Português was one of the early members of the Eureko Alliance), and continue to develop joint business initiatives in complementary European domains.

## Executive Board

01 **M.W. (Maarten) Dijkshoorn** (1950), Chairman and Chief Executive Officer, Dutch nationality. Started his career at RVS and became a member of the Board of Nationale-Nederlanden in 1992. He joined Eureko in 2002 and became Chairman of the Executive Board and CEO on 1 October 2005.

02 **H.A.J. (Huub) Hannen** (1948), Vice-Chairman, Dutch nationality. Joined Interpolis in 1970 and held various positions, including being a member of the Board of Directors of Interpolis. Following the Interpolis merger with Achmea, he became a member of the Executive Board on 28 November 2005.

03 **E.R. (Ernst) Jansen** (1948), Vice-Chairman, Dutch nationality. Worked at the Ministry of Economic Affairs and Noordelijke Ontwikkelingsmaatschappij N.V. Between 1980 and 1990 he held management positions in the chemical industry in several European countries. In 1990, he joined Centraal Beheer and has been on the Executive Board of Eureko since 1992.

04 **W.A.J. (Willem) van Duin** (1960), Dutch nationality. Joined the Group in 1987. He held various positions at the Holding and both the Divisions Health and Direct Distribution. He became a member of the Executive Board in 2004.



05 **G. (Gerard) van Olphen** (1962), Chief Financial Officer, Dutch nationality. His background is ICT and Accountancy/Finance. Prior to joining Eureko, he was CFO of SNS Reaal, Chairman of Reaal Verzekeringen and CFO of NIB Capital. He is a member of the Executive Board and CFO as per 2002. From 4 April 2007, he will relinquish the role of CFO and take responsibility, inter alia, for Eureko's international development strategy beyond the Dutch market.

06 **R.T. (Roel) Wijmenga** (1957), Dutch nationality. Taught at the Erasmus University and held various board positions of AMEV and Fortis ASR. He joined the Board of Directors of Interpolis in May 2003. Following the Interpolis merger with Achmea, he became a member of the Executive Board on 18 November 2005. As of 4 April 2007, he will replace Gerard van Olphen as CFO.

**Executive Board changes in composition**

On 1 October 2006, Mr C. (Kick) van der Pol and Mrs M. (Margriet) Tiemstra stepped down as members of the Executive Board. On the same date Mr G.H.J. (Gert) van Arkel retired as a member of the Executive Board.

After the resignation of Mr Van der Pol, Mr H.A.J. Hannen was appointed as first Vice-Chairman of the Executive Board as per 1 October 2006.

**Company Secretary**  
Mr W. (Wim) Janssens

**Deputy Company Secretary**  
Mrs A.R.M. (Annick) Wychgel



## ADDITIONAL INFORMATION

## Contact details

**Eureko****Mailing address**

PO Box 866, 3700 AW Zeist  
The Netherlands

**Office address**

Handelsweg 2, 3707 NH Zeist  
The Netherlands

Telephone +31 30 6937000  
Fax +31 30 6937225  
Website www.eureko.net

## Operating Companies

**Achmea****Mailing address**

PO Box 866, 3700 AW Zeist  
The Netherlands

**Office address**

Handelsweg 2, 3707 NH Zeist  
The Netherlands

Telephone +31 30 6937000  
Fax +31 30 6937225  
Website www.achmea.nl

**Avéro Belgium**

Bd. de la Woluwedal 64, 1200, Brussels  
Belgium

Telephone +32 02 773 03 11  
Fax +32 02 772 03 45  
Website www.averob.be

**Friends First**

Friends First House,  
Cherrywood Business Park, Loughlinstown, Dublin 18  
Ireland

Telephone +353 1 6610600  
Fax +353 1 6616651  
Website www.friendsfirst.ie

**Império France**

19 Rue de la Pépinière, 75008 Paris  
France

Telephone +33 1 44 697575  
Fax +33 1 44 697507  
Website www.imperio.fr

**Interamerican**

124-126 Sygrou Avenue, 17680 Kallithea, Athens  
Greece

Telephone +30 210 9462000  
Fax +30 210 9462007  
Website www.interamerican.gr

**Interamerican Bulgaria**

16 Sveta Nedelya Sq., 1000 Sofia  
Bulgaria

Telephone +359 2 9867639  
Fax +359 2 9867651  
Website www.interamerican.bg

**Interamerican Romania**

20 Soseaua Cotroceni, 762 58 Bucharest  
Romania

Telephone +40 21 2026770  
Fax +40 21 2026772  
Website www.interamerican.ro

**Interlife**

PO Box 22475-1522, Nicosia  
Cyprus

Telephone +357 2 2896000  
Fax +357 2 2767768  
Website www.interlife.com.cy

**Union**

Bajkalska 29/A, 813 60 Bratislava  
Slovak Republic

Telephone +421 258319 319  
Fax +421 253631 111  
Website www.union.sk

Partnerships and  
Associated Companies**Eurapco**

Genferstrasse 11, 8027 Zürich  
Switzerland

Telephone +41 1 2879500  
Fax +41 1 2879501  
Website www.eurapco.com

**PZU**

PZU Tower, Al Jana Pawla II 24, 00 – 133 Warsaw  
Poland

Telephone +48 22 582 2051  
Fax +48 22 582 2095  
Website www.pzu.pl

**F&C Asset Management**

Exchange House, Primrose Street, London EC2A 2NY  
United Kingdom

Telephone +44 20 7628 8000  
Fax +44 20 7628 8188  
Website www.fandc.com