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09

ANNUAL REPORT

EUREKO HAS A CLEAR AMBITION: TO BE THE MOST TRUSTED INSURER.

It is a high ambition but the foundations are already in place. Started in 1811 as a cooperative to provide mutual insurance at a reasonable premium, in 2010, nothing has changed. Eureka today is customer driven and result oriented. We work to a stakeholder model – customers, (distribution) partners, employees and shareholders, with customers first among equals. And we form an integral part of, and have a responsibility to, the communities in which we operate.

Trust has to be earned. Customers must feel and be well insured. So we must strive to create innovative, transparent solutions that customers understand and that meet their needs. We strive for sustainable growth and above-average performance to create value for customers but also to generate an appropriate return to shareholders. We strive to employ the most committed and customer-focused people. We work with (distribution) partners who recognise their own interests in who we are as an organisation. We strive to ensure that our cooperative shareholders recognise and share the values that drive our ambition. By incorporating the interests of all stakeholders into how we work, value is ultimately created for all.

OUR BRANDS



Avéro Belgium provides a range of non-life products for both individual (property, accident, motor) and corporate (property, casualty, engineering) customers. Avéro Belgium has a significant reputation in the marine (cargo, hull, CMR, trucks) and special risk business.



Currently, Interamerican Bulgaria is a small player but it is also an ambitious one, offering life and non-life products and services through all distribution channels.



Our Interlife Cyprus brand offers a full range of life, non-life and health products and ranks number five in the Cypriot life market.



With a full range of life, non-life and health products and services, Interamerican Greece is the number two player in the Greek market. It is the only insurer in Greece to provide emergency assistance.



Friends First has a long standing presence in Ireland and has built up a reputation as a leading financial services group in this market. We provide a comprehensive range of pension, investment, protection and finance products and services.



One of the few insurers in Romania to offer a full range of life, non-life and health in this growing market. Interamerican is recognized as a pioneer in the health segment.



With a multi-distribution structure throughout Russia, Oranta's main business focus is on motor insurance. Property insurance is a profitable secondary business line, with major growth potential.



Union Insurance offers life, non-life and supplementary health insurance to both individual and corporate customers. It is the top travel insurer in the Slovak market. Union Health offers basic health insurance.



Offering a full range of non-life products, Eureka Sigorta is a top player in the Turkish market. It launched health insurance in 2009.



Achmea unburdens. Health, income for later, work and working conditions or business continuity – Achmea is there, insuring and ensuring. But Achmea is more than a provider of products and services. We invest in solutions to social issues, explore ways to do things differently, better. By continually asking the question: what are we doing?



A vital organisation is dynamic, powerful and keeps personnel on top of business. Achmea Vitale is our sector-focused approach and offers a unique combination of vitality and absentee management services. Achmea Vitale is there for small and medium-sized enterprises (SMEs) and major corporates that aim to be more vital.



Good health is precious. That is why Agis works to improve the care and health of its customers. And at Agis, everyone has a right to good, accessible and affordable care. Customers still rate Agis at 7.4 in satisfaction surveys.



Offers a complete range of insurance and financial solutions. Avéro Achmea offers life, non-life, income protection and health insurance to corporate and private customers as well as mortgages and banking products. Avéro Achmea works with and through independent brokers and advisors. Brokers rate Avéro Achmea at 7.1 in satisfaction surveys, up from 6.8 in 2008.



Provides pensions, life and non-life insurance and offers financial services to private customers, employees and businesses. It also has administrative services and support aimed at non-life and risk management, delivering directly to the client. Private customers rate Centraal Beheer Achmea at 7.8, up from 7.5 in 2008.



Offers insurance for car and motor-cycle, health and accident, savings and investment, liability and legal aid, travel and recreation, home, borrowing and death. Our customers can put together the package of insurances that suits them best so they only pay for what they need. FBTO provides clear insight into customer data. Customers rate FBTO at 7.8 in satisfaction surveys, up from 7.7 in 2008.



Interpolis, through the Rabobank branch network, offers consumers and entrepreneurs concrete and relevant insurance solutions for the risks they run. All Interpolis products are as accessible and simple as we can make them. We call that: Crystal clear. Customers rate Interpolis at 7.5 in satisfaction surveys, up from 7.3 in 2008.



From practical pension services to real estate and asset management. Syntrus Achmea has all three disciplines. Pension Services offers both an efficient administrative process and acts as a trustworthy sparring partner. Syntrus Achmea Real Estate is the largest property investor in the Netherlands while Syntrus Achmea Asset Management ranks in the top three of outsourced pension asset managers in the Dutch market.



Zilveren Kruis Achmea has long been more than a health-insurer alone, offering insured customers opportunities for a healthier and more vital life. Customers benefit through, for example, the health programme. Zilveren Kruis Achmea also works with partners to improve care. Customers rate Zilveren Kruis Achmea at 7.3 in satisfaction surveys, up from 7.1 in 2008.

EUREKO 2009 ANNUAL REPORT

EXECUTIVE BOARD STATEMENT

The reporting year, 2009, was an eventful time for Eureko. Following unprecedented market conditions in 2008, numerous initiatives were started throughout the Group in the knowledge that every crisis offers the opportunity for a new beginning. While part of the sizeable loss over 2008 can be attributed to the global financial crisis, it was also evident that, at operational level, improvements were necessary. Eureko benefited from the economic recovery that started tentatively in early 2009 and picked up during the year. At the same time, we also saw the first positive results of our own structural changes. At year-end 2009, we are reporting a net profit of €1.4 billion compared to a negative result of €2.1 billion in 2008, helped by the stabilisation of financial markets and further supported by the financial compensation following our settlement on PZU. We certainly did not enter the Polish market thinking we would leave it a decade later. However, the financially acceptable exit, after years of fruitless negotiations, ultimately proved to be in the best interests of the future of our Group.

Financial strength preserved

In a sector where financial health is a prerequisite for doing business, we made this our priority in 2009. The capital support from shareholders, Vereniging (Association) Achmea and Rabobank, a clear sign of confidence in the Group, took effect in April and laid the foundation for the subsequent firm rise in solvency. The timely investment helped Eureko overcome turbulent economic times as one of a select group of institutions that did not resort to state support.

As a result, our Group solvency position rose steadily through 2009, ending the year at a reassuring 216% with insurance activities at 251%, also supported by our decisive de-risking strategy. Eureko's total equity improved 36%, from €7.5 billion at year-end 2008 to €10.1 billion at year-end 2009.

The already successful commercial cooperation with Rabobank, both a strategic shareholder and important distribution partner, has been intensified. We share a cooperative

background and similar social position. By jointly offering financial services to our customers, all benefit.

Gross written premiums increased slightly during 2009 by 2% to €19.6 billion against €19.3 billion in 2008, although this number was impacted by the merger of our two pension funds. From an operational perspective our Health and Non-life business performed well. Non-life premiums were up 6% to €4.0 billion from €3.8 billion, supported by the contribution of Oranta in Russia, which was acquired at the end of 2008. At our Health division, gross written premiums were down 6% to €10.6 billion from €11.3 billion. The decrease is mainly related to lower government contributions in the Dutch Health business. We are pleased to report that in 2009 the total number of customers insured by our Health division in the Netherlands has risen, and that all our large group insurance contracts that were up for renewal have been renewed. The merger of our two pension funds led to a non-recurring increase of €1.1 billion in gross written premium at Life. As a result, gross written premiums at Life rose 18% to €5.0 billion from €4.2 billion. Excluding the exceptional inflow, Life premiums declined 8% due to growing competition from bank savings products and Avéro Achmea's decision to cease selling Life policies.

Operations

Although the Group's financial strength has now convincingly been restored, Eureko still faces the continued challenge of raising our operational efficiency. In 2009, we started various programmes, with different durations, and the first results have now become apparent. In the relative short term, we said we would reduce operations costs by €100 million. With structural cost reductions of over €183 million, we have more than achieved that target. This significant cutback positions us well to meet our cost-reduction target for 2011 of €300 million. But if Eureko is to grow further and maintain its position as market leader in the Netherlands, many more changes will have to be made. Our efficiency programme, SENS, designed to raise operational performance, has been rolled out across almost all of our divisions. Over the coming years it will optimise all

EXECUTIVE BOARD STATEMENT

our processes so that we work smarter and with more focus on the customer's needs. Both will generate cost efficiencies.

In March 2009, we said greater efficiency would lead to an estimated reduction of 2,500 FTEs. Compared to last year, the total number of employees at Eureko, internal as well as external, decreased by 1,207 from 24,883 to 23,676, of which 1,084 in the Netherlands. This mainly happened as a result of a reduction in external staff and, most importantly, without compromising our high level of quality and services.

Most trusted insurer

The financial crisis coincided with a far-reaching crisis in customer confidence. If these crises have taught us anything, it is that in the insurance sector, there are no greater assets than trust and reputation. Both have been damaged in recent years. Insurance is a cornerstone of any society. At Eureko, we provide health and income protection as well as life and non-life insurance policies. This means we are intimately involved in the lives of people, our customers; we are there when they are ill and when they are unable to work. Our job is to ensure people, customers, feel confident and well insured as they go about their daily lives. You do that by being just as closely involved in the whole of society, by accepting responsibility and the duty of care it involves. You do it by committing to social responsibility in the way you work. And you do it by tirelessly searching for solutions to issues in the world around you. And there are many – greying populations, changes in social security, diversity, illiteracy.

Through our mutual background, we have always had our cooperative identity as our moral compass. Nothing has changed. Based on this identity, we have made it our ambition to become the most trusted insurer. These are not just words. Our identity will be the benchmark against which all our choices are measured; what we do and how we do it must fit with who we are and who we want to be. If we say the customer is central to everything we do, and if we are to regain trust and help restore the reputation of our industry, then we have to show customers that their interests come first. We have to keep our promises.

That is why our majority shareholder Vereniging Achmea has further developed its members' policy in 2009. Every customer of one of the Achmea brands is automatically a 'customer member' of Vereniging Achmea. Besides safeguarding the continuity of Eureko, a second purpose of Vereniging Achmea is to represent the interests of customer members.

At Eureko, we have initiated an integrity scan that examines all products and services based on our duty of care to customers. We believe this is the right action to show our customers we are working for them. This scan will be embedded in our product development and in our processes. Furthermore, it ensures products are compliant with regulations.

These are our own initiatives that build on and are in addition to efforts that have been rolled out by our sector through the Dutch Association of Insurers. One example worth mentioning is the launch of clear guidelines for fair and understandable information to customers. The guidelines also deal with duty of care, service levels and accessibility. Needless to say, we wholeheartedly support these initiatives to restore trust.

Becoming the most trusted insurer is an ambition that we cannot achieve without the commitment from our people in the Netherlands and throughout Europe. I thank all for their efforts and dedication in achieving the goals we set in 2009; I also realise this has not been the easiest of time for some of our people. We attach great value to our leading position in the top 10 of best employers in the Netherlands and it is with good reason that employees are recognised as an important stakeholder of our Group. We would also like to thank our Central Works' Council (COR) for the constructive contacts we had with them in 2009; we appreciate the cooperation with them. The COR has played an important role in representing the interests of employees within our four-stakeholder model.

EXECUTIVE BOARD STATEMENT

Focus

We feel that demanding times require us to make clear choices. That is why we have sharpened our strategic intentions, both in our home market as well as in Europe. Complexity reduction forms a key driver at this process. There is room for improvement in efficiency and effectiveness, and we can make more and better use of economies of scale by working together, by standardising and by cutting costs.

In the Netherlands, Non-life, Health and Income Protection, delivered through market-leading banking and direct channels, are already core competences. Broker distribution will contribute to economies of scale in core propositions. In the Life and Pension business, our aim is to form a range of standardised and transparent products.

Abroad, with the disappearance of Poland as our envisioned second home market, we will concentrate our attention and resources on the fast-growing market in Turkey. Eureko Sigorta has a strong position in the market and we cooperate closely there with Garanti Bank as major distributor of our products.

The year ahead

Although we are encouraged by the first signs of improvements we present today, we still have a long way to go to where we want to be as a Group. The year 2009 can be characterised as one of recovery as we laid the foundations for improving our operational performance. In 2010, our aim is to live up to what is expected of us, and more. The results over 2009 give the Executive Board confidence that our Group is on track to realise its ambitions.

Willem van Duin
Chairman of the Executive Board, Eureko B.V.
26 March 2010

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"IT IS NOT ABOUT EUREKO DEFINING TRUST, BUT ABOUT THE CUSTOMER DEFINING WHAT IT MEANS."

SASKIA JUINEN



Saskia Juinen manages customer claims for a major Dutch financial institution. She participates in client panels at her insurer, Interpolis.

WHAT DOES TRUST MEAN FOR YOU?

I'm an Interpolis customer and have needed my insurer twice. Both experiences were positive. I was treated courteously when I e-mailed and the matters were resolved quickly. Because I've had that experience both times, I have almost blind faith in Interpolis and Achmea. If you add that to other ad hoc contacts, then I'd say I trust my insurer. And that is how it should be. You hear it all the time – you pay your premium, but the insurer's not home when you need help. It's a contract and both parties have to meet their obligations. That obligation involves the insurer being just a phone call away and taking over the problem for you. That's 'unburdening'.

HOW SHOULD EUREKO DEFINE TRUST?

I don't think that this is the right approach. It is not about Eureko defining trust, but about the customer defining what it means. Then Eureko should go with that.

WHAT ARE YOUR EXPECTATIONS FOR 2010?

That they stay open and transparent about policy and about what they are doing. A lot of people feel cheated by the financial services industry. That's a fact. It's been made worse by the economic environment. If customer confidence is to be regained, then Eureko should say what it's doing and do what it says. They could improve communication in practical ways – clearer information through the website would be one way.

PROFILE AND CORE VALUES

Eureko has a clear ambition: to be the most trusted insurer. Eureko pursues this ambition by being customer driven and result oriented in all its operations.

It is different from the majority of insurers, as its main shareholders, Vereniging Achmea and Rabobank, are cooperative organisations. Eureko shares this cooperative background. It is stakeholder driven, with customers rather than shareholders as its primary focus.

With a group of strong insurance brands in 11 countries, the Netherlands is by far the biggest market. Eureko has a modest position in these other markets: Belgium, Bulgaria, Cyprus, France, Greece, Ireland, Romania, Russia, Slovakia and Turkey.

In the Netherlands, the focus is on long-established core competences, Non-life, Health and Income protection. Products and services are marketed by well-known brands, such as Agis, Avéro Achmea, Centraal Beheer Achmea, FBTO, Interpolis, Syntrus Achmea and Zilveren Kruis Achmea, through a full range of distribution channels – direct writing, bank and broker – so that customers can choose the service that suits them best.

From its leading position in the Dutch market, Eureko aims to position itself in Europe as an innovative player in selected markets. It develops international markets based on core competences and the potential for economies of scale.

EUREKO'S CORE VALUES

Our core values have emerged from our cooperative identity and mindset. They are aimed at creating value for stakeholders and achieving financial continuity, now and into the future. In everything we do, we aim to 'unburden' our customers by:

EMPATHISING

Prioritising customers in everything we do. This means it is crucial that we understand what our customers need. We achieve that by involving customers and other stakeholders in developing products and services. This co-creation approach leads to solutions that meet the needs of customers and are relevant to the communities we serve.

INNOVATING

We can only maintain our market-leadership position if we are continually searching for innovative solutions to customer needs. By showing our customers we are always at work for them, they will feel better served and know that, as a Eureko customer, they have continual access to the best products and services.

DELIVERING

Our customers will only feel and be well insured if we deliver on our promises. We do that by being customer driven and result focused.

TO 'UNBURDEN' THE CLIENT

SUPERVISORY BOARD REPORT

It would be counterproductive to offer a report of Supervisory Board activities in 2009 without giving the context at the start of this reporting year. In 2008, the credit crisis had quickly turned into a global financial crisis. Eureko was seriously affected by the ensuing turbulence in financial markets. Equity markets fell abruptly, with significant consequences for Eureko's own capital position. The Group acted rapidly, and measures to bolster Eureko's capital position were a major focus for the Supervisory Board, especially in the first half of 2009. In addition, 2009 was also a period during which Eureko realigned its strategy on the domestic market, the Netherlands. At the same time, a significant change in the international portfolio led to a re-evaluation of the Group's position abroad. All of these developments and actions were discussed in depth and at length with and by the Supervisory Board. Furthermore, in early 2009, the Supervisory Board selected and appointed Willem van Duin as new Chairman of the Executive Board, filling the vacancy that had occurred in December 2008. This section provides insight into these developments.

Monitoring the crisis

In 2008, Eureko's Supervisory Board and its Audit & Risk Committee had already devoted special, unscheduled meetings to monitor the challenging financial environment. These special meetings continued into 2009. Measures aimed at counterbalancing the fall in own capital that had challenged the Group's own equity and solvency positions led to a comprehensive de-risking of the investment portfolio in the first half of 2009. Furthermore, with full support from the Supervisory Board, a capital increase from Eureko's two largest shareholders, Vereniging Achmea (Association) and Rabobank, and from MillenniumBCP, was agreed and effected in early April 2009. In total, €1,028 million was committed, with €600 million from the Vereniging Achmea, €400 million from Rabobank and €28 million from MillenniumBCP. The new capital was issued as common equity. The Supervisory Board supported these agreements, including the dividend construction that is explained more fully in the section on Capital & Liquidity Management. As well as measures to bolster the capital and solvency positions, significant structural cost-reduction action and a comprehensive, customer-driven efficiency programme called SENS, were rolled out throughout the organisation in the reporting year.

Strategic review

During 2009, Eureko's strategy was also a priority for the Supervisory Board. The Group has devoted significant efforts to rediscovering and revitalising Achmea's cooperative roots and resulting in a clear Achmea identity. This led in 2009 to a sharpened strategy that retains the stakeholder model as basis, but puts greater focus on the customer as main priority. It focuses on its core competences as basis for further growth. This also involves rationalising its processes and systems so that customers are better served. Coupled with far-reaching cost-reduction programmes, this will ultimately result in improved customer service and sound returns for shareholders.

Funding activities

Eureko was one of a very small group of Dutch financial institutions that did not resort to state aid to reinforce its capital and solvency positions. However, due to the ongoing crisis, through the reporting year, there was a significant lack of funding opportunities in the capital and financial markets. For this reason, when the Achmea Hypotheekbank issued its \$3.25 billion, five-year bond in the third quarter of 2009 to refinance mortgage activities, it opted to make use of a state guarantee. It was considered sound business sense to opt for the guarantee in the prevailing financial climate.

SUPERVISORY BOARD REPORT

HOW WE ARE SUPERVISED

Developments in 2009
PZU settlement

In October 2009, Eureko finally reached a settlement with the Polish state in the long-running dispute on the privatisation of PZU. (Please see the Executive Board Report for more details on the settlement.) The Supervisory Board devoted a number of unscheduled meetings to the proposals made by the Executive Board and to the final settlement agreement. Eureko had a considerable stakeholding in the Polish insurer acquired 10 years ago. This acquisition formed an important basis for Eureko's international strategy in that period. The rationale was that Poland could be developed into a second home market and act as a starting point for further international expansion. Finding a resolution to the ongoing dispute represented a dilemma for Eureko. An exit from this high-potential market would put an end to Eureko's strategic aim of establishing a second home market. But the Supervisory Board concurred with the Executive Board's conclusion that based on the current situation a friendly exit would be preferable to remaining in Poland in what could only be a hostile environment. However, any settlement with the Polish government had to recognise Eureko's rights at PZU. Ultimately, the decision revolved around the question of certainty of execution. The Supervisory and Executive Boards concurred that the agreed offer of October 2009 and ensuing settlement agreement involving a friendly exit provided the required financial compensation and a satisfactory degree of certainty of execution.

Sharpened strategic focus

Based on its refocused identity and strategic review, Eureko re-evaluated its international presence and strategy in 2009. The alignment of international activities to Eureko's core competences in distribution channels, products and operations expertise played a significant role. The Supervisory Board monitored and approved the revision initiated by the Executive Board which shifts international focus to those operations where the Group can add and create value. The Dutch divisions, under the

Achmea umbrella, still form the largest operations within the Group. Key in the strategic review for Achmea is the reduction of complexity in products, administration, IT and legal structure, resulting in standardisation, rationalisation, cost reduction and performance improvement, including enhanced transparency for customers. The Supervisory Board discussed the aim and the planned programmes of Achmea in detail, which will be monitored frequently in the coming years.

International participations

When the current international strategy was first implemented in the early 1990s, the vision was to join forces with a number of like-minded European organisations with strong positions in their home markets to create a pan-European insurance group with mutual back-grounds. This vision has changed and consequently in 2009 it was decided that participation through shareholding in other European organisations was not always necessarily essential to achieving it. As a result, Eureko reduced its exposure to Portugal's MillenniumBCP to 2.5%, also as part of its de-risking programme.

Business planning 2010–2012

The Supervisory Board was fully apprised of and approved the Executive Board's proposed strategy and business plans for the period 2010 to 2012.

Central Works' Council

Through our stakeholder model, employees also play a crucial role in Eureko's continuity. During the year, Supervisory Board members maintain regular contact with the Central Works' Council. This is organised on a rotational basis so that all members have an opportunity for dialogue with this body. As in previous years, all Dutch members attended a Central Works' Council meeting during 2009. The Chairman also had informal meetings with the Chairman of the Executive Board and the Board of the Central Works' Council to discuss items including

SUPERVISORY BOARD REPORT

HOW WE ARE SUPERVISED

the (re-)appointment of Supervisory Board members. During the meetings several key topics were explored, including business strategy, the implementation of SENS throughout the organisation, cost-savings programmes, ongoing compliance requirements and the annual Employee Satisfaction Survey. The Supervisory Board once again experienced at first hand a Central Works' Council that combines its critical role with a constructive approach.

Supervisory Board meetings

In 2009, there were six regular Supervisory Board meetings and five extraordinary meetings on topical issues such as developments on the PZU dispute and the financial crisis. Members attended the meetings in Zeist, some using conference-call facilities when physical presence was not feasible. A few members were not able to attend all meetings. Where necessary, a mandate was given to other members for voting.

Supervisory Board committees

The Supervisory Board has three dedicated committees: the Audit & Risk, the Remuneration and the Selection and Appointment Committees. The Supervisory Board takes decisions based on, among others, the advice of its committees. Three Supervisory Board members form the Audit & Risk Committee. The Chairman of the Executive Board, who is responsible for audit and compliance, and the CFO, who is responsible for finance and risk, attend Audit & Risk Committee meetings. The Audit & Risk Committee met nine times in 2009 following the decision to monitor developments in financial markets and possible effects for Eureko almost monthly; it also meets annually with KPMG Accountants NV (KPMG) to evaluate management. The Remuneration Committee and the Selection and Appointment Committee both consist of five members drawn from the Supervisory Board. The Chairman of the Executive Board attends the meetings but absents himself during agenda items where his own functioning or remuneration is discussed or in other cases

when the Committee Chairman so requests. In 2009, the Remuneration Committee met three times. The Selection and Appointment Committee met twice in 2009.

The Audit & Risk Committee

The Audit & Risk Committee is responsible for monitoring Eureko's financial reporting processes, including risk management, compliance and internal control. It advises on the selection of external auditors and actuaries and monitors both their performance and independence. In 2009, the Audit & Risk Committee met nine times; external auditor KPMG is always present. Regular meetings are scheduled ahead of key reporting dates and on an ad-hoc basis where necessary. As the financial crisis took hold, the Audit & Risk Committee intensified its involvement, specifically on strategies and measures relating to liquidity, solvency, funding, investment policy and risk management. It monitored the de-risking programme further pursued in the first half of 2009 and advised the full Supervisory Board on the capital increase by shareholders. Furthermore, with external auditors, it discussed and fully supported the restructuring of Eureko's finance and risk-management framework which was subsequently implemented during the reporting year.

The Audit & Risk Committee met once with the auditors, KPMG, without management, and furthermore reviewed full-year 2008 results, annual reporting and individual business components, such as actuarial reports on the adequacy of insurance liabilities of all relevant Group legal entities. In addition, they discussed the management letter. These topics, along with risk management, compliance reporting, internal auditing and control plans, and the financial aspects of proposed mergers and acquisitions, are regular agenda points throughout the year. Eureko's preparations on Solvency II and International Financial Reporting Standards on insurance contracts were also important topics during the year. The transition to Market Based Interest Accounting, in preparation for future regulatory requirements, was also a topic during the year, although no policy changes have been made as yet.

SUPERVISORY BOARD REPORT

HOW WE ARE SUPERVISED

The Remuneration Committee

Monitoring the application of Eureka's remuneration policy is a key task for this Committee. Eureka's policy is aimed at recruiting and retaining the highest calibre executives. A regular review of remuneration is carried out to ensure that reward levels are appropriate to the duties and responsibilities of the role, including a suitable balance between fixed and performance-related elements. In determining salary levels for executives, comparisons are routinely made across the industry, usually every two years. In 2009, the Remuneration Committee began a review of remuneration. However, it should be noted that Eureka already pursues a responsible remuneration policy that focuses on short- and longer-term components. The regular short-term variable remuneration component has a median range of 10–35%, with a maximum of 40% of fixed income. The long-term component consists of awarded options, whose numbers are maximised for the Executive Board and senior management in the Group's divisions.

Through the year, the Remuneration Committee evaluates Executive Board performance against preset targets. These targets represent a balanced four-stakeholder – customers, distribution partners, shareholders and employees – approach. They include net profit; customer satisfaction; cooperation with distribution partners, such as Rabobank and brokers; performance measurement; audit; compliance; risk management; employee satisfaction; and corporate social responsibility. The committee subsequently makes proposals for long-term variable income components. The Central Works' Council receives a report on the remuneration of senior management in the Group, the Executive Board and the Supervisory Board annually.

In 2009, a proposal to the Supervisory Board was submitted by the Executive Board in which its members and senior management waived any variable remuneration. This proposal was accepted by the Supervisory Board. In 2009, the average remuneration amounted to €0.78 million; there is no variable component in the reporting year due to

the senior management waiver. Furthermore, the Supervisory Board decided not to allocate share options in 2009.

**AVERAGE REMUNERATION
EXECUTIVE BOARD MEMBERS**

(€ MILLION)

	2009	2008
Fixed remuneration	0.60	0.62
Short-term employee benefits	0.00	0.21
Post-employment benefits active board members	0.18	0.40
Total	0.78	1.23

The Selection and Appointment Committee

As its name suggests, this Committee is focused on recruiting Executive Board members and evaluating the performance of the Executive Board as a team and individually. Performance targets for the Executive Board as a whole and its members are established under its supervision. Furthermore, the Committee evaluates interaction between the Supervisory and Executive Boards. The Committee also evaluates the functioning of the Supervisory Board itself and advises on nominations for (re-)appointment of members. In the first quarter of 2009, this committee met frequently as part of the appointment process of a new Chairman of the Executive Board. In close cooperation with major shareholders, Vereniging Achmea and Rabobank, and the Central Works' Council, the Supervisory Board appointed Mr Willem van Duin following the formal nomination by the Holder of the A share, Vereniging Achmea.

SUPERVISORY BOARD REPORT

HOW WE ARE SUPERVISED

Changes in Supervisory Board composition

Three new members of the Supervisory Board were nominated in 2009. At the end of 2008, the Supervisory Board had 10 members; in 2009, Mr Lense Koopmans decided not to seek reappointment. The Supervisory Board is grateful for his contribution. In the reporting year, three new members were appointed: Messrs Urs Berger, Bernard Bijvoet and Aad W. Veenman. The Supervisory Board welcomes these new members. The Supervisory Board now consists of 12 members.

2009 financial statements and dividend

The financial statements have been audited by KPMG. They have issued an unqualified opinion. In accordance with the proposal of the Executive Board and the recommendation of the Audit & Risk Committee, the Supervisory Board endorses the adoption by shareholders of the 2009 Financial Statements. Based on the revised dividend policy and the agreement with the main shareholders, we propose to the Annual General Meeting that upon adoption of the Financial Statements, ordinary shareholders will receive a dividend of €1.43 per ordinary share, payable in cash and/or stock, according to shareholder preference. As well as adopting the Financial Statements and the profit appropriation, the General Meeting of Shareholders is requested to discharge the members of the Executive Board from all liability in respect of their management and to discharge the members of the Supervisory Board from all liability in respect of their supervision for the year under review, 2009.

We would like to take this opportunity to thank the Executive Board, the Central Works' Council and all Eureko employees across Europe for all their hard work and commitment during the reporting year.

Arnold Walravens
Chairman of the Supervisory Board
26 March 2010

"I'D LIKE TO SEE EUREKO FURTHER PROMOTING SUSTAINABILITY IN ITS OWN ORGANISATION AND, WORKING IN HARNESS, HELPING OUR CUSTOMERS DO THE SAME."

ADRIAAN VISSER



Adriaan Visser is CEO of Sita Nederland, a major waste collection, processing and recycling company. Sita is both a customer, insuring health and pensions with Eureko, and a partner as it manages our waste.

WHAT DOES TRUST MEAN FOR YOU?

Obviously, in a business relationship, you're talking about the assurance you are getting a good product for a reasonable price. But any definition of trust has to include the subjective. Yes, we feel we get the best service for our premium. Yes, the way Achmea handles vitality in the work place shows respect for individuals. But then there is the subjective part: our people feel they can trust Achmea's people. It makes for a good relationship. That is important for me. I want our people to be properly taken care of. What kind of trust could I expect as CEO if I didn't? So, I would say trust is about the relationship you have, the partnership, the sense of reliability, and whether there is healthy respect there.

HOW SHOULD EUREKO DEFINE TRUST?

They have a cooperative background. Any definition should reflect that.

WHAT ARE YOUR EXPECTATIONS FOR 2010?

This is a tough period. A lot of our customers are SMEs – as much as 90% of the client base. It is especially hard for the smaller businesses. Eureko has a similar corporate client base. We all need each other to get through this economic situation. But there's an opportunity here as well. For Sita, sustainability is everything – it's not just a slogan, it's in everything we do. You could see us as the end of the chain. We collect and process waste. But we are also the start of a new chain because a lot of that waste is recycled into reusable products. So we really see ourselves as an essential link in an ongoing chain. I'd like to see Eureko further stimulating and promoting its role in the sustainability chain, both in its own organisation and, working in harness, helping our customers do the same.

EXECUTIVE BOARD REPORT

We are market leader in the Dutch insurance sector; the Dutch organisation, Achmea, is a household name. Achmea has a broad product offering and a full range of distribution channels to support its market-leading position. Outside the Netherlands, we have a more modest position in a number of international markets. In the past, growth in the Netherlands was often driven by mergers. As a result, Achmea has a high level of complexity in its product range, processes and systems and a relatively high cost base in some areas. The financial crisis put real pressure on results and on our own capital position; it showed that results were strongly dependent on investments and participations. It also coincided with a general loss of customer confidence in the financial services sector. As an organisation with cooperative roots, we aim to take the lead in restoring that confidence. Our ambition is to be the most trusted insurer. This section explores the strategic shifts that have resulted from this reality.

GOALS 2010 AND BEYOND

- Maintain market leadership in the Dutch Non-life and Health businesses and at least a top-three position in Income Protection
- Develop international operations based on core competences and potential for economies of scale
- Reduce complexity in the Dutch divisions by reducing FTEs by 2,500 and reducing costs by €300 million by end-2011 compared to end-2008

Eureko was not immune to the turmoil of the financial crisis; it had significant effects on the Group's capital position and solvency. Rapid and decisive action was taken to restore the business to financial health, including de-risking the investment portfolio and a capital increase from shareholders. However, the crisis coincided with a deep point in public trust in financial services providers. In combination with financial turmoil, this led to a crisis of confidence. As an organisation that started almost two centuries ago as a cooperative insurer and which remains committed to those roots, we believe we have to take the lead in regaining and restoring that trust. We have long pursued a stakeholder model. Now, customers are first among equals. One direct result is that in 2009 we began

developing a so-called integrity scan for all products, testing their compliance with both regulations and social expectations and, above all, with the Group's ambition to become the most trusted insurer. This customer-confidence priority has been an integral component in the 2009 strategic review. Restoring and building trust also requires confidence in financial strength and continuity. We have set financial targets to generate returns on capital that are in line with our risk profile, our cooperative identity and at least a single-A rating for the Group.

Strategic priorities – the Netherlands

The overall strategic objective of maintaining and growing Eureko's dominant position in the Netherlands is sound. The Netherlands is one of the most mature insurance markets in the world; it ranks in the global top 10 for gross written premiums. This is by far our largest and original domestic market under the Dutch Achmea umbrella. All short- to medium-term indications are that the total Dutch insurance market can achieve only limited growth and even a decline in some business lines. This market reality forms Achmea's strategic multi-brand, multi-distribution channel approach; the aim is quality rather than price leadership and retention and increase of market leadership in Health and Non-life, and at least a top-three position in Income Protection.

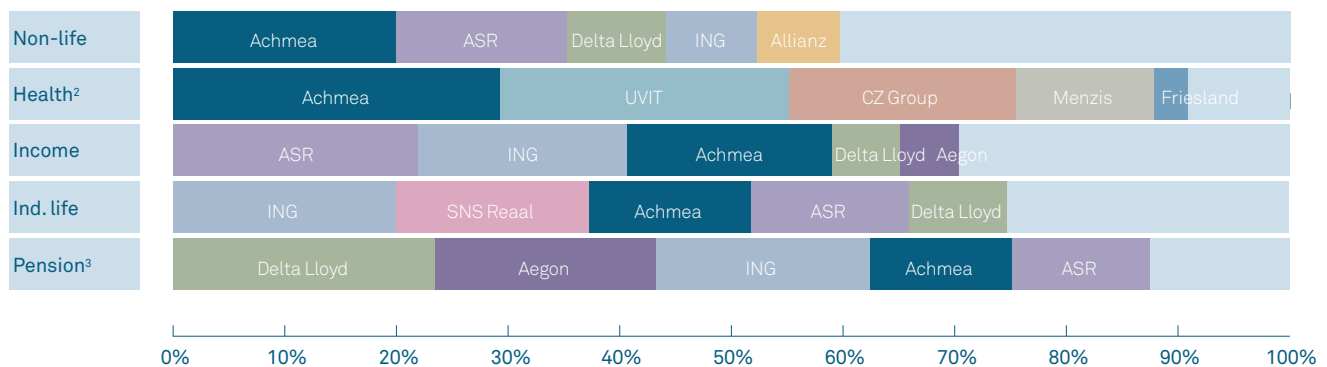
EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

(EXPECTED) MARKET DEVELOPMENT IN THE NETHERLANDS



ACHMEA'S MARKET POSITION IN THE NETHERLANDS IN 2008¹



¹ Sources: DNB figures 2008, Market Concerns, Pension insurance, Syntus and Income Protection divisions.

² Based on the number of insured people or participants.

³ Large one-off effects (pension contracts shifting between insurers) cause fluctuations.

EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

STRATEGIC CHOICES FOR THE DUTCH PORTFOLIO

BUSINESS LINES	DISTRIBUTION			
	Bank distribution	Direct distribution	Broker distribution	Coop. with social partners
Non-life	Core proposition: Strengthen		Increasing scale core proposition	Strengthen partnership
Health				
Income				
Pension – standard	Develop to core proposition			
Life – standard				
Occupational Health Services	In function of core proposition			
Health Services				
Pension Services				Providing entrance
Bank products		Complementary to insur. prod.		Complementary to insur. prod.
Pension – not standardised	Separate and manage internal or external			
Life – not standardised				

Strategic choices

In the past, Achmea's growth was driven largely by merger and acquisition. This has given Achmea scale and market-leading positions in many business lines. However, it has also resulted in a significant and complex legacy, specifically in the product range, processes, systems, and a comparatively high cost base in some areas. With the cooperative identity and ambition to be the most trusted insurer as baseline, the 2009 strategic review was based on two points of departure. One is Achmea's core competences and how these can be deployed to best effect. A second is that in a saturated market, efficiencies can be gained primarily from synergies, specifically in processes, systems and the combination of back offices, thus utilising economies of scale. Achmea aims to offer more transparent products at lower cost, improved service and real focus on innovation while maintaining financial continuity. This has led to strategic choices.

The overview shows in which product lines and distribution channels Achmea is already very strong. By identifying and defining the (innovative) action that is required for

each business line, Achmea will be better equipped to pursue growth and continuity.

Non-life, Health and Income Protection, delivered through market-leading banking and direct channels, are already core competences. The strategy is to reinforce the offering by proactively investing and innovating in these product lines and distribution channels.

Broker distribution will contribute to economies of scale in core propositions, as it will migrate to a marketing and sales organisation. In addition, it gives us access to market segments where brokers are strong. In turn, brokers have access to first-class, standard products developed by Achmea. This should help attract the brokers that share Achmea's ambition.

Occupational Health and Health Services must support insurance activities. These services contribute to reducing the claims ratio and increase sales.

EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

In individual Life insurance and Pensions the aim is to develop new propositions that focus on current market developments, such as the shift from defined benefit to defined contribution and longevity. This is a highly complex business. Usually tailor-made, these products, primarily legacy, result in high costs and are not sustainable into the future. For this reason, Achmea will develop a range of standardised, simple and transparent products for this market. Those products that cannot be fitted into standardised processes will be gradually phased out.

Banking products will serve the total proposition and offering, specifically in direct distribution.

In Pension Services, Syntrus Achmea will seek further cooperation with social partners and identify economies of scale. This is driven by and is a strong fit with Achmea's mutual heritage.

Improved efficiency and performance

Achmea is pursuing a comprehensive strategic change programme to achieve operational synergies and efficiencies aimed at improved performance and, compared to 2008, cost reductions of €300 million at the end of 2011. The programme is based on the Lean programme that has been adapted for Achmea. This process was accelerated in 2009, not least through the development of common process optimisation. SENS, a comprehensive set of systems, tools and behaviours, dictates a new way of working within the Dutch operations that enables us to evaluate and improve the way processes work from the client's perspective. SENS has already been implemented successfully in Achmea's Health business and has now been rolled out in other businesses. SENS is a long-term endeavour. A number of short-term cost reduction programmes, such as centralised procurement, and cost-awareness programmes, have also been implemented. In combination with SENS, these have already proved successful in reducing costs by €183 million in 2009. All

business entities have been active in improving performance relative to peers. At Group level, we are already seeing results. This is an ongoing process. The years 2010 and 2011 have been designated as 'transitional years', during which processes will be further streamlined, positioning Achmea businesses even more firmly as the trusted insurer of choice for customers.

Strategic priorities – international

The key driver behind Eureko's long-term European strategy remains the recognition that a greater geographic and risk spread is in the interests of all stakeholders, not least because growth in these countries is greater than in the Netherlands. A significant share of value will be generated in European markets that offer opportunities for growth. Forecasts are that, in the longer term, there will be consolidation in the European insurance sector. Eureko's strategy is to position in the new European constellation and to develop a substantial base over time. The ultimate goal is to be a significant player in a limited number of markets rather than a small player in many markets. This will be in line with our core competence strategy.

Strategic choices

A major development took place in our international presence during 2009. In the autumn of 2009, Eureko and the Polish state reached a settlement on the long-running PZU dispute. When we first acquired a stake in PZU back in the late 1990s, the underlying strategic aim was to build a second home market. The thinking was that Poland would also act as a jumping off point for other, newly emerging markets in Central and Eastern Europe. Unfortunately, through a dispute with the Polish state, which lasted over a decade, this ambition was foiled. Ultimately, the settlement with the Polish state has enabled us to end the dispute and achieve a friendly exit. However, that exit has consequences for international strategy into the future.

EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

STRATEGIC CHOICES FOR THE INTERNATIONAL PORTFOLIO

PRODUCT GROUPS	CHANNELS			
	Bank distribution	Direct distribution	Broker distribution	Partnerships (supporting)
Non-life	Core proposition: Export Dutch expertise		Supplementary channel	
Health				Agreements with hospitals
Income				
Pension – standard	Position complementary proposition in deregulating/growth markets			
Life – standard				

Our international component is comparatively small (7% or €1.4 billion of total Group gross written premiums). However, the same strategic focus on core competences applied in the Netherlands will be used to further develop international strategy. We have significant core competences, such as our knowledge of Non-life, Health, and banking and direct-channel distribution. All our existing international markets have been reviewed thoroughly and a choice has been made to develop those operations where value can be created and added through using expertise in core competences. Furthermore, there are opportunities for markets to reinforce each other, for example through knowledge exchange, economies of scale and risk diversification.

An international operating company must generate a return in line with its risk profile and activities must have sufficient scale or have the potential to build that scale. For our current international portfolio, this means:

- Strategic focus on Turkey, Russia and Greece. Eureko's operating company in Turkey, Eureko Sigorta, meets all criteria and activities will be further developed there. Moreover, we have an option to acquire 35% of Garanti Emeklilik, partner Garanti Bank's life and pension business. We currently hold a 15% stake. The option can be exercised from the end of June 2010 through the end of June 2012. In turn, Garanti Bank has a put

option on 20% of the shares in Eureko Sigorta that can be exercised from the end of June 2010. In Greece, Interamerican is a well-known label and ranks number two in the market with strong positions in Health, Non-life and Life. This provides potential for attractive results in the future. Our Oranta operation in Russia does not yet meet all the criteria. However, it is considered an operation that should be managed for future growth, as it is active in a market where we want to be. Expectations are that developments in the market, such as changing demographics and a growing economy will contribute to meaningful results for us in the future.

- In the other markets the objective is to maximise financial value creation. Over the coming years, we will continue to support operating companies in that objective. The aim is for them to further develop into core operations. However, if operations do not achieve both added value through core competences and essential economies of scale, we may consider divestment. Cyprus is one example that does not meet the criteria. In February 2010, Eureko announced that Interlife will be divested through a management buyout.

"TRUST IS BASED ON MUTUAL UNDERSTANDING, EMBEDDED IN A LONG-TERM RELATIONSHIP"

PIET MOERLAND



Piet Moerland is chairman of the Executive Board of Rabobank Nederland. Rabobank operates on cooperative principles and is both a shareholder and a distribution partner for Eureko.

WHAT DOES TRUST MEAN FOR YOU?

To me, trust is based on mutual understanding, embedded in a long-term relationship. It implies personal commitments between Achmea and Rabobank people to act as a joint winning team in the distribution of insurance products through the bank channel.

HOW SHOULD EUREKO DEFINE TRUST?

In my view Eureko should define trust in the same way because of its inherent mutuality. In a complex business like insurance it is probably not possible to spell out all or any circumstances in advance, so you are always left with unresolved or discretionary issues that need deliberation and interpretation. For delivering customer value, both partners have to act closely together on a basis of mutual trust and confidence. I hope that our collaboration will intensify even further.

WHAT ARE YOUR EXPECTATIONS FOR 2010?

For 2010 in general, I expect another challenging year with many of our core customers going through a tough period. Our employees are fully aware of this and try to jointly arrange workable solutions to get through the crisis. Hopefully, the tide will turn during the second half of this year, heading for a more modest and probably sustainable growth path for the future. For Rabobank, it is reasonable to expect we will be affected by all this, but nevertheless we will remain solid and robust as we have been for already more than a century right now.

For Eureko, I welcome the idea of developing an integrity scan for all Eureko products and services. This is how you show customers – and Eureko's customers are Rabobank's customers – that you are very serious about trust. This scan is in development. I expect to see it rolled out through the coming year. That's how you regain customer trust.

GROUP PERFORMANCE

IN THE REPORTING YEAR, EUREKO'S FOCUS WAS TO RETURN TO A HEALTHY BASE FOR THE NEAR-TERM AND INTO THE FUTURE. A SERIES OF BOTH STRATEGIC AND OPERATIONAL MEASURES HAS BEEN PUT IN PLACE, DESIGNED TO COUNTERACT THE EFFECTS OF THE CHANGED FINANCIAL ENVIRONMENT.

NET PROFIT

€1,381 MILLION

SOLVENCY - INSURANCE ENTITIES

251%

GROSS WRITTEN PREMIUMS

€19.6 BILLION

EQUITY

€10.1 BILLION

February: Willem van Duin appointed as new Chairman of Eureko

April: Capital increase from shareholders

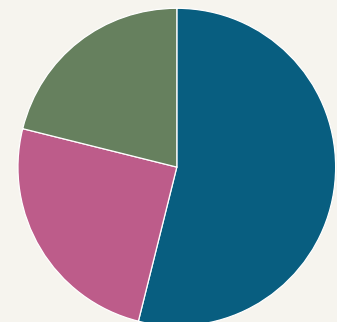
May: Reduction in participation MillenniumBCP from 10% to 2.5%

May: Unit-linked policy settlement offered

October: Settlement with Polish Government on PZU

GROSS WRITTEN PREMIUMS

- Health 54%
- Life 25%
- Non-life 21%



EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

RESULTS

(€ MILLION)

	2009	2008	Δ %
Gross written premiums	19,645	19,306	2%
Investment income	1,048	-172	n.m.
Fee and commission income	594	632	-6%
Other income	3,514	-2,840	n.m.
Total income	24,801	16,926	47%
Claims and movements			
in insurance liabilities	18,861	14,475	30%
Operating expenses	3,284	3,664	-10%
Other expenses	1,149	1,407	-18%
Total expenses	23,294	19,546	19%
Profit before tax	1,507	-2,620	n.m.
Income tax	126	-502	n.m.
Net profit	1,381	-2,118	n.m.

The measures taken and the major efforts made by the whole Group are already generating promising results. In 2009, these are clear. Solvency and liquidity are both strong and solid, due primarily to rapid action in de-risking the investment portfolio, a capital increase by our main shareholders, and the high net profit achieved in 2009. Eureko's equity has improved to over €10.1 billion (2008: €7.5 billion). The focus is on achieving economies of scale rather than growth. As a result, specific measures were implemented to reduce our operational costs considerably, specifically by streamlining processes. Furthermore, the phased reduction in the workforce of our Dutch business is on track.

Net profit

In 2009, Eureko's net profit improved to €1,381 million compared to a loss of €2,118 million in 2008. Profit before tax amounted to €1,507 million (2008: €-2,620 million). Profit in 2009 was impacted positively by the settlement reached with the Polish government on the PZU dispute. The effect on Net profit was €1,064 million and on profit before tax €1,238 million. At €337 million in 2009, the negative impact of the financial markets was considerably lower than in 2008 (€-2,697 million). Total impairments especially were lower at €188 million in 2009 compared to €1.9 billion in 2008. At €123 million, realised losses on the equity portfolio were €306 million less than in 2008. Part of the annuity portfolio is valued at fair value through profit and loss. In 2008, significant losses of €462 million were incurred; in 2009 we realised a profit of €19 million. The loss for guaranteed segregated investment contracts was €14 million, also considerably lower than in 2008 (€-136 million). In the first half of 2009, part of the equity investment portfolio was hedged via a collar. This fair value hedge resulted in a loss of €31 million due to higher share prices and loss of time value of the collar. Excluding the impact of the PZU settlement and financial markets, profit before tax amounted to €606 million, up from €77 million in 2008. In addition, profit before tax benefited from the measures taken to reduce our cost base.

NET PROFIT

(€ MILLION)

	2009	2008	CHANGE
Profit before tax	1,507	-2,620	+4,127
Impact financial markets	-337	-2,697	+2,360
PZU settlement	1,238	0	+1,238
Adjusted profit before tax	606	77	529

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

SPECIFICATION OF IMPACT FINANCIAL MARKETS (€ MILLION)

	2009	2008	CHANGE
Realised gains & losses equity portfolio	-123	-429	+306
Impairments investment portfolio	-161	-1,125	+964
Impairments strategic portfolio	-27	-796	+769
Negative results from fixed income at fair value through P&L	19	-462	+481
Guarantees on segregated investment contracts	-14	-136	+122
Fair value Equity hedge	-31	251	-282
Total	-337	-2,697	+2,360

NET PROFIT PER OPERATING COMPANY (€ MILLION)

	2009	2008
Achmea Benelux (including Holding)	1,504	-2,085
Friends First Ireland	-105	-21
Interamerican Greece	6	7
Union Slovakia	-15	-7
Eureko Sigorta Turkey	22	32
Oranta Russia	-28	-
Other operating companies	-3	-44
Total	1,381	-2,118

In Non-life, results improved to €282 million (2008: €-95 million), not only due to better investment results, but also due to higher premiums in combination with a lower cost base. This was partly offset by higher claims. The result for basic and supplementary Health insurance activities increased considerably compared to last year with profit before tax up to €319 million (2008: €-28 million). This is primarily due to the (semi-final) settlement for 2006 from the equalisation pool. With some recovery in equity markets, results in our Life operations improved to €-108 million (2008: €-1,381 million). In Banking, profit before tax decreased to €-47 million (2008: €36 million). Results in Dutch Banking were offset by the necessary additions to loan loss provisions at Friends First Finance.

Net profit per country

In 2009, the greater share of results was generated in the Netherlands, specifically due to the cost-reduction programmes and the PZU settlement. In Europe, Friends First made a significant loss, mainly through essential additions to loan loss provisions. Furthermore, Oranta's results were consolidated for the first time following its acquisition at year-end 2008.

PZU settlement

Following a dispute with the Polish state that lasted more than a decade, in 2009 Eureko finally reached settlement with the Polish state on PZU. Economically, Eureko holds 33% less one share in PZU's shares and a Total return swap on 4.14% of PZU shares. As part of the settlement, in November 2009 €1.9 billion was paid to Eureko, of which €1.0 billion was regular dividend on our shareholding in PZU and €0.9 billion represented 50% of the special dividend that had been paid to the Polish treasury in 2009. This first part of the financial compensation Eureko received compensates Eureko for relinquishing specific rights it had acquired relating to PZU. This latter component has been added to profits. As a result, the settlement had a positive impact on our solvency ratios and enabled us to reduce outstanding debt. The settlement further provides for an Initial Public Offering (IPO) of PZU before 2012 that will further improve our liquidity and solvency position. In the IPO, Eureko will offer at least 15%, of which 10% through a special-purpose vehicle, of the outstanding PZU shares, as agreed in the settlement. The Polish Treasury will sell 4.9% of the shares in PZU through the special-purpose vehicle and Eureko will receive fixed proceeds on these shares. This will constitute the second part of the above-mentioned financial compensation. The regular dividend payment, the financial compensation

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

received from the Polish Ministry of State Treasury, the fixed proceeds from 4.9% of the shares and other economic interests in PZU via derivative contracts resulted in a net profit of €1,064 million. While Eureko welcomed the amicable resolution of this long-running dispute, it also means that the strategic goal of positioning Poland as a potential second domestic market is no longer feasible. Although regrettable, the settlement and the gradual divestment create flexibility at a time when the insurance industry is in flux. This change was a key component in the strategic review of the international portfolio during 2009.

Gross written premiums

Gross written premiums increased slightly to €19.6 billion (2008: €19.3 billion). Eureko has been able to increase premiums in the Non-life business. Organic growth amounted to 4%. The acquisition of Oranta at the end of 2008 resulted in a positive contribution to gross written premiums of €78 million. In our Health business we achieved growth in new customers. However, this was more than offset by lower contributions received from the Dutch state. Our sales in Life business were impacted by the entry of banks and pension funds that are now offering similar products. The resulting decrease in premiums was, however, more than compensated by the merger of our two pension funds, which led to a non-recurring increase of €1.1 billion in gross written premiums. Excluding this one-off, premiums in Life declined 8%.

Expenses

Total operating expenses are down by 10% to €3,284 million (2008: €3,664). In the first half of this year, Eureko began implementing programmes to achieve a reduction of €100 million by the end of 2009. When we reported our interim 2009 results, we indicated we were confident that we would achieve this goal. In view of our actual performance, the implemented programmes are successful so far. Of the decrease, €183 million can be attributed to struc-

tural cost reductions. This relates mainly to lower procurement, IT, marketing and external FTE costs. We are also seeing the first impacts of the SENS programme. Around €121 million relates to one-offs, such as delayed project costs, lower costs due to the current economic climate and no bonuses. The divestment in 2008 of two of our medical facilities in Greece decreased our operating expenses by €58 million. The acquisition of Oranta increased operating costs by €43 million. Lower sales resulted in €69 million lower acquisition costs.

Programmes to achieve operational excellence by improving performance for our customers while reducing expenses were implemented in several Dutch divisions in 2009. The first solid results are expected to materialise in 2010 and 2011.

FTEs

As a result of cost-reduction programmes, the mix between our internal and external personnel improved significantly compared to last year. The total number of employees (both internal and external) for Eureko decreased 1,207, from 24,883 to 23,676, of which 1,084 in the Netherlands. The number of external employees in the Netherlands decreased by more than 30% or 1,160 in 2009. We expect that the external workforce will decrease in 2010 as part of the ongoing efficiency programmes. During 2009, at 21,209, our number of internal FTEs was almost stable. Within the Dutch businesses, our FTEs increased slightly, mainly to replace external employees. In our European businesses, FTEs decreased by 123.

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

Capital management

DEVELOPMENT OF TOTAL EQUITY

(€ MILLION)

	2009	2008
Total equity – start of year	7,451	10,375
Issue – share capital	1,028	–
Issue – hybrid capital	–	225
Net profit	1,381	-2,118
Cash dividend and coupons hybrid capital	-106	-113
Revaluation	760	-868
Foreign exchange results and hedge	-166	-183
Other	-221	133
Total equity – end of year	10,127	7,451

In 2009, our capital base grew significantly (36%) and is now again over €10 billion. This is due mainly to our improved net profit for the reporting year, complemented by the issue of share capital to our main shareholders in April and positive revaluations on our investments.

Compared to year-end 2008, Eureko's Group solvency position improved by 66% points to 216% of the minimum regulatory requirements. The solvency of our insurance entities improved to 251% from 197%. With solvency ratios for Non-life at 246%, Health at 201% and Life at 220%, Eureko's minimum requirements (Non-life: 160%, Health: 150% and Life: 170%) were significantly outperformed.

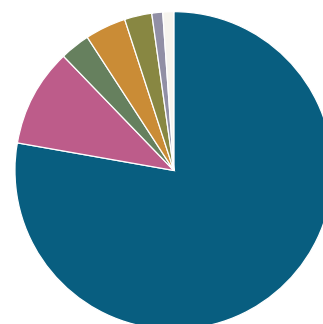
At the end of 2009, the Tier 1 ratio of Achmea Hypotheekbank and Staalbankiers was 10.4% and 14.7%, respectively. Both are considerably higher than the minimum regulatory requirement, again underlining that the solvency of all our businesses is solid.

Eureko's external borrowings excluding banking and finance operations was reduced significantly, mainly as a result of the cash inflow from the PZU settlement. Debt leverage (debt including perpetuals divided by total equity and debt minus goodwill) improved from 36.4% in 2008 to 22.7% in 2009.

Investment portfolio

TOTAL INVESTMENT PORTFOLIO YEAR-END 2009 (€39 BILLION)

Fixed income securities	78%
Deposits/cash	10%
Equities	3%
Real estate	4%
Derivatives	3%
Alternatives	1%
Other	1%



Eureko's investment portfolio increased €2.8 billion in 2009 to €39.1 billion. This is excluding investments related to cash collateral received in securities lending and investments in PZU and MillenniumBCP. Throughout 2009, Eureko has systematically divested higher-risk instruments in favour of less volatile investment products. As a result, the share of equity instruments was reduced in favour of fixed-income securities. Impairments amounted in 2009 to €161 million compared to €1,125 million in 2008.

Fixed-income portfolio

The share of fixed-income securities in our total investments portfolio grew throughout the year from 76% at the end of 2008 to 78% at the end of 2009. This corresponds to an increase in value of €2 billion to €30 billion. The main

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

reasons for this development are the implementation of our de-risking strategy and the improving economic climate. Throughout 2009, we have selectively divested equity investments and credits to reinvest in high-grade fixed-income securities. To reduce our counterparty risk we also moved the composition of the fixed-income portfolio to predominantly government bonds with an AAA-rating (mostly Dutch and German Government bonds). Our total government exposure to Greece, Italy, Portugal and Spain is limited to less than 2% of the total fixed-income portfolio. The exposure to Greece is primarily through our subsidiary Interamerican.

The position in loans mainly consists of savings accounts related to mortgages and pension products with Rabobank.

RELATIVE POSITION OF FIXED INCOME BY NATURE,
TOTAL €30 BILLION (2008: €28 BILLION)

	31 DECEMBER 2009	31 DECEMBER 2008
Government bonds		
• AAA	59%	49%
• Other rating	5%	12%
Total government bonds	64%	61%
Covered bonds	8%	6%
Credits	14%	17%
Convertibles	1%	1%
High yield	1%	1%
Asset-backed securities	2%	1%
Loans	10%	13%
Total	100%	100%

Despite having divested part of our corporate bonds, reducing credit spreads generated positive revaluations of €557 million on Eureko's corporate-bond portfolio. In 2009, Eureko impaired €23 million on the fixed-income portfolio.

Equity portfolio

The relative share of equities in our total investment portfolio is limited and amounts to 3% or €1.1 billion as of 31 December 2009 compared to €2.5 billion at the end of 2008. The decrease is mainly due to the sale of equities as part of the de-risking programme. Eureko's equity portfolio has an acceptable risk profile. The portfolio is not hedged. Eureko impaired €44 million on the equity portfolio in 2009.

Real-estate portfolio

Our real-estate portfolio amounted to €1.7 billion (year-end 2008: €1.7 billion) of which 100% is unlisted. The portfolio consists of €1.4 billion direct real estate and €0.3 billion indirect real estate. The value of direct Investment property is determined by the property's occupancy rates, which in the current economic climate puts pressure on the value development of these investments. Impairments amounted to €94 million.

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

OTHER ACTIVITIES		(€ MILLION)		
	2009	2008	Δ %	
PZU settlement	1,238	-	-	
Associated companies & participating interests	241	-553	n.m.	
Other income	93	96	-3%	
Total income	1,572	-457	n.m.	
Operating expenses	256	399	-36%	
Other expenses	255	296	-14%	
Total expenses	511	695	-26%	
Profit before tax	1,061	-1,152	n.m.	

Other activities consists mainly of the following: shared service centres, the Holding entities of Achmea Holding N.V. and Eureko B.V., and strategic shareholdings and participations.

Profit before tax was €1,061 million (2008: €-1,152 million), due primarily to the PZU settlement. Total expenses were down 26% to €511 million (2008: €695 million). Almost all expenses showed a decline; operating expenses decreased by 36% due to lower personnel costs and lower project spending. Eureko is currently implementing and rolling out a major Group-wide programme (SENS) in the Netherlands to optimise processes and to reduce the cost base. SENS aims to reduce the operational costs significantly. Costs for the SENS project were €50 million in 2009.

PZU settlement

In 2009, the settlement reached with the Polish state on the long-running PZU dispute had a positive impact on our solvency ratio and of €1,238 million on our profit before tax. For the measurement of Eureko's investment in PZU S.A. (PZU), as per 31 December 2009, financial data provided by PZU was available. Eureko calculated its share in PZU's total equity as per 31 December 2009 and net profit for the year. Total equity as at 31 December 2009 amounted to €1,301 million (31 December 2008: €1,968 million) and its share in net profit for 2009 amounted to €285 million.

MillenniumBCP

In line with Eureko's de-risking strategy, we decided to reduce our interest in MillenniumBCP in Portugal from 9.95% to 2.52%. As a result, a loss of €40 million was realised. An additional impairment charge of €11 million was accounted for during 2009 (2008: €-693 million). Dividends amounted to €2 million.

F&C Asset Management

As a consequence of F&C Asset Management's increasing share price, we recorded a reversal-of-impairment charge of €15 million on our interest. In 2009, F&C was de-merged from Friends Provident, achieving full independence. Eureko has a direct shareholding of 10.5%.

Garanti Emeklilik

In Turkey, we currently have a 15% stake in Garanti Emeklilik, partner Garanti Bank's life and pension business. We have the option to acquire a further 35% of this business in 2010. The option can be exercised from the end of June 2010 until the end of June 2012. In turn, Garanti Bank has a put option on 20% of the shares in Eureko Sigorta that can be exercised from the end of June 2010.

EXECUTIVE BOARD REPORT

BUSINESS LINE | NON-LIFE

A CORE BUSINESS AND A CORE COMPETENCE FOR EUREKO, NON-LIFE INSURANCE (PROPERTY, CASUALTY AND INCOME PROTECTION) ACCOUNTS FOR 21% (2008: 20%) OF EUREKO'S TOTAL GROSS WRITTEN PREMIUMS. IN THE NETHERLANDS, WE ARE MARKET LEADER WITH A MARKET SHARE OF 20% AND WE HAVE AMBITIONS TO FURTHER IMPROVE OUR PROFITABLE MARKET SHARE.

PROFIT BEFORE TAX

€282 MILLION

SOLVENCY

246%

GROSS WRITTEN PREMIUMS

€4,030 MILLION

COMBINED RATIO

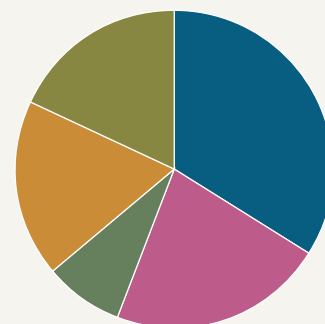
96.8%

GOALS 2010 AND BEYOND

- Increase profitable market share in the Netherlands
- Reduce expense ratio, mainly through complexity reduction in IT systems
- Build on our competences and expand in Europe (roll out our Dutch core competences in core markets)

GROSS WRITTEN PREMIUMS

- Banking distribution 34%
- Direct distribution 22%
- Broker distribution 8%
- Occupational Health 18%
- Europe 18%



EXECUTIVE BOARD REPORT

BUSINESS LINE | NON-LIFE

	RESULTS		
	(€ MILLION)		
	2009	2008	Δ %
Gross written premiums	4,030	3,816	6%
Investments	180	-131	n.m.
Other income	-237	-179	32%
Total income	3,973	3,506	13%
Claims and movements in insurance liabilities	2,573	2,287	13%
Operating expenses	1,088	1,144	-5%
Other expenses	30	170	-82%
Total expenses	3,691	3,601	3%
Profit before tax*	282	-95	n.m.

* 2008 figures adjusted for comparison reasons

Our Non-life business comprises a full range of Property and Casualty products and, from 2009, includes Occupational Health or Income Protection insurance. Customers are private individuals and businesses. We are active in Non-life in nine European markets: the Netherlands, Turkey, Greece, Belgium, Slovakia, Romania, Bulgaria, Cyprus and, since the end of 2008, in Russia. In February 2010, Eureko announced the sale of its Cyprus activities through a management buyout.

Gross written premiums were up 6% from €3,816 million to €4,030 million, due to increased premiums in the Netherlands and Greece and the full-year consolidation of Oranta in Russia. Organic growth amounted to 4%.

Profit before tax recovered significantly from a loss of €95 million to a profit of €282 million. Although partly offset by higher claims, €2,573 million in 2009 (2008:

€2,287 million), this was the result of lower realised losses on equities, lower impairments and a considerable reduction in operating expenses. Total operating expenses expressed as a percentage of net earned premiums (net expense ratio) improved from 30.3% (2008) to 29.0%. The expectation is that the expense ratio will further improve in the coming years as the operational measures and efficiencies, including a reduction of the number of legacy systems, translate into performance. The goal is to reduce the around 80 current systems to less than 20 starting in 2010. The claims ratio for 2009 of 67.8% (2008: 65.3%) was influenced negatively by more regular claims. Another factor is the continuous pressure on price in the market. Specific product groups saw higher claim activity – mobility and legal. Furthermore, storms and unseasonably heavy rainfall/hail in May 2009 and the severe winter weather at the start and in the final months of the year added to claims.

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

The Dutch Non-life market is saturated and competition is fierce. New web-based providers, specifically in the motor segment, but also in home insurance, are targeting individual customers, competing on price. There is equally fierce competition in commercial lines. Achmea is leader in Non-life, with an estimated 20% of the market. Gross written premiums in the Netherlands increased 3% to €3,318 million (2008: €3,215 million), mainly as a result of growth in the existing portfolio through price indexing and strong sales in income protection. Market growth is expected to be limited in the coming years. We offer Non-life products through a range of Achmea brands and all distribution channels. Profit before tax improved to €269 million (2008: €-118 million)

Property and Casualty

Achmea is market leader in Property and Casualty (estimated at 21% in 2009) in the Netherlands with number one positions in both bank and direct distribution. Achmea's

EXECUTIVE BOARD REPORT

BUSINESS LINE | NON-LIFE

brands are able to maintain their leading position because they have high recognition and offer customers tailored distribution options. Our key target groups are individual customers, and small- and medium-sized enterprises (SMEs). In spite of fierce competition, gross written premiums in the Netherlands increased 2% to €2,632 million (2008: €2,573 million). The combined ratio in 2009 was 94.5% (2008: 95.5%). The claims ratio was 67.1% against 66.4% in 2008. The expense ratio improved to 27.4% from 29.1% in 2008.

Bank: Our bank distributor Interpolis ranks top of the customer-preferred Non-life insurer table. Interpolis has an estimated market share in Non-life of more than 11% in 2009. Interpolis works closely with Rabobank, which is the almost sole distribution channel. The focus at Interpolis is on prevention and insuring only what is important for the customer without unnecessary cover. The bank distribution channel achieved a gross written premium of €1,376 million (2008: €1,337 million). Net expense ratio in 2009 improved to 28.7% (2008: 30.0%) as a result of higher net earned premiums and lower marketing and sales expenses and project costs.

Direct: We are market leader in direct distribution, with an estimated market share of 7% in Non-life (Property and Casualty). Direct distributors, Centraal Beheer Achmea, which celebrated its centenary in early 2009, and FBTO, are both household names, achieving high customer satisfaction rates, specifically in the individual market. Centraal Beheer Achmea is also a very strong label in commercial lines. The new direct InShared concept, that at year-end matches actual claims and premiums and repays the difference to customers, is carving out a position in this market. Direct distribution contributed gross written premiums of €874 million (2008: €892 million). The net expense ratio in 2009 improved considerably to 22.1% (2008: 23.6%), mainly due to a decrease in employee costs and lower marketing and sales expenses.

Broker: Through our Avéro Achmea brand, we serve more than 3,000 brokers. With an estimated market share of 3%, Avéro Achmea is a modest player in the Non-life business. A significant group of the most professional brokers has underwriting agency facilities which enables the tailoring of products and services to their own needs. Avéro Achmea supports these facilities with capacity and expertise. The broker channel will remain important for SME and large corporate segments. The expectation is that private individuals will switch increasingly to the direct channel for simple products. In line with the revised strategy, standard products rather than more complex tailored insurance policies will be offered to brokers. Transparency continues to be a major issue in the broker business, especially on fees and commissions. Following recommendations from the Dutch Association of Insurers, we take the view that a fundamental change is needed to serve the best interests of the customer. One way would be the implementation and legal regulation of a system of Customer Agreed Remuneration (CAR) for all products and services after a reasonable transition period. If CAR is introduced by the sector, the customer will really be in control of remuneration and there would be no question of conflict of interest between insurer and broker. The broker channel achieved gross written premiums of €323 million (2008: €326 million). Higher net earned premiums and decreasing operating expenses resulted in an improved net expense ratio in 2009 of 37.5% (2008: 44.7%).

Income protection

Often known as Occupational Health insurance, Achmea is a top three player in Income Protection, with an estimated 19% market share. This share is divided over our bank distribution channel, with 40%; direct distribution, with 38%; and our broker division, with 22%. Income Protection matches our cooperative background and approach. This is recognised by both social partners and customers. We have significant experience in this field. Our expectation for the coming years is that the market will contract. This has a number of drivers. The current recession has led to higher unemployment, reducing the number of employees in need

EXECUTIVE BOARD REPORT

BUSINESS LINE | NON-LIFE

of insurance. Restrained wage negotiations in collective labour agreements will also have an impact, as premiums are usually a percentage of gross pay. At the same time, there is continual price pressure in the market for Income Protection. Competition here is also fierce. Premiums are under constant scrutiny by employers, who are increasingly aware of cost. Ongoing pressure on premiums could be offset by a shift from public to private management of disability. Currently, many employers seek Income Protection insurance from the public-implementing body of employee insurance schemes, the UWV. However, this body announced in 2009 that it would be doubling its premiums for partial inability to work (WGA) and full disability (WIA). This has led to cost-aware employers shopping around for less expensive options, also as part of their own de-risking activities in uncertain economic times. Given that insurers are able to offer more competitive, stable premiums, the incentive for employers to leave the public sector and opt for insurers could lead to growth in the near term. In the reporting year, gross written premiums increased 7% from €642 million in 2008 to €686 million. Lower absenteeism was offset by growth in (long-term) disability segments, mainly due to non-recurring sales of single-premium policies. The claims ratio increased to 75.6% from 68.3% in 2008, due to greater price pressure. The expense ratio improved from 24.1% in 2008 to 23.6%.

OUR EUROPEAN MARKETS

Turkey

Acquired in 2007, Eureko Sigorta Turkey currently ranks seventh among the top 10 Non-life providers. The longer-term target is to grow that position to the top five by 2012. Through strong retained links with former parent and historic shareholders, Garanti Bank of Turkey, bank distribution is a key component in our strategy and currently represents 70% of sales. The 2009 gross written premiums (€250 million) are stable compared to last year (2008: €254 million). However, measured in local currency, gross written premiums increased by 13%.

Greece

Interamerican is currently the number two player in the Greek market. Distribution is mainly through agents and brokers, traditionally the way Greek customers buy their insurance. The direct channel, still relatively small and new, selling motor and property insurance, more than tripled turnover in 2009. Non-life activities achieved growth in gross written premiums, despite downturn in the market. Gross written premiums in 2009 increased 24% to €211 million (2008: €170 million) as a result of increases in business coming from motor hull and third-party liability, and the successful launch of a home package. The focus on operational excellence resulted in an improved expense ratio.

Belgium

Avéro Belgium has a significant position in the niche marine (cargo, hull, CMR, trucks) and special risk businesses. In this market, we offer a full range of Non-life broker-driven products to both individuals and corporate clients. Gross written premiums were stable at €124 million (2008: €126 million) which is an achievement in the shrinking insurance market in Belgium.

Russia

With potential for multi-channel distribution and a mixed portfolio, Oranta represents a platform for further growth through its considerable potential in motor and property insurance. It is currently in the top 30 by gross written premiums, which stood at €78 million in 2009. Acquired at the end of 2008, Oranta's performance has been consolidated for the first time.

Slovakia

Already the top player in the travel insurance segment, with 44% of the market, Union Slovakia entered the motor segment in October 2009. It has ambitious goals. The aim is to achieve 5% market share within three years. In 2009, Union gross written premiums were stable at €22 million.

EXECUTIVE BOARD REPORT

BUSINESS LINE | HEALTH

HEALTH IS ONE OF OUR CORE BUSINESSES AND A CORE COMPETENCE, REPRESENTING A SIGNIFICANT SHARE (54%, DOWN FROM 58% IN 2008, AS OTHER BUSINESS LINES INCREASE THEIR SHARE) OF TOTAL EUREKO GROSS WRITTEN PREMIUMS. WITH A 29% MARKET SHARE AND 4.8 MILLION INSURED, EUREKO IS MARKET LEADER IN HEALTH INSURANCE IN THE NETHERLANDS. THE DUTCH MARKET ACCOUNTS FOR 97% OF TOTAL HEALTH BUSINESS GROSS WRITTEN PREMIUMS, WITH OPERATIONS IN EUROPE CONTRIBUTING THE REMAINING 3%.

PROFIT BEFORE TAX

€319 MILLION

SOLVENCY

201%

GROSS WRITTEN PREMIUMS

€10.6 BILLION

COMBINED RATIO BASIC HEALTH

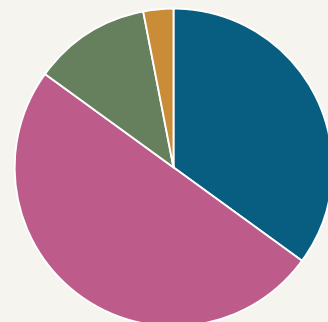
99%

GOALS 2010 AND BEYOND

- Use our market-leading position in the Netherlands to retain and build current market share based on our size and reputation as the most trusted provider
- Improve the risk-equalisation system
- Achieve an expense ratio in basic Health of <3%
- Improve access to a sustainable health system (affordable quality)
- Develop strategic cooperation with Philips

GROSS WRITTEN PREMIUMS

- Basic Health – private individuals 35%
- Basic Health – state (ZvF) 50%
- Supplementary Health 12%
- Europe 3%



EXECUTIVE BOARD REPORT

BUSINESS LINE | HEALTH

RESULTS

	2009	2008	Δ %
Gross written premiums	10,617	11,259	-6%
Investments	155	57	172%
Fee and commission income	199	265	-25%
Other income	-30	-340	n.m.
Total income	10,941	11,241	-3%
Claims and movements in insurance liabilities	9,746	10,321	-6%
Operating expenses	764	858	-11%
Other expenses	112	90	24%
Total expenses	10,622	11,269	-6%
Profit before tax*	319	-28	n.m.

* 2008 figures adjusted for comparison reasons

Under the Achmea umbrella in the Dutch market, we offer basic and supplementary Health insurance and Health Services. Health Service activities include disability prevention, healthcare and absenteeism prevention. During the reporting year, Occupational Health insurance, that had long formed part of the Health segment, was reclassified to Non-life because of the similarity to Non-life products. Elsewhere in Europe, Eureko offers basic, supplementary and private health insurance in Greece, Russia, Slovakia, Romania and, launched in 2009, Turkey.

Total gross written premiums in the Health business decreased to €10,617 million from €11,259 million in 2008 mainly due to lower contributions (€739 million) received from the Dutch state related to prior years. These contributions concern the risk mitigation introduced in

2006 as part of the new basic health insurance system. Gross written premiums received from private individuals increased by 2% to €5,217 million (2008: €5,120 million), due to slight increases in prices and growth in new customers.

Profit before tax improved from €-28 million to €319 million, due to the increase in the results for basic and supplementary Health insurance. This is due primarily to the (semi-final) settlement for 2006 from the equalisation pool – for a fuller description of the payment system in the Netherlands, see ‘Market Reviews and operating results’. Furthermore, we received the final payment for 2005 from the former healthcare system, generating €28 million. Excluding these releases and the final payment for 2005, profit before tax amounted to €130 million, an improvement of €158 million generated primarily through improved efficiency, lower costs and higher interest income. There were many uncertainties surrounding the new healthcare system introduced in 2006 that we were cautious in our provisioning. Now that 2006 has been finalised, we were also able to re-evaluate and adjust our provisions over the last four years; 2006 to 2008 were loss years in basic Health. The risk-equalisation fund payout in 2006 enabled the release of €161 million provisions, also for subsequent years.

The Achmea Health business completed implementing SENS (streamlining processes from a customer perspective) in 2008 but continues to apply SENS to further improve efficiency. Also, the reorganisation at Health Services proved successful, with significant cost reductions. As a result, the operating expenses decreased significantly to €764 million (2008: €858 million).

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

In 2006, the Dutch Government introduced a new Health insurance structure. It is designed to transform the provision of healthcare into a demand-driven system

EXECUTIVE BOARD REPORT

BUSINESS LINE | HEALTH

with everyone insured for basic care through a mandatory flat-rate premium and own risk, regardless of health status or age. Customers can choose for supplementary insurance packages in addition to their basic healthcare. The system works through risk equalisation, whereby insurers are compensated for higher-risk groups through an equalisation pool. However, calculating the amount of 'compensation' due remains a slow process. At the end of 2009, the equalisation pool finally paid out on 2006. Delays in payouts mean that insurers have increasingly become risk bearers. One result is that the capital requirement imposed on insurers by the Dutch Central Bank (DNB) will increase from 8% to 9% in 2010. A further customer-related cause for concern is the increase in bad debtors, specifically on the mandatory own risk that has to be recouped by the insurer. The government has responded by establishing a system whereby insurers are only obliged to carry the default risk for six months. After that period, it can be transferred to a government body. Eureko takes the view that significant improvements must be made to the (equalisation) system and is proactively involved in this process to avoid further increase in solvency requirements and ensuing rise in premiums.

Market forces in Health

In the Health Services chain, there now exists a so-called 'triangle of care' comprising customers, insurers and providers. The role of insurers has changed with the system. Increasingly, they act as procurers of care, not least through the leverage they have with providers. Leverage is used to increase quality and efficiency in medical providers. It is also applied to pricing, whereby insurers and providers agree on cost for specific treatments. In the current system, hospitals charge insurers for the complete treatment package and Eureko advances funds against future invoices. Some hospitals are currently in financial difficulty and Eureko has assessed the financial risk due to a backlog in repayments of loans and overpayments through an 'early warning system'. Additional provisions for bad debts have been made to cover this risk. The current

system represents both an opportunity and a challenge for insurers to continually improve the quality of care on offer to customers, making them the insurer of choice. This has become even more important in the saturated Dutch market where healthcare was once again ranked as best by the authoritative 2009 Euro Health Consumer Index. If this status is to be maintained and our market-leading position retained, then it is crucial that costs are managed and controlled. This cost control has rapidly become the responsibility of insurers. Our aim is to manage costs while continuing to offer customers choices. One example in 2009 is the new medication policy. We have reached agreement with pharmacists on dispensing medication. The basis is generic medication where possible (i.e. a lower price for the same active substance) and more expensive brands where necessary. Customers can now discuss the right medication with their pharmacists based on this policy. Another example is the initiative to work with two hospitals on lean projects. The projects focused on improving quality while simultaneously reducing costs. Both pilots were successful and will be continued in the coming years. More hospitals will probably adopt the programme. Moreover, we have joined forces with Philips, the global technology group, to develop innovative solutions for care in the home. By finding ways to deliver distance care and telecare, the chronically ill can receive more medical attention at home. Philips has already invested in these types of solutions. From 2009, Achmea and Philips have agreed to a five-year programme.

Achmea in the market

Health is both a core business and a core competence. Through the merger with Agis, Achmea became the market leader in Health insurance in 2007. We offer basic and supplementary insurance through a number of household-name Achmea brands and a full range of distribution channels – bank, direct and broker. Our market share and number of insured grows slightly every year (+30,000 in 2009) in what can only be described as a

BUSINESS LINE | HEALTH

saturated market. Premiums for the insured increase marginally every year. The health insurance market in the Netherlands is also relatively stable in terms of players; there is a high entry threshold. In recent years, only five insurers have had more than one million customers. And even though customers can change their insurer quite easily, in 2009 only 3.5% switched. Although this indicates that customers are generally satisfied, in this market environment, insurers must distinguish themselves through the quality and efficiency of their offering and through the provision of supplementary insurance and services.

Health policies for groups

Our customers are individuals and collectives. Traditionally, Achmea has focused on providing collective contracts, specifically through employers, industry sectors and umbrella organisations. Agis also has considerable market share in specific target groups, such as the chronically ill and ethnic minorities. Around 76% of Achmea policies are group contracts. Through our cooperative background, we recognise a duty of care in the way we structure our health and related insurance policies. The majority of customers arrange their health insurance packages when they are well. It is our challenge to put in place high-quality medical care for when they are ill. However, our biggest challenge is to help them remain in good health. This is why we provide Health Services, including insurance solutions for disability, illness prevention and workforce vitality. There is a growing recognition among employers that a vital workforce generates real benefits. At the same time, the way occupational Health legislation is regulated means it is complex for employers to manage alone. Achmea Occupational Health has pioneered a combined, no-nonsense approach to insurance solutions that stimulates prevention and workforce vitality in a single package with no overlap. Achmea's labels and full range of distribution channels enables us to offer this kind of package in any way the customer wants. Innovations of this kind are designed to improve quality of service, but also to combat growing competition in this segment.

Operating results

Gross written premiums for basic and supplementary Health insurance decreased by €671 to €10,319 million (2008: €10,990 million), primarily through lower contributions (€739 million) from the Dutch state.

Profit before tax from basic Health increased €195 million to €203 million (2008: €8 million), primarily due to settlement of 2006 by the equalisation pool which enables us to re-evaluate and adjust our provisioning for 2006 through 2008, releasing €161 million, and the settlement of 2005 (€28 million). If these two items are excluded, profit before tax improved from €8 million in 2008 to €14 million in 2009. Despite the decrease in operating expenses, the expense ratio increased slightly from 3.2% to 3.3% due to lower contributions from the government. The claims ratio improved 1.9% points to 95.7%. On basic Health insurance, of every €1 in premium 96% is paid out in cost of providing healthcare; around 3% is the cost of administering the system and around 1% is profit. Discounting, however, the one-off items noted above, the claims ratio increased slightly to 97.8% (2008:97.6%).

Receivables on outstanding debtor and default balances, a growing trend since the introduction of a 'mandatory own risk' component in basic Health, have increased. Additional provisions for bad debts have been made to cover the risk of bad debts. In the current economic climate it is probable that bad debts will increase, although insurers now only have to carry default risk for six months after the government established a risk-transfer facility.

Profit before tax from supplementary Health insurance increased to €140 million (2008: €102 million), primarily due to increased investment income. The supplementary Health expense ratio improved from 14.0% to 11.6%, as a result of streamlining processes. The claims ratio deteriorated from 76.3% to 77.3%, due to increasing demand from customers for tailor-made policies reflecting their specific needs.

EXECUTIVE BOARD REPORT

BUSINESS LINE | HEALTH

Income from Health Services decreased €66 million to €199 million, mainly as a result of the divestment of the Greek hospitals at the end of 2008. Income in the Netherlands remained stable, despite the fierce competition and price pressure. The loss in 2008 of €42 million was considerably reduced to a loss of €22 million, as a result of organisational restructuring.

OUR EUROPEAN MARKETS

Eureko is currently active in various European health insurance markets, with operations in Greece and Slovakia contributing the largest share of European total gross written premiums. In all countries, the offering is tailored to fit with or supplement the existing social Health system. This, combined with differences in market maturities and healthcare-provider market characteristics, compels Eureko to offer a variety of different products and propositions. However, within this broad context, Eureko's strategy is always based on the fundamental principle of facilitating and enabling access to quality healthcare. We currently offer basic and supplementary Health insurance in Slovakia, and private alternatives to state-provided care in Greece, Romania, Turkey and Russia. In line with 2009 goals, we launched health insurance in Turkey in the reporting year.

Greece

Our Greek company, Interamerican, offers private health insurance as an alternative to state-provided care. There are no official market-share data, but Interamerican has a strong and leading position. In June 2009, Interamerican announced an important strategic cooperation, whereby ING Greece's banking network will sell Interamerican's new health insurance products on a preferred-provider basis. The main strategy is to retain and expand our leading health insurance position through the concept of managed care. In 2009, gross written premiums improved to €114 million (2008: €113 million).

Slovakia

Eureko entered the Slovakian health insurance market under its Union label in the first quarter of 2006. Ranked third at the beginning of 2010 in the Slovakian market, Union currently offers both basic and supplementary health insurance. However, from the final quarter of 2006, several amendments have been made to the liberalisation initiated by a previous government in 2004. These amendments have imposed measures that effectively discriminate against private health insurance companies, and effectively prevent Eureko from recovering its investment in Union Health Insurance. We are currently seeking protection for our investment and Union's business by challenging the amendments under European law and the Bilateral Investment Treaty that exists between Slovakia and the Netherlands.

Gross written premiums improved by 19% to €181 million in 2009 (€152 million in 2008), driven by an increase in number of clients (+10%) and growing market share from 6% to 7%. Due to the negative impact of the economic crisis in Slovakia, which led to lower incomes of the insured, higher unemployment and, in particular, more unpaid premiums, increase in net premium income did not match the increase in healthcare costs per customer.

Other European Countries

Gross written premiums in other European countries mainly comprise Eureko's developing operations in Romania, Russia and Turkey.

"ENABLING A WORKING ENVIRONMENT WHERE YOU CAN THINK OUT OF THE BOX IS ANOTHER WAY OF SHOWING TRUST"

EMIL VERHEIJEN



Emil Verheijen is an IT team manager for Achmea.

WHAT DOES TRUST MEAN FOR YOU?

I'm convinced trust can be a key to success. Trust is not only a situation, but especially a verb; create, maintain and prove! It's about giving people responsibilities. I am convinced that giving responsibilities stimulates employee involvement and results in more intrinsically motivated colleagues. People work with more pleasure and satisfaction. That generates better results – for everyone. That's why I find it easy to trust. What's harder is getting other people's trust and confidence.

HOW SHOULD EUREKO DEFINE TRUST?

By always seeing that trust is about people, and vice versa. Eureko has quite some track record when it comes to trusting its people. One example is the option of flexible working at home. A lot of people make use of that option and I'm convinced the whole Group benefits. Enabling a working environment where you can think out of the box is another way of showing trust. And this happens at Achmea. Working together with the Health business unit and Microsoft, my team developed an innovative game for children to help them learn about unhealthy food. It has already been rolled out at junior schools. That's thinking out of the box.

WHAT ARE YOUR EXPECTATIONS FOR 2010?

You mean what do I expect from myself? I think we all have to work harder on making connections with colleagues in other business areas. In my opinion, there's still too much internal focus by the individual divisions. We should try to see the bigger picture. We need better ways of putting all our efforts together and working together so that everyone benefits from the creativity we have in the organisation.

EXECUTIVE BOARD REPORT

BUSINESS LINE | LIFE

LIFE, INCLUDING PENSION INSURANCE AND, FROM 2009, PENSION SERVICES, IS A MAJOR BUSINESS FOR EUREKO AND REPRESENTS 25% (2008: 22%) OF EUREKO'S TOTAL GROSS WRITTEN PREMIUMS. WITH AN ESTIMATED MARKET SHARE IN THE NETHERLANDS OF 12% IN LIFE AND 11% IN PENSIONS, THE ACHMEA LABELS ARE ESTABLISHED NAMES IN THIS BUSINESS.

PROFIT BEFORE TAX

€-108 MILLION

SOLVENCY

220%

GROSS WRITTEN PREMIUMS

€3,906*

* EXCLUDING MERGER OF PENSION FUNDS

VNB MARGIN

1.6%*

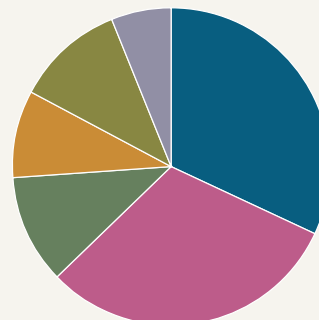
* EXCLUDING MERGER OF PENSION FUNDS

GOALS 2010 AND BEYOND

- Retain top-three and top-five positions in individual Life and Pension insurance, respectively, in the Netherlands
- Improve our Value New Business (VNB) margin
- Increase trust in financial services products

GROSS WRITTEN PREMIUMS*

- Pensions 32%
- Banking distribution 31%
- Direct distribution 11%
- Broker distribution 9%
- Europe 11%
- Other 6%



* EXCLUDING MERGER OF PENSION FUNDS

EXECUTIVE BOARD REPORT

BUSINESS LINE | LIFE

RESULTS	(€ MILLION)		
	2009	2008	Δ %
Gross written premiums	4,998	4,231	18%
Fee and commission income	385	350	10%
Investments	467	545	-14%
Other income	1,709	-3,283	n.m.
Total income	7,559	1,843	310%
Claims and movements in insurance liabilities	6,542	1,858	252%
Operating expenses	997	1,077	-7%
Other expenses	128	289	-56%
Total expenses	7,667	3,224	138%
Profit before tax	-108	-1,381	n.m.

Eureko operates its Life and Pensions business in the Netherlands, Ireland, Greece, France, Slovakia, Romania, Bulgaria and Cyprus. In February 2010, Eureko announced a management buyout of its Cyprus activities.

Gross written premiums (including Pension insurance) improved 18% to €4,998 million (2008: €4,231 million). The main contributor to growth was the merger of our two pension funds, Stichting Pensioenfondsen Interpolis (SPI) and Stichting Pensioenfondsen Achmea Personeel (SPAP), into Stichting Pensioenfondsen Achmea (SPA). This resulted in an increase in gross written premiums of €1.1 billion. Excluding this item, premiums declined 8% due to growing competition from bank savings products. Moreover, Achmea broker label Avéro ceased selling individual Life policies as of September 2009.

Following a significant loss of €1,381 million in 2008, profit before tax improved, but is still a loss of €108 million,

mainly due to some recovery from the long-running downturn in financial markets. Compared to 2008 impairments, realised losses and negative results from fixed income through P&L were €1,267 million lower at €-164 million. Furthermore, a decrease in operating expenses of 7% to €997 million (2008: €1,077 million) contributed to a better result.

Value New Business (VNB) 2009 declined to €10 million (2008: €41 million). If the SPI contract is excluded, the VNB would have been €36 million. The decline of €5 million is explained by fewer sales; the VNB margin improved to 1.6% (2008: 1.3%).

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

Achmea has a top position in this saturated market. In 2009, estimated market share in Life insurance declined to 12% (2008: 14%) due to increasing competition. Our share of the Pension insurance market remained stable at 11%. The merger of two Achmea personnel pension funds is not included in the calculation of this market share. Competition is fierce, with providers no longer limited to traditional insurers. Banks and pension funds are now offering similar products with comparable tax advantages. All insurers are affected by this move. For Achmea, whose Interpolis label is fully focused on Rabobank as a distribution partner, the effects were significant when, in 2009, the bank announced it would no longer market insurance products if there were comparable banking alternatives. At the same time, there has been a steady decline in customer confidence in recent years. All insurers in the market are challenged by the lack of trust. The original issue was cost-loading of unit-linked products. Like its peers, Achmea also established a financial compensation arrangement that was approved by the Financial Services Ombudsman in May 2009. Eureko has offered total compensation of €315 million. This issue has given rise to a greater demand for transparency. Single-premium policies, once popular for their tax advantages, are showing a steady decline. The same applies to unit-linked

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BUSINESS LINE | LIFE

contracts as a consequence of poor performance in financial markets and market sentiment about cost loading. Profit before tax amounted to €-80 million compared to €-1,358 million in 2008, mainly due to better investment results.

Pension insurance and management

Pension insurance in the Netherlands has a three-pillar structure. The first pillar is the state pension and the third is private pension plans. The second pillar comprises industry and sector pensions. In Pension insurance, Achmea brands focus primarily on the second pillar of this structure. Pension insurance is a key activity and our combined brands have an estimated 11% of the market. The problem of greying populations and longevity is also affecting the Netherlands. In combination with the current economic climate, the Dutch Government has proposed raising the age for state pension to 67. Employers are trying to control costs and are increasingly shifting from defined benefit to defined contribution. However, they are also seeking the best possible security for their employees. Achmea is meeting these new customer requirements by adjusting our offering accordingly. In 2009, gross written premiums grew 95% to €2,331 million (2008: €1,197), due mainly to the creation of SPA. Excluding this item, premiums increased by 3%; single premiums decreased by €50 million to €470 million while annual premiums increased by €72 million to €739 million.

Pension services

Pension services is an attractive and dynamic market comprising three components: asset management, pension administration and real estate. It is also an increasingly complex market, especially in asset management and related regulation. This complexity demands significant expertise from managers in a market where customers are demanding more transparency, information and flexibility. There is a clear trend towards merging of pension managers to reduce related costs and complexity. This trend is stimulated by both trades unions and employers as part of their demands for greater efficiency and affordability. Our Syntrus Achmea brand is an integral provider of all three pension services components.

From 2009, Pension services has been reclassified from Holding activities to the segment Life. Pension services is a highly competitive business. By definition, the management of a pension fund is a long-term activity. In recent years, there has been increased competition from asset managers set up by pension funds, international managers, banks and insurers. This resulted in a loss of market share for Syntrus Achmea, from 39% to an estimated 26% in early 2010, based on number of pension participants. Assets under management on behalf of institutional clients amounted to €58 billion (2008: €55 billion), mainly due to better investment results. This included Syntrus Achmea Vastgoed's real-estate portfolio, which remained stable at €14 billion. Total fee and commission income increased 5% to €343 million (2008: €328 million) due to one-off income generated by leaving customers. Syntrus Achmea transferred several administration contracts to other providers at the end of 2009 and will put its house in order in 2010 following the departure of a number of customers. The effects of reduced customer numbers on fee and commission income will be visible in 2010.

Life insurance

The Achmea brands offering individual Life will focus on more standardised products, more efficient processes and a reduction of systems in use. This will facilitate transparency and enables our brands to market their products more in line with customer demand. Achmea labels have an estimated 12% (2008: 14%) of the Life market, provided through our direct and bank distribution channels. Broker brand Avéro Achmea withdrew from the individual Life market in 2009.

Bank: With an estimated market share of 6% (2008: 9%), Interpolis still generates the largest part of our Life insurance premiums. However, this is changing, as the decline in market share shows. Bank partner Rabobank has decided to phase out its current savings and mortgage-linked Life products. Interpolis will focus on developing complementary insurance products, creating a full package in tandem with Rabobank. Bank distribution contributed gross written premiums of €1,228 million to our Life business, a decrease of 22% compared to 2008.

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Direct: We offer Life insurance products through our brands Centraal Beheer Achmea and FBTO. We have a moderate, stable market share (estimated at 3%) primarily because individual Life insurances are often complex and customers tend to prefer personal advice. Direct distribution contributed gross written premiums of €442 million (2008: €393 million).

Broker: Through our Avéro Achmea brand we offer Life insurance products to the broker channel where the focus is on advice-driven, more complex Life products. In 2009, Avéro decided to withdraw from the individual Life insurance market. We are realigning our strategy to meet the Pension insurance needs of SMEs and large corporates.

Our market share was slightly lower at an estimated 2% (2008: 2%). Gross written premiums through our broker-age channel decreased to €339 million in 2009 (2008: €390 million) due mainly to the withdrawal from Life insurance products.

OUR EUROPEAN MARKETS

Ireland

The economic recession had a considerable impact on the market for new Life and Pensions sales in Ireland, which are estimated to be down in excess of 30% compared to 2008. Friends First's new sales declined approximately 15% compared to 2008. As a result, market share increased to an estimated 7%; Friends First ranks sixth in the market.

Gross written premiums were €238 million, down slightly on €253 million in 2008. Current market conditions strongly affected the level of new deposits on investment contracts; however, new deposits increased to €291 million compared to €249 million in 2008.

Greece

Our Interamerican brand has a top three position in the Greek market (2008: top four position). The Life and Pensions market is beginning to decline, particularly in investment-related business. Gross written premiums decreased to €114 million (2008: €120 million). The contribution of investment contracts is up 7% to €61 million (2008: €57 million).

Other European countries

The operations in our other European countries, Romania, Slovakia, Bulgaria, Cyprus and France, contributed gross written premiums of €85 million (2008: €110 million) or 2% on the total Life gross written premiums. In February 2009, the French regulatory authorities (CEA) withheld final approval of the sale of Império France. This was mainly due to the economic environment. As a consequence, the 'held for sale' classification of Império France is no longer applicable. Our strategic intentions, however, remain unchanged.

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EMBEDDED VALUE

The following information offers a high-level overview of how Embedded Value developed in 2009. Eureko publishes a separate Embedded Value report, which can also be reviewed on our website, www.eureko.com. Tables in this section compare results in 2009 with results in 2008 on a statutory basis, except where otherwise stated.

EMBEDDED VALUE SUMMARY

(€ MILLION)

	2009	2008
Required capital	1,815	1,787
Embedded Value free surplus	1,921	935
Shareholder net worth	3,736	2,722

Value of in-force Life business before cost of required capital	1,864	2,071
Cost of required capital	-690	-670
Value of in-force Life business after cost of required capital	1,174	1,401
Embedded Value	4,910	4,123

Embedded Value increased by 19% to €4,910 million. Shareholder net worth explains €1,014 million of this growth following a capital increase of €619 million in Eureko's Life business.

The decline in value of in-force business is partly explained by de-risking the investment portfolio. The asset mix's risk profile is lower than in 2008, which will also reduce future investment returns.

EMBEDDED VALUE EXPLAINED

Embedded Value provides an estimate of the value of the shareholders' interest in a life insurance operation, excluding any value that may be generated from future new business. The Embedded Value is the sum of the shareholders' net worth (required capital plus free capital surplus) and the value of in-force business. Eureko applies the European Embedded Value (EEV) principles published by the CFO Forum, a group representing a number of large European insurers, for the valuation of its Life business. The Life business is that reported as such to the local regulators in the territories in which Eureko operates, excluding on grounds of materiality, the value of Interamerican Bulgaria.

EMBEDDED VALUE PROFIT - LIFE BUSINESS

(€ MILLION)

	2009	2008
Embedded Value at start of year (before model changes)	4,123	6,374
Model changes	-146	-43
Embedded Value at start of year (after model changes)	3,977	6,331
Operating profit after tax	290	-129
Economic profit after tax	24	-2,604
Embedded Value profit after tax	314	-2,733
Dividends and capital movements	619	525
Embedded Value at year-end	4,910	4,123

The Embedded Value profit of €314 million is the change in Embedded Value of the Life operation from start of year to end of year, adjusted for any dividends from, or capital transfers to, the Life operation, and for exceptional items.

As a result of the turmoil on the financial markets, economic profit was negative at the end of 2008. In 2009,

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BUSINESS LINE | LIFE

investment returns are higher than expected (€82 million) and lower interest-rate volatility improved the Embedded Value by €154 million. Actively de-risking the investment portfolio is also defined as economic profit and had a negative effect (€-185 million).

The main contributors to the operating profit of €290 million are the expected return (€175 million), variances in persistency (€72 million) and lower assumed administration expenses (€95 million). This was partly offset by the agreement made by Achmea to compensate expenses on unit-linked policies.

VALUE ADDED BY NEW BUSINESS (€ MILLION)

	2009	2008
Value added by new business (excluding SPI)	36	41
Present value of new business premiums (PVNBP)	2,267	3,191
Value added by new business as a % of PVNBP	1.6%	1.3%
New business APE (annual premiums + 10% of single premiums)	280	408
Value added by new business as a % of APE	12.8%	10.0%
Value added by new business (including SPI)	10	41
Present value of new business premiums (PVNBP)	4,033	3,191
Value added by new business as a % of PVNBP	0.3%	1.3%
New business APE (annual premiums + 10% of single premiums)	415	408
Value added by new business as a % of APE	2.5%	10.0%

Value New Business (VNB) is an important part of 'operating profit'. It is the value-at-outset at the risk discount rate of the projected flow of after-tax distributable profits from business sold in the relevant year. A positive VNB means that the after-tax return on new business written is expected to exceed the risk discount rate, based on the assumptions made. New business

margins are calculated as the ratio of the VNB to the present value of new business premiums.

In 2009, Interpolis's pension fund (SPI) merged with Achmea's pension fund. This contract shows a negative VNB of €26 million. This effect is considered to be an exceptional item. The merger also led to an increase of €1 billion in pension liabilities, which has significant positive unit-expense implications for future VIF development.

At Group level, VNB decreased by 12% to €36 million (2008: €41 million). The decrease is due to lower sales. The VNB margin improved to 1.6% (2008: 1.3%). When the SPI contract is factored in, VNB was €10 million.

VNB in the Netherlands

VNB is under pressure in the Dutch divisions. In the current financial markets, sales are too low to cover expenses and improve VNB results. VNB margins improved through cost reductions and a focus on profitable product categories. However, VNB still decreased from €33 million in 2008 to €22 million in the reporting year. Including the SPI contract, VNB was negative at €4 million.

VNB in Europe

VNB outside the Netherlands increased from €8 million in 2008 to €14 million at the end of 2009. VNB margins improved from 0.7% to 1.7%. Friends First was the main contributor of new business, although the amount has declined due to lower sales and ensuing lower expense coverage. VNB still remains at a satisfying level of €10 million. Interamerican Greece improved its VNB significantly, from €1 million to €4 million, due to greater sales effort in its Medisystem business. Sales were in line with last year, but margins improved.

Other operating companies in Europe show stable results.

EXECUTIVE BOARD REPORT

BUSINESS LINE | BANKING

FOR EUREKO, BANKING IS A COMPLEMENTARY BUSINESS IN THE NETHERLANDS TO ENSURE A COMPLETE SERVICE OFFERING FOR CUSTOMERS. BANKING PRODUCTS AND SERVICES ARE PROVIDED THROUGH ACHMEA BANK (ACHMEA HYPOTHEEKBANK AND ACHMEA RETAILBANK) AND PRIVATE BANKER, STAALBANKIERS, AND IN IRELAND, WHERE FRIENDS FIRST FINANCE USED TO OFFER CONSUMER FINANCE.

PROFIT BEFORE TAX

€-47 MILLION

TIER 1 RATIO

11.3%

CREDIT PORTFOLIO

€19.3 BILLION

NET INTEREST INCOME

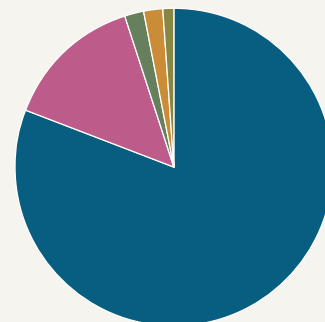
€185 MILLION

GOALS 2010 AND BEYOND

- Streamline organisation at Achmea Hypotheekbank and Achmea Retailbank
- Achieve assets under management of at least €4 billion at Staalbankiers in 2012

CREDIT PORTFOLIO

■	Achmea Hypotheekbank	81%
■	Staalbankiers	14%
■	Achmea Retail Bank	2%
■	Friends First Finance	2%
■	Other	1%



EXECUTIVE BOARD REPORT

BUSINESS LINE | BANKING

RESULTS	(€ MILLION)		
	2009	2008	Δ %
Net interest margin	185	191	-3%
Net commission income	4	4	0%
Other income	20	23	-13%
Total income	209	218	-4%
Expenses	134	135	-1%
Additions to loan loss provisions	122	47	160%
Total expenses	256	182	41%
Profit before tax	-47	36	n.m.
Cost-income ratio	64%	62%	-

Profit before tax declined to €-47 million (2008: €36 million). As in the previous year, the decrease is mainly due to higher loan loss provisions in Ireland (total loan loss provisions of €101 million have been taken) and lower interest margins of €24 million at Staalbankiers. The cost-income ratio was 64%. The net interest margin decreased 3% to €185 million (2008: €191 million). Commission income was stable at €4 million. Operating expenses were slightly lower at €134 million (2008: €135 million). Costs were negatively impacted by the mandatory contribution to the Netherlands Deposit Guarantee Programme. This was offset by a reduction of FTEs at Achmea Hypotheekbank (-20%) and Staalbankiers (-15%).

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

Achmea Hypotheekbank

The slowdown in the number of Dutch new mortgages that started in the second half of 2008 as a result of the financial crisis continued into the reporting year. In 2009, 29% less mortgages were closed than in the previous year. All mortgage providers tightened their underwriting criteria due to market conditions. Achmea Hypotheekbank offers mortgages through our direct channel brands, Centraal Beheer Achmea and FBTO, and Woonfonds. In 2009, our broker brand Avéro Achmea decided to stop selling life insurance and as a result, mortgages are no longer marketed through this label. Our market share in new production fell to 0.6% (2008: 2.0%) because we are focusing on selling profitable mortgages rather than achieving volume. Capital market conditions remained difficult and tight liquidity led Achmea Hypotheekbank to seek a state guarantee on its 2009 five-year \$3.25 billion bond issue to refinance its mortgage portfolio.

Profit before tax in 2009 improved to €77 million (2008: €43 million). The Tier 1 ratio is 10.4%. Due to the shrinking number of new mortgages in the Netherlands and the redemption of mortgages, Achmea Hypotheekbank's mortgage portfolio decreased to €13.6 billion (2008: €14.1 billion).

Achmea Retailbank

Achmea Retailbank offers loans and savings products to consumers through direct-channel brands, Centraal Beheer Achmea and FBTO, and through broker brand Avéro Achmea. Consumer behaviour in the Netherlands continues to be conservative. The shift from investment funds to savings products that began in 2008 continued, even though interest rates have fallen significantly. Saving through internet providers is also increasingly popular; both Centraal Beheer Achmea and FBTO offer web-based savings products. Total savings at the end of 2009 amount-

EXECUTIVE BOARD REPORT

BUSINESS LINE | BANKING

ed to € 1.3 billion (2008 € 1.2 billion). Profit before tax in 2009 was €5 million (2008: €7 million), including a mandatory €2 million contribution to the Netherlands' Deposit Guarantee Programme following the collapse of DSB Bank in the autumn of 2009.

Staalbankiers

Private bank Staalbankiers continued to focus on long-term relationships with its clients. Even in the challenging reporting year, Staalbankiers was able to further increase its client base and grow its assets under management. This gives Staalbankiers a strong base for the years to come. Assets under management increased over 84% to €2.9 billion in 2009, especially in the second half of the year. Both funds entrusted and financing facilities to clients were stable at €1.7 billion.

Due to uncertain markets, Staalbankiers refrained from issuing housing partnerships. Furthermore, and fully in line with our client-focused strategy, Staalbankiers was cautious in its investment recommendations, resulting in a lower transaction volume and lower commission income.

In 2009, banks were again obliged to contribute to the Netherlands' Deposit Guarantee Programme following the collapse of DSB Bank; contributions were also required in 2008. The liquidity premium on funding, a reality in current market conditions, was not passed on to our clients for long-term strategic reasons; it was the major cause of the reported loss before tax of €29 million.

Despite this loss, Staalbankiers remains a strong and stable bank with a solvency ratio of almost 19% (significantly above the 8% minimum requirement of the Dutch Central Bank), a Tier 1 ratio of 14.7%, an ample liquidity position and a modest risk profile.

Ireland

Friends First Finance

In August 2009, it was announced that Friends First Finance would cease operations. It was severely impacted by the global credit crisis and its business model of borrowing from the inter-bank market was no longer sustainable in the prevailing climate. It is estimated that the closure will take between five and seven years to complete, with the phased loss of 98 FTEs in Ireland. Profit before tax was a loss of €93 million in 2009, mainly as a result of loan loss provisions of €101 million.

"CLOSE CONTACT WITH CLIENTS AND A REAL EMPATHY FOR THEIR NEEDS IS CRUCIAL..."

GIJS SWALEF



Gijs Swalef is Chairman of Vereniging Achmea, Eureko's largest shareholder.

WHAT DOES TRUST MEAN FOR YOU?

Trust means for me that there is no explicit need to check your partner. Parties operate as partners and the aim and motives of both are transparent. For instance, mergers only succeed in my opinion, when both companies focus on the sum of the two and not on selfish interests, which happens too often. But it also relates to the client approach of a company. Eureko, its subsidiaries, brands and shareholders have their roots in the cooperative tradition. The first activities of the current Achmea – the Dutch daughter company of Eureko - started in 1811, when farmers in the Netherlands decided to cooperate to spread their risks and exercise solidarity and trust by starting an own mutual insurer. From that moment the ultimate aim of Eureko/Achmea and its predecessors has been to seek the benefits for its clients, in continuity and solidarity. These elements still form the basis in the mission and ambition of Eureko. Trust is key for companies in the financial services industry, whether banks or insurance companies. Moreover, the companies in the sector with cooperative structures and shareholders, like Eureko and its partner Rabobank, have an obligation par excellence and a unique position in proving that trust, because they are the pure client driven companies.

HOW SHOULD EUREKO DEFINE TRUST?

Some say trust is about image and reputation, but that is just the outcome. Trust starts with knowing your clients, then delivering the needed products and services, and finally showing transparently your role as a reliable partner. Therefore, a close contact with clients and a real empathy for their needs is crucial. Eureko has a distinctive identity, because the shareholders represent the clients' interest with a full focus on continuity. This counts for Association Achmea as well as the cooperative Rabobank and the other shareholders of Eureko. The essentials of the historical roots of these companies are still valid today and have to take a central position in the way Eureko carries out trust.

WHAT ARE YOUR EXPECTATIONS FOR 2010?

The effects of the turbulence in the world's economy and the financial sector will not be over soon. At the same time governments face huge challenges in restoring the national budget deficits. This could influence the markets of public-private businesses like Pensions and Health where Eureko has strong positions. The company has to participate in the discussions in order to be able to continue the deliverance of the required products and services in the interest of the clients. Looking at 2009, Eureko recovered strongly and is vital again. Stable returns will be important to strengthen the position for the future.

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

Eureko began the reporting year in the midst of unprecedented turmoil on financial markets. Ongoing and reinforced strong, structured capital and liquidity management was, therefore, a prerequisite for achieving continuing goals: ensuring continuity for stakeholders, maintaining a very strong Standard & Poor's (S&P) capital position and maintaining Eureko B.V.'s credit rating in the A category. At the end of the reporting year, our capital position more than met regulatory requirements and is comfortably above even more stringent internal requirements. Liquidity positions are also strong. This section describes the active measures taken to secure our current status and how the dedicated team works to maintain our positions.

GOALS IN 2010 AND BEYOND

- Ensure continuity for stakeholders
- Maintain very strong S&P capital position (AA-level) and a credit rating of Eureko B.V. in A category

Capital

Eureko was not immune to the global financial crisis. At the beginning of 2009, the crisis had impacted our capital position through massive falls in equity markets and widening of credit spreads. Both put pressure on our own equity and, therefore, our solvency. We took immediate action. We de-risked the investment portfolio in the first half of 2009. Furthermore, our shareholders provided a capital increase of €1,028 million, which was effected in April 2009. Of the capital increase, €610 million was used to improve the insurance entities' solvency position. In combination, these two actions restored our capital position above our minimum targets. It was further improved in the second half of the reporting year through the PZU settlement. We ended the reporting year with a Standard & Poor's (S&P) capital position in line with our target AA level.

EQUITY POSITION

(€ MILLION)

	2009	2008
Share capital	11,861	10,833
Own shares	-45	-45
Legal reserves	1,250	1,548
Revaluation reserve	758	-2
Retained earnings	-5,989	-3,841
Profit for the year	1,381	-2,119
Other equity instruments	1,325	1,325
Other reserves	-420	-254
Equity attributable to holders of equity instruments	10,121	7,445
Non-controlling interest	6	6
Total equity	10,127	7,451

CAPITAL COMPOSITION

(€ MILLION)

	2009	2008
Shareholders' equity	8,491	5,815
Preference shares	311	311
Group hybrid capital	1,325	1,325
Total equity	10,127	7,451
Holding core debt	867	1,387

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

The current European Union solvency regime for insurers, Solvency I, has not changed significantly since the 1970s. As this regime is not risk based, Solvency II is under development and will be implemented by the end of 2012. To guarantee continuity for policy-holders, Eureko has developed its own internal levels; these are much higher than Solvency I. In addition, Eureko steers on the S&P capital adequacy model. S&P capital requirements are consistent with an AA-target capital level that is much higher than internal regulatory capital targets. Furthermore, we also take an internally developed capital model into account, (ECAP, please see 'Risk Management').

Regulatory solvency

At the start of 2009, the Group solvency ratio had declined to 150%. Although this ratio is well above regulatory requirements, which are monitored at least monthly, as with capital adequacy, Eureko sets its own internal ratios higher. Our goals are to ensure continuity for all stakeholders, so we have conservative and prudent policies in place. Based on the conservative swap curve, minimum internal solvency targets must equal 170% and 160% of the minimum regulatory solvency requirements for the Life and Non-life businesses, respectively. For Health insurance, the minimum coverage ratio is 125% for basic Health insurance and 150% for supplementary insurance coverage. Linked to ECAP outcomes (please see 'Risk Management') and Solvency II developments, the solvency target levels will be recalculated. At year-end 2009, solvency levels of the insurance entities were well above internal requirements, increasing to 251%, and above pre-crisis level. Non-life was at 246%, Health at 201% and Life at 220%. For our banking activities, the Tier 1 ratio increased to 11.3% (2008: 11.1%), based on the standardised approach. The PZU settlement resulted in an increase of Group solvency levels of 27%-points.

EUREKO GROUP REGULATORY SOLVENCY LEVELS (€ MILLION)

	2009	2008
Available capital (a)	8,700	5,921
Required capital (b)	4,036	3,960
Solvency level (a)/(b)	216%	150%

SOLVENCY LEVELS INSURANCE ENTITIES (€ MILLION)

	2009	2008
Available capital, including surplus value in Liability Adequacy Test according to regulatory requirements (Wft) (a)	8,913	6,855
Required capital (b)	3,546	3,481
Solvency level (a)/(b)	251%	197%

The calculations are based on the swap curve.

DUTCH BANKING ACTIVITIES (€ MILLION)

	2009	2008
Core capital – Tier-1	695	664
Available capital	869	869
Risk-weighted assets	6,129	5,987
Tier-1 ratio	11.3%	11.1%
BIS ratio	14.2%	14.5%

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

RECONCILIATION BETWEEN IFRS GROUP EQUITY
AND REGULATORY CAPITAL BASE

(€MILLION)

	2009	2008
Total group equity (excluding perpetuals)	8,802	6,126
Other by DNB recognised equity components		
• perpetual capital securities	1,325	1,325
• adjustments		
– intangible assets	-1,533	-1,640
– other	-8	-7
Subordinated loans	114	117
Group solvency base	8,700	5,921

Solvency II preparations

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry that will come into force in a few years time. It aims to establish a revised set of EU-wide capital requirements and risk-management standards that will replace the current Solvency I requirements. Eureko is actively participating in the development of Solvency II through representation in national and international industry groups and by providing information through quantitative impact studies. We have a dedicated international team preparing the Group for Solvency II, but also for other related developments, such as IFRS4 phase II. Capital requirements under Solvency II may be calculated using a standard formula or, if there is supervisory approval, using capital models developed in-house. Eureko will participate in the pre-application on internal models arranged by the DNB, starting as per 1 July 2010.

Eureko will also participate in the Quantitative Impact Study 5 starting in August 2010. Eureko participated in the former Quantitative Impact Studies (QIS1 to QIS4). By means of these studies, Eureko gets used to the methodology of the Solvency II standard model and gets valuable input for improvements needed towards Solvency II compliance.

DIVIDEND POLICY

Eureko's dividend policy, formulated and implemented in 2004, consists of a stable (or slightly increasing) dividend per share, based on a payout ratio of 35–45% of net profit attributable to ordinary shareholders. In the context of the capital increase, executed in April 2009, it was agreed with shareholders that dividend payments will be 45% of net profit attributable to ordinary shareholders. All proposed dividends are subject to approval by the Annual General Meeting of Shareholders.

Stress testing

One of the key consequences of the financial crisis is reinforced focus on so-called stress testing of the capital adequacy of financial institutions. During the reporting year, Eureko participated in two such stress tests. The first, in spring 2009, based on numbers per 31 December 2008, was arranged by the DNB, a second, in December, based on numbers per 30 June 2009, was carried out by the EU. The EU stress test showed that the measures, such as de-risking, taken in early 2009 had been successful in reducing sensitivity to market turmoil. In both tests, even in the most stressed scenario, Eureko would still meet the regulatory capital requirements.

Funding and liquidity

In 2009, Eureko's liquidity position improved significantly due to the capital increase and to the PZU settlement. The external debt position was reduced considerably due to the PZU settlement and the redemption of our stake in MillenniumBCP.

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

Funding strategy

Eureko's funding strategy is based on assuring access to international capital and credit markets at low cost, underpinned by credit ratings in line with its peers. In principle, each operating subsidiary is responsible for financing its own activities. However, Eureko, as the holding company, coordinates all these activities and, in this role, may participate in financing the operations of certain subsidiaries, usually through subordinated debt funding and other forms of capital and loans. As a holding company, Eureko, and its major Dutch holding entities, rely for funding needs principally on distributions of internal dividends and short-term excess liquidity from operating subsidiaries and associated companies. Such distributions and internal funding are usually subject to regulatory restrictions, and, in the case of associated companies, by the dividend policies as determined by those companies.

OVERVIEW CASH FLOW AND REALLOCATION OF CAPITAL

(€ MILLION)

	2009
Cash remitted by business	
Life	30
Associates	2,004
Re-insurance	46
Financing/corporate activities	
Proceeds from divestments	182
Net interest paid (Eureko)	-8
Dividend and coupons on capital securities paid	-106
Net proceeds from issuance of shares	1,028
Net change in borrowings	-840
Tax settlements	68
Corporate activities	-244
Investments in business and associates	
Non-life	-65
Life and Pensions	-609
Other	-40
Associates and participating interests	0
Net change in cash	1,446

Eureko and its principal holding entities' cash flow gives a comprehensive, high-level overview of the Group's sources of capital as a complement to the cash flow statement in the financial statements. In combination with sound access to capital markets, the Group's financial flexibility is considered very strong. The cash position will further improve in 2010–2012 through the agreed IPO of PZU.

Liquidity – holding

For liquidity purposes, Eureko and its principal Dutch holding entities maintain committed and uncommitted credit facilities with a variety of international banks. At year-end 2009, those committed credit lines (€750 million) were

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

undrawn. Those facilities do not contain banking covenants with the obligation to redeem in case of a rating downgrade. Lower rating levels could result in slightly higher interest rates. In June 2009, a €750 million senior issue took place. Eureko's external borrowings not allocated to its banking and finance operations decreased to €867 million at year-end 2009 (2008: €1,387 million), primarily as a result of the PZU-settlement. As a consequence, debt leverage, measured as non-banking debt and perpetuals as a percentage of the sum of total equity, non-banking debt, perpetuals and minus goodwill improved from 36.4% to 22.8%. Non-banking debt excludes debt related to reinsurance contracts at Eureko Re, amounting to €14 million (2008: €38 million). In 2009, Eureko reduced its strategic shareholding in MillenniumBCP and the financing facilities used for this investment were redeemed. In addition, internal funding was reduced significantly in 2009. Through the redemption of loans and the PZU-settlement, at year-end 2009, Eureko as holding had no double leverage.

Liquidity – insurance entities

The liquidity position of our insurance entities is sound, as we maintain a high level of liquid investments in the investment portfolio, including short-term deposits, liquid government bonds and listed equities. Liquid assets, i.e. assets that can be made readily available, represent 87% of the investment portfolio.

Liquidity – banking

Funding remained scarce in 2009 for the whole banking sector. To stimulate lending, the Dutch state introduced a guaranteed funding scheme. Achmea's banking operations were able to maintain their position, with liquidity well above regulatory requirements. However, taking into account future liquidity, in autumn 2009 Achmea Hypotheekbank decided to arrange and closed a \$3.25 billion funding transaction under the Dutch Government guarantee funding scheme, creating significant additional liquidity. Regular refinancing will take place in 2010. The (mortgage) banks can also make use of the European Central Bank (ECB) repo facility (€555 million at year-end 2009) and savings. Staalbankiers has an adequate liquidity position.

Ratings

In December 2008, Standard & Poor's revised its outlook on core entities from stable to negative, emphasising the need for an improvement in operational performance, specifically in the Life and Pension business. The rating and outlook were maintained during the year. Given market developments in the insurance sector during the reporting year, maintaining the rating at the same level can be called an achievement.

Achmea Hypotheekbank's A- rating with stable outlook was affirmed in January 2010.

STANDARD & POOR'S RATINGS

	TYPE	
Eureko B.V.	CCR	A-
Achmea Holding N.V.	CCR	A-
Achmea core Insurance entities	CCR/IFSR	A+
Achmea Hypotheekbank N.V.	CCR (long term)	A-
	ACCR (short term)	A-2
	Secured debt programme	A+
	Covered bond programme	AAA*/Aa2**
	(S&P/Moody's)	

* Watch negative | ** Review for possible downgrade

CCR: Counterparty Credit Rating | IFSR: Insurer Financial Strength Rating

In January 2009, the Moody's rating for the Achmea Hypotheekbank Covered Bond Programme was set at 'review for possible downgrade' and was downgraded per 23 April 2009, maintaining the 'review for possible downgrade'. As of 16 December 2009, S&P set the Achmea Hypotheekbank's covered bond rating at 'watch negative'. The aim is to bring the covered bond programme into line with new regulatory and rating agency requirements.

RISK MANAGEMENT

As a financial institution, risk management is essential for our business. As an insurer, we must, by definition, work to a long-term horizon. For Eureka this is specifically so because of our commitments to customers, employees, shareholders and distribution partners. Our risk management is, therefore, organised and driven by that long-term view. This section describes how we identify, assess, measure, manage, monitor and report on the risks to which we are exposed.

GOALS 2010 AND BEYOND

- Develop a more explicitly stated risk appetite
- Strengthen our risk management organisation
- Develop risk budgeting based on economic principles
- Continue developing a (partial) internal model in the context of Solvency II

Managing risk

The financial crisis has once again demonstrated just how crucial it is to have insightful, prudent and sound risk management. The risk management of the future requires a high level of interaction and embedding into decision-making. At the beginning of 2009, the Executive Board decided to strengthen the risk management organisation, incorporating lessons learned from the crisis. In September 2009, we implemented a reinforced finance and risk organisation that facilitates a better view of risks within the Eureka Group. We centralised our risk management at Group level into a Group Risk Management department and, from 1 January 2010, our risk management committees have been restructured.

Other goals for 2009 were ensuring the continuity and solvency of the Group, thus optimising the balance between risk and return to create long-term value for our stakeholders. We pursued those goals by taking major measures on de-risking the portfolio. Equity holdings have been reduced significantly. Monitoring of the counterparties from a Group perspective was improved. The capital and liquidity position were closely monitored.

The risk managers are deeply involved in developments on Solvency II, the new risk-based regulatory regime for European insurance companies, and IFRS4 Phase II, which, among others, will require insurance companies to report insurance liabilities at market value in the balance sheet. While much has been achieved on our 2009 goals, the aims set for 2010 and beyond represent further development of our insight into areas for improvement.

Risk governance

Risk governance is based on a three-line defence model that ensures risk management processes are embedded at every relevant level of the organisation.

The first line of defence is Division and Operating Company management and some Group staff departments. The second line of defence is the risk and compliance officers and actuaries in Divisions and Operating Companies, the Group Risk Management department and Group Compliance & Regulatory Affairs. Group Internal Audit Services acts as a third line of defence and provides independent assurance on the effectiveness and efficiency of the overall internal control infrastructure. Audits include the assessment of Internal Control Statements and Operational and Compliance Audits.

At the highest level of the organisation the Executive Board and the Supervisory Board's Audit & Risk Committee have an important role in risk management. The Executive Board is responsible for ensuring that effective internal risk management and control systems are in place. This includes defining risk appetite and establishing the annual risk budgeting and monitoring process. The Audit & Risk

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RISK MANAGEMENT

Committee oversees that there is an appropriate risk structure across the Eureka Group which is geared to the organisation, and discusses finance and risk issues.

The Executive Board is supported by the Finance & Risk Committee, which is responsible for the preparation of risk budgeting decisions, risk monitoring and will approve risk-management policies defined for managing risk budgets. The CFO chairs this Committee and two other board members participate to guarantee top-level commitment. Participants are directors from Eureka's Finance and Risk departments and Eureka Re. Directors of Compliance and Internal Audit are present when their reports are discussed. Further delegation to divisions and departments occurs through clear charters and policy documents.

Banking operations have several committees in place with specific risk management responsibilities, such as the Asset and Liability Committee, the Credit Committee, the Pricing Committee and the Operational Risk Committee.

To control our risk position, several policies and procedures, including risk limits, are in place, and our risk position is reviewed and evaluated through regular reporting. Risk reporting assesses whether our risk profile is within predefined risk limits, and action is taken when necessary. A Eureka Risk Dashboard provides an overview of all key risk indicators, and is reported quarterly to the Finance & Risk Committee, the Executive Board and the Audit & Risk Committee.

Due to the financial crisis, monitoring frequency was increased substantially and several risks were monitored on a daily basis. Eureka applies several methods and models to measure our risk profile, including regulatory and rating models. Furthermore, an Economic-Capital model has been developed to provide an overall view of our Group risk profile.

THREE-LINE DEFENCE MODEL

FIRST LINE

Controls embedded in business (operational)	Line management Achmea divisions and OpCos
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SECOND LINE

Managerial and supervisory control	<ul style="list-style-type: none"> - Finance & Risk Committee - Group Risk Management, Group Compliance and Regulatory Affairs - Divisions/business level: Finance & Risk Committees, actuarial departments, and compliance and (operational) risk managers
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THIRD LINE

Internal Audit Controls	Group Internal Audit Services
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Economic Capital

Our Economic-Capital model allows us to quantify our risks per risk category, product group, division and legal entity, and for the Group as a whole, using comparable measures of risk in a consistent and transparent way using market-consistent principles. The results are increasingly used as input for business decisions, for our investment and re-insurance strategies, but also as input for Embedded Value analyses. The model was further improved during 2009, taking into account the requirements of Solvency II, as we aim to use the Economic-Capital model as a (partial) internal model for Solvency II purposes.

Economic Capital by business area

Economic Capital after the impact of diversification as of 31 December 2009 amounted to €3.9 billion (2008: €3.5 billion). This outcome is based on a maximum loss over a one-year period using a confidence level of 99.95% and after allowance for taxes (i.e. it represents the maximum after-tax loss Eureko is expected to incur following one (or a series of) extreme event(s) which, in the aggregate, occur with a probability of 1/2000). Economic Capital is categorised by each major business activity. All risks (insurance, market, credit and operational risk) within each major business activity are aggregated.

ECONOMIC CAPITAL AT 99.95%

(€ BILLION)

	2009 YEAR END	2008* YEAR END
Life segment	2.5	1.8
Non-life segment	2.6	2.4
Health segment	0.3	0.3
Other	0.2	0.3
Banking segment	0.4	0.2
Total Eureko before diversification	6.0	5.0
Diversification	-2.1	-1.5
Total Eureko after diversification	3.9	3.5

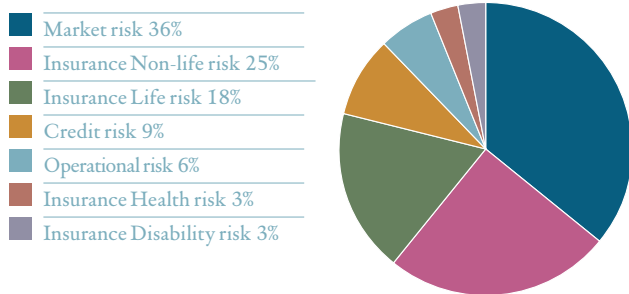
* Restated

The investment in PZU is allocated to Life and Non-life, based on the estimated contribution of PZU's Life and Non-life businesses to the combined market value. Eureko's investments in MillenniumBCP and F&C Asset Management are included in 'Other'. Diversification benefits accrue from operating in different business areas, resulting from the notion that not all potential losses will materialise across all businesses at the same time. The increase of our Economic Capital is mainly due to a lower expected tax compensation (difference €0.8 billion), which was partly offset by a lower exposure to investments risks.

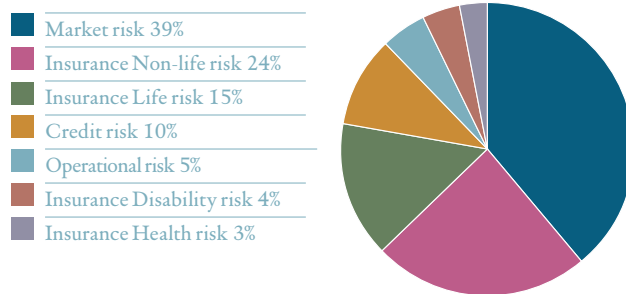
EXECUTIVE BOARD REPORT

RISK MANAGEMENT

ECONOMIC CAPITAL BY RISK TYPE AT 99.95% YEAR-END 2009



ECONOMIC CAPITAL BY RISK TYPE AT 99.95% YEAR-END 2008



Economic Capital by risk type

Market risk and the insurance risk associated with the Non-life business dominate Economic Capital. Market risk reflects the net exposure to the capital markets, including equity, property and interest-rate risk. The risks resulting from our non-consolidated strategic investments are also included in market risk. Non-life insurance risk mostly concerns exposure to European storm risk. Eureko has chosen to arrange reinsurance up to the 99.5% confidence level. The gap between the 99.5% and 99.95% confidence level, which is quite substantial, is retained within Eureko.

In the Life insurance business the main risks are longevity, mortality and morbidity, policy lapses and expense risk. These risks are regularly monitored based on historic and current data. We regularly make sensitivity analyses to calculate the impact on our Embedded Value.

Risk categories

Our main risk categories are insurance risk, market risk, credit risk, liquidity risk, operational risk and compliance risk. Liquidity risk and compliance risk are not taken into account in the Economic-Capital model.

Insurance risk

Eureko is engaged in selling a full range of Life, Non-life, Disability and Health insurance products. The risks are primarily managed through standard underwriting policies, reserve adequacy testing and our re-insurance policy. Underwriting includes product design review processes, and risk limitations related to insurance policy terms and conditions with the customer.

SENSITIVITIES EMBEDDED VALUE

(€ MILLION)

	2009	2008
Embedded Value	4,910	4,123
- 5% Mortality and morbidity (Life insurance)	+59	+ 54
- 5% Mortality and morbidity (Annuity business)	-74	- 91
- 10% Maintenance expenses	+201	+ 238
- 10% Lapses, Paid up policies, early retirements	+53	+ 67

In the Non-life, Disability and Health sectors the main risks are fire, hail, storm, motor accident, disability risk and health risk. Mitigation of these risks is managed primarily through risk diversification within and between business lines and, for larger risks, through re-insurance. Although measured in gross written premiums, Health is our largest business, health risk is very limited due to the equalisation funds in the Dutch health system. The equalisation reserve is funded by the government and income-dependent contributions paid by employers, social

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security and the self-employed. All health insurers receive a contribution from the fund based on differences in the healthiness of their portfolio (people insured).

PROFIT BEFORE TAX SENSITIVITY TO SHIFTS RELATED TO NON-LIFE

(€ MILLION)

	MAINTENANCE EXPENSES +10%	GROSS CLAIM RATIOS +5%
Non-life insurance	-104	-74

Re-insurance

In general, large risks are covered by excess-of-loss treaties. Risks that exceed the treaty limit are re-insured on a facultative basis. Catastrophe risks, such as windstorm, hail or earthquake, are covered by catastrophe excess-of-loss treaties. The main peril in the Netherlands is windstorm risk. The upper limits of the catastrophe programmes are based on 1-in-200-year events. The upper limits for the three different programmes below the umbrella layer are €1,220 million for property, €140 million for greenhouses and €60 million for motor.

Market risk

Our main sources of market risk are the investment portfolio and our strategic investments. Eureko manages market risk positions on its investment portfolio within an Asset and Liability Management framework. It is a key tool in determining the investment mix, management of interest-rate exposure and regulatory solvency. The main risks are a decline in equity prices and an equally rapid increase in credit spreads. Others are regular interest-rate, property and foreign-exchange-rate risk. Eureko has an investment policy in place to manage market risk.

Equity risk

In 2009, our exposure to equity risk, excluding strategic investments, was decreased significantly through prompt de-risking of listed equity to €1.1 billion; at the start of the

reporting year, our exposure in this portfolio was €2.5 billion. The 70/130% equity collar to hedge against significant decreases in share prices expired in the first half of 2009. The current portfolio is not hedged.

SENSITIVITIES TO EQUITY MARKETS

	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON SOLVENCY LEVELS
Equity markets -10%	-0.8%	-2.1 pts

Indirect unquoted investments in Europe and the US have a diversifying effect. We have no exposure to the US sub-prime market.

Interest-rate risk

Eureko bears interest-rate risk with many of its insurance and investment products. Investing in assets that closely match the expected cash flow of the insurance liabilities of each major legal entity can and generally does mitigate this risk. Our duration matching is managed on an economic, rather than accounting basis. Duration mismatch must remain within a bandwidth. Derivative instruments, such as swaps and swaptions, are used to mitigate the risk that changes in interest rates can affect the market value of liabilities in a different way than the related assets. Some Life products contain minimum guarantees. If the return on the underlying assets is insufficient to cover the guarantee, then Eureko is obliged to supplement the shortfall. Eureko has a hedging programme in place for these interest-rate risks.

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Property risk

As part of our diversification strategy we also invest directly and indirectly in property. At year-end 2009, total investments in direct investment property amounted to €1.7 billion (4%) of the total investment portfolio. The greater part is invested in direct real estate in the Netherlands, with a sound spread over all major categories, including residential, office, retail and industrial premises.

PROPERTY PORTFOLIO BY TYPE

	2009	2008
Residential	28%	26%
Office	30%	29%
Retail	23%	20%
Industrial	3%	2%
Property funds	16%	23%
Total equity	100%	100%

SENSITIVITIES TO PROPERTY MARKETS

	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON SOLVENCY LEVELS
Property values -10%	-1.3%	-3.4%-pts

Foreign-exchange-rate risk

As an international group, Eureko is exposed to foreign-exchange risk. With the exception of a part of the investment in PZU, Eureko has not hedged the net investment in, or the income streams from, its non-euro operations, because those operations are regarded as part of our long-term strategy. The main exposures are the Polish zloty, through the investment in PZU; the Turkish lira, through the investments in Eureko Sigorta and Garanti Emeklilik; the Russian rouble through Oranta, acquired at

the end of 2008; and the UK pound, through our investments in F&C Asset Management. In addition, Eureko invests part of its regular investment portfolio, both equities and fixed income, in non-euro-denominated assets, particularly in US dollars. At the end of 2009, the foreign-exchange risk in our investment portfolio was fully hedged. As part of the process to reach a settlement on the PZU dispute, hedging of the Polish zloty took place in April 2009 and additional hedging was arranged in the second half of 2009. At the end of November 2009 the hedge was terminated after receiving the dividend cash flows. As from 2010, Eureko has hedged the foreign-exchange rate risk on the expected cash flow from PZU's Initial Public Offering.

SENSITIVITY TO SHIFTS IN
FOREIGN CURRENCY RATES

	(€ MILLION)	
	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON PROFIT BEFORE TAX
Euro versus all other foreign currencies -10%	+253	+125
Euro versus all other foreign currencies +10%	-253	-125

The sensitivities are mainly linked to the zloty exposure.

Credit risk

Reduction of credit risk was an important aim in the first quarter of 2009, specifically on the high-yield, high-risk areas, and in order to achieve a higher share of Tier 1 and Tier 2 capital. Credit risk associated with Eureko's investment activities and banking activities is managed within diversified investment portfolios and generic and specific risk limits. Eureko deals with counterparties of good credit standing and, when appropriate, obtains collateral. The financial crisis showed us that even counterparties with good credit standing were not immune and we have increased our counterparty monitoring procedures and frequency

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considerably. In a limited number of special cases, we bought protection with credit-default swaps. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. Credit risk in the fixed-income portfolio is managed based on limits for each rating category. However, impairments in 2009 still amounted to €23 million (2008: €71 million).

The following table provides information on the aggregated credit-risk exposure for financial assets with external credit ratings, demonstrating a clear and significant increase in the AAA category:

CREDIT RATING

	2009	2008
AAA	76%	68%
AA/A	15%	23%
BBB	5%	4%
<BBB/Not rated	4%	5%
Total	100%	100%

The counterparty exposures on reinsurers are managed by a set of limits per reinsurer and thresholds per rating category, based on a weighted exposure of claim reserves, re-insurance premiums and catastrophe capacity. The minimum rating is A- (S&P or AM Best) for short-tail contracts and A+ (S&P) for long-tail contracts.

Liquidity risk

We distinguish between funding and market-liquidity risk. The former is the risk that counterparties will withdraw or not roll over on short-term funding. An overview of how we manage our funding and related risk is included in 'Capital and Liquidity Management'. Eureko's banking

subsidiaries have access to a diversified funding base. Funds are raised through a range of instruments. In 2010, as in the reporting year, we expect liquidity will be tight but manageable. The aim is to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

Market-liquidity risk

This is the risk that general disruption in asset markets will make normally liquid assets illiquid. Contingency planning enables Eureko holding companies to operate for a minimum of 90 days without any access to financial markets. The insurance entities must hold sufficient liquid/marketable assets of their own.

Operational risk

We define operational risk as the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. Operational risks, as specified in the risk-control framework used throughout Eureko, encompass a wide variety of risk arising from, among others, processing risk, security risk, financial crime, business-continuity risk and information-security risk.

Governance of operational risk is managed in the same way as all risk management within Eureko. The same three lines of defence are in place. During 2009, several functions of the second line of defence that assist in managing specific types of operational risk merged into Group Risk Management. The integration process will be continued in 2010. Operational risk management will improve through this integration and alignment of various operational risk areas. At Group level, Group Risk Management is responsible for policy setting. Group Compliance & Regulatory Affairs is responsible for managing compliance risk and internal and external (financial) crime ('integrity') in cooperation with Group Risk Management.

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RISK MANAGEMENT

Operational risk standards are based, among others, on the Committee of Sponsoring Organisations' (COSO) best-practice that is applied worldwide and facilitates our operational risk-management cycle.

Operational risk management contains a wide variety of activities, including:

- An annual Internal Control Statement (ICS) was compiled, providing a fair view of Eureko's risk exposure and level of control. A second objective is that by performing the self assessments necessary to provide this fair view, the organisation will be obliged to continually reassess its risk and risk exposure, thereby raising risk awareness. The ICS report gives the management actions of the risk categories that require special attention.
- In 2009, a pandemic risk project team was founded to prepare for a possible breakout of swine flu. The team advised on measures to prevent a large-scale breakout. In addition, it focused on solving problems that could arise for our business through high rates of employee absence due to illness. The opportunities and disadvantages of working at home were investigated, and a 'checklist for large-scale employee illness' was distributed.
- An improved procedure for reporting incidents was implemented in 2009. It facilitates the process in which all employees can report on any incident they may encounter.
- Remuneration policy also falls under the scrutiny of operational risk management. In 2009, the Dutch Central Bank and Financial Markets Authority published a restrained remuneration policy. Reflecting its cooperative background, Eureko subscribes to the notion that remuneration policy should support the Group's integrity and solidarity. Remuneration policy is a priority within Eureko. An important focus point

is that remuneration policy reflects Eureko's identity. This is reflected, among others, in a variable remuneration that is not excessive and is based on financial and non-financial parameters. Eureko is confident that its remuneration policy already largely meets the main guidelines in 'Principles of restrained remuneration policy'. The process of reviewing our remuneration policy in line with these principles will be finalised in the first quarter of 2010.

Compliance risk

This is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that a financial institution may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its activities.

Eureko Compliance Programme

The Eureko Compliance Programme is the well-developed risk framework with which we manage and mitigate compliance risk. At Group level, Group Compliance and Regulatory Affairs is responsible for policy setting. Within this framework, compliance with rules and regulations and their integration into procedures is secured through three integrated lines of defence. The ambitious Compliance Programme is characterised by an entrepreneurial and risk-based approach. The emphasis lies on embedding compliance into daily business practice, also at process level, by translating applicable internal regulation and external legislation into compliance themes prescribing norms and values that are fully understood by all personnel. Our central values are customer orientation, trust and expertise.

Regulatory relations

Eureko aims for a transparent relationship with all regulators and supervisory bodies. This means that, besides required reporting, all developments and trends

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RISK MANAGEMENT

can be discussed in a timely manner. In the reporting year, we agreed with the regulators, the Financial Markets Authority, to customised supervision. This has led to a more intense relationship with the regulators.

Demonstrably compliant

Group Compliance has developed a reporting model for compliance risks, based on the status of compliance themes, incidents, supervisory investigations and the implementation of legislation. Eureka works with compliance on the basis that strict adherence can both reduce operational risk and also improve perceptions of the insurance industry as a whole and Eureka in particular. A regulatory prerequisite is that Eureka must be able to prove compliance in accordance with applicable legislation. To this end, compliance controls were linked to important operational processes.

Integrity

Integrity and compliance are interlinked. In 2008, an integrity awareness campaign was launched that continued in 2009. The campaign started by introducing an integrity thermometer to monitor compliance. The aim was to identify focus areas of compliance for all business entities. This campaign resulted in individual Compliance Awareness Plans for these entities. Progress on the plans will be monitored regularly.

Product development

Product development is an essential and integral part of an insurer's business as products define the commitments with policyholders entered in to by the insurer. In product development many factors play a role, including legal, compliance, transparency and communication, financial and commercial. Product development policy is established to ensure that all these components are incorporated in a careful and timely manner. In this way, all related risks are charted so that

they are taken into account in decision-making on new and changed products.

Policy product development applies to all cases of new product-development activity or any changes in existing products and is obligatory for all the Group's insurance entities. The product development policy describes the approval process that must be followed by any new product or change to an existing product. The division or entity concerned must describe the product fully and provide full information through a so-called core-point minute. Minor changes are managed within the division or entity and reported to Group Risk Management (GRM). Medium to larger-sized changes must first be approved by GRM. Major changes are submitted to the Executive Board with a recommendation from the GRM. GRM prepares a quarterly list of all product adjustments and offers information on the process and the products to the Executive Board.

"TREAT YOUR EMPLOYEES AND COLLEAGUES THE WAY YOU WOULD TREAT CUSTOMERS."

WIM TER WELLE



As representative for members of De Unie, a large trades union in the Netherlands, Wim ter Welle represents a significant number of Eureko personnel in discussions on collective labour agreements and other employee-related matters.

WHAT DOES TRUST MEAN FOR YOU?

In the customer context, it can mean feeling confident you are buying a product from a Eureko employee that will reduce rather than add to your worries. From an employee perspective, it should mean that you can do your job with a sense of security but that you also have responsibilities. In both contexts, it means consistent behaviour in everything you and your employer does.

HOW SHOULD EUREKO DEFINE TRUST?

That's about mindset. Treat your employees and colleagues the way you would treat customers.

WHAT ARE YOUR EXPECTATIONS FOR 2010?

This is a follow on from the previous question. Eureko has a quality workforce. That is a given. If you want to create a trusting environment, then you have to trust your people, you have to give them the space and freedom to do their job in a responsible way. It starts with the managers. Most importantly, the employees have to know they are being given that trust and freedom. The theory is there at Eureko. But practice tends to lag a little. The Executive Board should be pushing this harder.

EXECUTIVE BOARD REPORT

HUMAN RESOURCES

Our employees are key to everything we do at Eureka. It is our people who drive our customer-oriented strategy and goals, forming an essential part of Eureka. People at Eureka have to be performance driven, but with a difference. Everything we do has to be focused on exceeding customer expectations. If we deliver on customer expectations, we will achieve sound results. This thinking means Eureka must attract the best, most customer-oriented and innovative employees. And we do that by creating a strong, stimulating and innovative working environment for and by our people. This section explores what we are doing to maintain our top position as preferred employer.

GOALS 2010 AND BEYOND

- Employee commitment score at 70% or above
- Keep absenteeism below 4%
- Training at 3% of total salary costs
- Achieve Achmea Transfer Centre reassignment percentage of 65% in 2010

Preferred employer

The labour market in Europe is changing rapidly, becoming increasingly challenging. Although the financial crisis has led to higher overall unemployment, the kind of highly-educated and skilled people we need are in short supply. As a predominately Dutch organisation with some international activities, we must also be aware and prepare for changing demographics, ageing populations and diversity. In 2010, the labour force in the Netherlands is expected to decrease for the first time in modern history; other European countries are in the midst of similar demographic change. What does that mean for an organisation whose ambition is to be the most trusted insurer? Eureka must be a preferred employer characterised by social innovation where employees can use and develop their skills and talents to full effect.

Employee satisfaction

The majority of Eureka people work in the Netherlands (75%) under the Achmea umbrella. In an independent national survey in the Netherlands, our Dutch Achmea organisation ranks third overall as best employer and has the top position among insurers. Achmea is also rated as one of the preferred employers for working parents. Both ratings have significantly increased media attention for Achmea as an employer. Every year, Achmea carries out an Employee Satisfaction and Commitment Survey (ESCS). The aim is to discover employees' perceptions of the organisation, how committed they feel to Achmea and how effective measures implemented following previous surveys have been. In 2009, it is gratifying to conclude that employee commitment and general satisfaction has grown significantly and response levels of 79% (2008: 69%) are the highest in our history.

EMPLOYEE SATISFACTION AND COMMITMENT SURVEY

	2009 (%)	▲ COMPARED TO 2008 (% POINT)
Response	79	+10
Employee commitment	66	+3
Commitment to Achmea	59	+4
Commitment business line	73	+2
Satisfaction	78	+2
Motivation	81	+1
Confidence	63	+1

EXECUTIVE BOARD REPORT

HUMAN RESOURCES

KEY GOALS 2009

	2009 (%)	▲ COMPARED TO 2008 (% POINT)
Familiarity ambitions and goals	65	+4
Talent development/use of skills	58	+3
Quality line management	73	+3

Social innovation

One of the biggest improvements compared to 2008 (+3% points) is in use of talent and development. We had a number of goals for 2009. The first was the ongoing roll out of the Achmea Work Concept (AWC). This concept aims to create a working environment in which employees can use their talents more successfully, thereby performing more strongly and developing their employability. It is based on flexibility in working times and places, individually and in teams; on changing the managerial attitude to a focus on results rather than 'presence'; on the provision of IT tools that facilitate flexibility, combined with the way we reorganise our workplace; and on how technology can be used for customer interaction. In essence, it offers employees freedom and opportunities to determine where and when they work and how they share knowledge and information. AWC further provides solutions to social issues such as mobility and sustainability by reducing travel time and CO₂ emissions. In the reporting year, we piloted two AWC projects. The first, at Group Human Resources, has already been evaluated and 87% of personnel declared they would not like to return to the 'old' way of working.

The AWC is being further developed now. The challenge is to find smart ways to organise this approach for a broader group of Achmea employees.

Preferred employer in the Netherlands

We work consistently on becoming the kind of preferred employer that not only establishes the best possible terms and conditions for employees to perform, such as agreeing Collective Labour Agreements (CAO in Dutch) with trades unions, but also has a clear focus on growing their employability. However, Eureko employees increasingly represent the growing diversity in society. Our response is to nurture this diversity. One example is the joint 'life-stage diversity' programme we have launched in the Netherlands with trades unions and the works' council. In a competitive environment, with an ageing and culturally diverse labour market, we aim to recognise and value the diverse qualities of individuals. In 2009, alongside major strides in improving diversity, Achmea endorsed the Talent to the Top Charter designed to get more women into senior positions.

Women to the top

In line with our social innovation and diversity goals, we aim to create a working environment in which the rise of women through the organisation is self-evident. At present, the percentage of women in senior management positions hovers around 25%. However, in 2009, there has been a significant increase in top management ratios. At year-end 2009, 23% of director-level positions were held by women (2008: 16%).

DIVERSITY AT SENIOR LEVEL

	2009			2008		
	MALE	FEMALE	PERCENTAGE OF FEMALE	MALE	FEMALE	PERCENTAGE OF FEMALE
Executive Board	5	0	0%	6	0	0%
Directors	49	15	23%	58	11	16%
Senior management	258	56	18%	241	49	17%
Management	1,318	458	26%	1,205	421	26%

EXECUTIVE BOARD REPORT

HUMAN RESOURCES

Absenteeism

One of our goals is absenteeism below 4%. In 2009, absenteeism fell to 4.2% (2008: 4.3%), excluding maternity leave. In September and October there was a peak in absenteeism due to swine flu and this was the main reason we did not reach our target.

Central Works' Council and social planning

Part of our responsibility as employer is to ensure that there is a sound social plan in place for employees whose job has changed or those who have become redundant through our ongoing search for improvements in efficiency. Programmes such as SENS, a comprehensive set of customer-based systems, tools and behaviours, dictate a new way of working for our employees. This has meant there have already been and will be further reductions in FTEs in our total workforce in the Netherlands. All efficiency programmes are expected to generate an estimated 2,500 FTE reduction organisation-wide, as was announced in early 2009. The Achmea Transfer Centre (ATC), which aims to find new jobs for employees affected by (organisational) change, is already in place. It has already found new positions for close to 60%. Furthermore, together with trades unions and the Central Works' Council, we have established the Silver Pool programme for an estimated 70 employees in the ATC aged over 57.5 years. Silver Pool aims at retaining the skills and valuable experience of these senior professionals for the organisation. They are employed by Silver Pool and seconded throughout the Group.

The Central Works' Council (COR) is formed by representatives from all Achmea Works' Councils. It reviews topics that affect all Achmea employees or issues that concern more than one Works' Council. In 2009, this consultative body had various meetings with board members and had regular discussions with trades unions. Moreover, throughout 2009, there were weekly informal meetings between the COR executive committee, the Chairman of the Executive Board and the director of Group HR. During 2009, the COR received a total of 24 requests for advice and

requests for approval. Requests for advice, minutes and agendas are published on the Group's intranet. The consultative intranet provides a forum where related issues can be discussed. Once again in 2009, Achmea provided the COR with more information than legally required.

RESULTS ACHMEA TRANSFER CENTRE (IN FTE)

Begin 1-1-2009	420
Flow in	483
Reassigned internal	-84
Reassigned external	-71
Reassigned other	-170
Total reassigned	-325
Made redundant with financial compensation	-260
Flow out	-585
Total 31-12-2009	318

Management development

Another Human Resources goal pursued forcefully in 2009 was the implementation of an extended management development programme. We further accelerated the Management Development (MD) programme by reviewing and profiling every manager and specialist in the top 1,600 (2008: 1,000), generating an Individual Development Path (IDP; IOT in Dutch) for all. This is an ongoing process because we believe that developing our individual specialists and managers is a very important element in our efforts to develop the organisation. The MD programme is driven by MD Committees in every division, (European) operating company, at Achmea and Eureko levels and in the functional disciplines. In 2009, succession planning was rolled out Europe-wide; in 2010, the IDP process will be launched in our European operating companies and we will be implementing IDPs for senior management.

EXECUTIVE BOARD REPORT

HUMAN RESOURCES

Education and training

Our people have to be assured of our commitment to and investment in growing their skills. Eureka offers a wide range of education and training programmes. Currently, 2.68% of total salary costs are devoted to training; the aim is to spend 3% per year. Ensuring the right people are in the right place and equipped with the most appropriate skills is an ongoing commitment. So coaching, action-learning and on-the-job learning are important for personal and professional development. In 2009, one of our goals was to introduce e-learning facilities. It remains a objective; however, creating the infrastructure is taking longer than anticipated.

In the reporting year, 963 employees (2008: 926) participated in dedicated courses and programmes. Group-wide, our strategic programmes include:

The Eureka Academy

The Eureka Academy focuses on stimulating the exchange of knowledge and expertise, also through e-learning, within Eureka. This is seen as essential in a knowledge-intensive industry. The Academy aims to improve the expertise of our people through continual training and education so they increase their professional skills. It is part of our duty of care to employees. In addition to the Eureka Group, it also works with Eurapco partners, arranging workshops, meetings and seminars. All programmes, designed in cooperation with academic partners from around the world, are tailored to meet organisational business objectives. In 2009, 512 employees (2008: 443) followed courses at the Academy.

Within the Eureka Academy framework, we have developed a number of dedicated 'business schools' that focus on specific disciplines, such as marketing, HR and finance alongside existing programmes for actuaries. In 2009, the Life & Pensions business school trained over 4,400 employees in all the requirements of the Act on Financial Supervision. This is a permanent learning

course leading to qualifications recognised in the industry and is designed to continually improve professional insurance knowledge. This is considered essential at Eureka. Furthermore, over 1,000 other professional courses and knowledge-building workshops were offered.

Management programmes

We have an extensive range of management development programmes, including leadership and accelerated learning to fast-track managers. The Eureka Management Development Programme (EMDP) has been specially created for young, ambitious managers. Through a variety of training modules and both individual and team assignments, participants can gain a broad range of management skills. Participants in the EMDP must be willing to work outside their home market for a two-year period and must work on a major project for a minimum of six months. The programme requires personal investment by the participant. In 2009, 27 employees joined the EMDP.

Traineeships

Eureka's International Management Traineeship is an award-winning programme, with international opportunities throughout Eureka for ambitious starters with a background in general or financial management. The growth in international opportunities for employees and Eureka's increasing internationalisation go hand-in-hand. The advantages are clear: we are able to attract more people with international ambitions; more of our people gain international experience; the employer-of-choice strategy in mature job markets is reinforced; and international solutions for local labour markets become feasible.

CORPORATE SOCIAL RESPONSIBILITY

As an organisation whose identity is based on cooperative roots, Eureko is firmly committed to corporate social responsibility (CSR). We report annually and in depth on developments in our CSR. Achmea's full report on 2009 can be found on www.eureko.com and, from 2008, our Greek Interamerican operation's CSR report can also be found on the website. This section looks at the main CSR developments within the Group in 2009.

GOALS 2010 AND BEYOND

- Further roll out full integrity scan for all products and services
- Sharpen sustainable and responsible investment programme
- Further expand micro-insurance activities in developing countries
- Reinforce structure internal CSR organisation to selected Global Reporting Initiative standards
- Expand and deepen stakeholder dialogue
- Become climate neutral by 2012

CSR AND EUREKO

The Group has a clear ambition: to become the most trusted insurer. CSR has an integral role to play in this ambition. In our Dutch business under the Achmea umbrella we aim to take a leading role here that fits with our market-leading position and, more specifically, with our identity. We believe we have a responsibility and a duty of care as part of a wider social community. That means CSR is not a sideline. Rather, it is interwoven in our organisation, our mindset, the way we conduct our business and how we express our commitment to the world around us. Every year, we further embed CSR into our organisation and operations. This endeavour has again been recognised by a top 10 position in the annual government Transparency Benchmark. In 2009, Achmea moved up from 11th to sixth place. In the Banks and

Insurer category, we are number three. Outside the Netherlands, the Greek Interamerican operating company produced its first CSR report in 2008.

CSR in 2009

The financial crisis that started in 2008 coincided with a far-reaching crisis in customer confidence. In 2009, the priority was supporting a return of customer confidence by restoring and building trust. We started a number of initiatives designed to evaluate all aspects of our business, including an integrity scan on our products. Our top Interpolis label has also further reinforced its programme of helping customers cut out unnecessary cover.

Stimulating prevention

In calculating any premium, an insurer has to estimate the precise risk involved. Prevention is one of the most important measures we can take to reduce the occurrence of events leading to a claim and keep the premium paid by our customers reasonable. Achmea is firmly committed to prevention and has set up numerous programmes to help customers prevent and limit risk. Often, the simple change of locks or the purchase of a fire detector can prevent or limit the effects of a break-in or fire. The same applies to prevention of illness and disability. Achmea offers a full programme of 'vitality' services to employers and employees. In terms of performance on this package, we are, to some extent, a victim of our own success. By stimulating a growing awareness of the need for Health and vitality in the workplace, sales and profits on these prevention services is gradually decreasing. However, we see this decline as a success.

EXECUTIVE BOARD REPORT

CORPORATE SOCIAL RESPONSIBILITY

Sustainable and responsible investment

Another goal in 2009 was to further pursue sustainable and responsible investment. As an institutional investor with an equity portfolio of around €1 billion, Eureko's investment strategy can influence sustainability in investee companies. An exclusion on controversial manufactures, including weapons, has long been in place. Furthermore, we require specific sustainability and CSR commitments. We have adopted the 'enhanced engagement' philosophy within our investment strategy. This implies that, as investors, we include predefined environmental, sustainability and governance (ESG) goals. As shareholder (and, from 2010, also as bond holder), we enter into dialogues with companies. If the dialogue is not successful within three years, we exit the company involved. This enhanced engagement was launched at the start of 2008 in close cooperation with our asset managers F&C Asset Management and Robeco.

Foster initiatives to reduce climate change

Eureko aims to actively contribute to reducing the effects of climate change. We can have most impact on our own footprint, including the design of our products. Furthermore, we require environmental commitments from the companies we invest in. In our own organisation, we are committed to minimising our footprint. We have already made the move to 'green' energy; our aim is to be CO₂ neutral by 2012. We are investing in energy-saving in our offices, including recycling almost all (98%) materials from demolitions or renovations of existing buildings. New builds incorporate energy-efficient climate control, motion detection and automated heating and lighting regulation. Furthermore, our motor pool manager, Wagenplan, is the first CO₂ neutral fleet manager in the Netherlands.

Supporting micro-insurance in developing countries

This was a key goal in 2009 and remains a priority. Our micro-insurance activities focus on the poorest people in

developing countries. This group has little or no access to insurance. We work through two dedicated Knowledge and Service Centres. By funding an academic chair in micro-insurance at Nyenrode University, we support innovation and cooperative forms of insurance in the Netherlands and in developing countries. Furthermore, the Knowledge Centre promotes the exchange of cooperative insurance knowhow, including risk management, in developing countries. The Service Centre was set up in 2009. It facilitates projects in developing countries, also by matching, training and seconding volunteer Achmea employees. Our colleagues work with local people to set up micro-finance projects. In 2009, we set a number of firm goals on signing memoranda of understanding with key micro-finance partners. This resulted in agreements with the DHAN (Development of Humane Action) Foundation in India; Oxfam Novib (worldwide) and Terrafina in Africa. A second goal was to start two new micro-finance projects. This was achieved with projects launched in Senegal and in India. Both projects are described extensively in the Achmea CSR report, www.eureko.com.

Investing in our community

As a major insurer of Health, Income Protection and Pensions, Achmea has an important role in society. Our customers rely on us. We take our role and that reliance very seriously by reflecting on social issues and entering into social dialogue. In this way, we invest in solutions to issues that are both topical and relevant to people in the world around us. Through our 'what are we doing' campaign, we chart real social issues, such as the work-life balance, diversity and greying populations. Our commitment is also clear from our sponsorship policy. The international art exhibition, *Not Normal: Difference on Display*, is just one example of our sponsorship. The exhibition tackles the issue of what is normal and who decides by questioning and focusing attention on perceptions of normality.

CORPORATE SOCIAL RESPONSIBILITY

The Eureko Achmea Foundation

Established in 2006 as part of Eureko's 'social dividend' concept through which we give back to the national and international community, the independent Foundation normally receives 0.5% of the Group's net profit. The financial crisis that began in 2008 had serious effects on Eureko's position and no net profit was achieved. This could have led to difficulties for the Foundation. However, the Foundation's Board had anticipated this challenge and retained reserves, used, among others, for long-term projects to ensure its work could continue in 2009. As a result, donations during the reporting year supported, among others: recalcitrant youth in the Netherlands, young mothers with HIV in Russia, legal aid to the poorest in Bolivia, water supplies in Ghana and medical help for abused children in India. Funding projects is the Foundation's primary task, but it must be assured that donations are used effectively. In 2009, Intrac monitored and evaluated five completed projects. The audit was positive, reinforcing the Foundation's conviction that current policies and selection criteria are sound. A copy of the Eureko Foundation's annual report can be downloaded at www.eurekoachmeafoundation.nl.

Vereniging (Association) Achmea in society

A major shareholder and guardian of our cooperative tradition, Vereniging Achmea is an association for and by our customers. It grew out of the mergers that brought numerous cooperative insurers under the Achmea umbrella. It guarantees our continuity and forms a platform that takes care of the interests of customer members. Customer members are all companies and individuals over the age of 18 who have bought one or more policies from any of Achmea's labels. This gives Eureko and Achmea a unique structure. As part of its commitment to the interests of customers, the Association is closely involved in social issues and initiatives through a range of member, policyholder and advisory bodies. Moreover, it takes initiatives; for example the town hall meetings it organises for its grass-roots membership. The idea is to create a forum for discussion on

key social issues, such as raising the retirement age to 67 and new initiatives in healthcare. Another example is the Victim and Society Foundation (SASS – Stichting Achmea Slachtoffer en Samenleving). The aim is to research and support projects that improve the position of victims and whose outcomes are practical and broadly applicable.

Insurers and the literacy challenge

At first sight, this could appear a rather strange combination. After all, insurers are closely associated with 'small print', an association that does little to promote trust and confidence. Even the highly educated often have difficulty in understanding policies so that they can make an informed decision on whether a specific insurance policy is right for them. Achmea has the stated ambition of becoming the most trusted insurer. Against this background, we feel it is incumbent on us to help the more than 600,000 customers whose reading abilities prevent them from fully understanding essential documents, such as the information provided with medication. Nor can they grasp the correspondence relating to their mandatory own risk, or make sound choices when it comes to selecting care providers. This is a serious issue and contributes considerably to costs. This is why we have joined forces, also financially, with the Read-Write Foundation. For the next three years, we will guarantee the National Literacy Public Prize, which recognises a project that contributes to improving literacy in new and demonstrable ways. We have also committed to looking at the way we communicate in our own business to find ways to make information more accessible. And we will bring this issue to the attention of the whole insurance sector.

CORPORATE GOVERNANCE

Eureko B.V. is a private company with limited liability with its statutory seat in Amsterdam and head offices in Zeist, both in the Netherlands. Our main shareholders are unlisted European companies and associations with cooperative roots. Our Dutch customers are represented in Eureko's largest shareholder, the Vereniging (Association) Achmea through the Stichting Administratiekantoor Achmea (STAK). The Stichting Administratiekantoor Achmea is the shareholder that has, in its turn, issued depository receipts to Vereniging Achmea. Rabobank, the largest bank on the Dutch market, is Eureko's second largest shareholder; it is also a cooperative association. Vereniging Achmea and Rabobank hold in total 94.6% of the ordinary shares. Although in real terms Eureko is governed, organised and managed in the same way as many listed organisations, its cooperative origins contribute to the way governance is structured at Supervisory Board and shareholder level.

SHAREHOLDERS	CAPITAL RIGHTS OF ORDINARY SHARES (%)
Vereniging Achmea (via STAK)	55.2%
Rabobank	39.4%
BCP Group	2.7%
LF Liv Forsakringsab (publ)	0.5%
LF SAK Forsakringsab	0.4%
Gothaer Allgemeine Versicherung A.G.	0.5%
Gothaer Finanz Holding A.G.	0.6%
Schweizerische Mobiliar Holding A.G.	0.7%
Total	100%

Corporate Governance Code

From 2004, the Dutch Corporate Governance Code (the Code) became applicable for all listed companies in the Netherlands. The Code sets out clear governance principles on a 'comply or explain' basis. Although Eureko is not a listed company, it has adopted and embedded the majority of Code principles in its governance structure. Where appropriate, principles and best practices are adhered to on, for example, the Executive Board's role and procedures, remuneration, conflicts of interest, the role of and relationship with the Supervisory Board, shareholders and other stakeholders, and the principles on financial reporting. Eureko, however, deviates from the Code in, for example, the duration of the appointment of members of the Executive Board. The Code advises four-year periods.

Given that Eureko Executive Board members are recruited primarily from within the organisation and given the Group's long-term horizon, a formal four-year term is not considered appropriate. Furthermore, most members of Eureko's Supervisory Board are nominated by the shareholders and are also board members of Vereniging Achmea or Supervisory Board members of Rabobank. This is considered highly appropriate for Eureko due to its cooperative identity and the relationship with shareholders. Moreover, the Supervisory Board members are appointed by the General Meeting of Shareholders based on their expertise and independence. For a review of compliance with risk-assessment principles and best practices, please see the 'Risk Management' section.

Governance principles

In addition, when Eureko's Dutch activities, Achmea, merged with Rabobank's insurer, Interpolis, in 2005, the Group further adopted new Corporate Governance Principles aimed specifically at its post-merger divisional structure and the accountabilities and responsibilities of each division, staff department and the Executive Board. At the end of the reporting year, the Dutch Central Bank (De Nederlandsche Bank – DNB) was in the process of carrying out governance reviews of all financial institutions, including the Eureko Group.

CORPORATE GOVERNANCE

HOW WE ARE GOVERNED

Transparency directive

The European Union directive on transparency was included in the Dutch Financial Supervision Act (Wft) on 24 December 2008 with immediate effect. From 2008, all annual reports and financial statements must meet the directive requirements. Eureko has adjusted its annual financial reporting accordingly. In addition, tighter publication timing is required. Publication processes have been adapted to meet these requirements. The Transparency Statement is published in the annual report; the required description of Eureko's main risks and uncertainties are included in the risk management section.

Eureko's shares

On 2 April 2009, a capital increase took place that increased both authorised and issued share capital. The financial crisis was the driver behind the capital increase. The crisis had a significant negative impact on Eureko's capital position, primarily due to extreme turbulence on equity markets and widening credit spreads. Eureko issued new shares to the amount of €1,028 million, that were taken up by a number of existing shareholders. The table shows the authorised and issued share capital by type of share at 31 December 2009. Each share has a nominal value of €1.00.

AUTHORISED CAPITAL (NUMBER OF SHARES)

	2009	2008
A share	1	1
M shares	10,000,000	10,000,000
Ordinary shares	1,499,999,999	739,999,999
Preference shares	60,000,000	60,000,000
Total	1,570,000,000	810,000,000

ISSUED CAPITAL

(NUMBER OF SHARES)

	2009	2008
A share	1	1
M shares	0	0
Ordinary shares	408,884,541	333,418,540
Preference shares	23,904,060	23,904,060
Total	432,788,602	357,322,601

Our shareholders

The main shareholder, through Stichting Administratiekantoor Achmea, is Vereniging Achmea. Vereniging Achmea is a legal entity that has members and its role is to represent the collective interests of our customers and policyholders, a primary stakeholder group for Eureko. Vereniging Achmea's objectives include promoting the interests of customers and members and participating in financing (participations in) activities that are conducive to Eureko's goals. In 2010, member involvement will be further expanded through activities, such as themed meetings and specific services for customer-members.

As per 31 December 2009, Vereniging Achmea, through Stichting Administratiekantoor Achmea, holds 55.20% of the ordinary shares (2008: 54.49%) and the 'A' share. Stichting Administratiekantoor Achmea's shareholder rights in Eureko are executed by its board, consisting of the chairman and two vice-chairmen of the board of Vereniging Achmea.

Rabobank holds 39.43% (2008: 39.54%) of the ordinary shares. Other shareholders include MillenniumBCP and members of the Eurapco Alliance of independent European financial services providers (for more information see www.Eurapco.com).

Besides ordinary shares, 5.52% of Eureko's entire issued share capital are preference shares, for which share certificates are issued to investors.

CORPORATE GOVERNANCE

HOW WE ARE GOVERNED

General Meeting of Shareholders

In addition to the Annual General Meeting of Shareholders, extraordinary meetings can be called based on legislation, statutes and corporate documentation if deemed necessary, such as ahead of the capital increase in early 2009, and can also be convened by a shareholder with more than 10% of voting rights. No extraordinary meeting was convened for the latter reason in 2009. Due to the legal structure regime that applies to Eureko, the power of the General Meeting of Shareholders is constrained; based on legislation and corporate agreements certain responsibilities are allocated to the Supervisory Board. Nevertheless, shareholder approval is required for primarily corporate decisions, such as amendment of the Articles of Association; adoption of the Financial Statements, including profit allocation and dividend (see below); decisions on share issues or on the granting of rights to subscribe for shares (or to designate the Executive Board to resolve on such issues or grants); reduction of the share capital of Eureko; appointment and dismissal of members of the Supervisory Board; and decisions to dissolve, merge or divide Eureko.

Voting rights

Additionally, specific rights are attributed to the A shareholder, Vereniging Achmea, including the right to make a non-binding nomination to the Supervisory Board for the appointment of members of the Executive Board, the approval of a decision on dissolution, merger and division of Eureko, and the issuance and transfer of shares in Eureko. The holders of depository receipts issued on the A share and the preference shares are entitled to attend the general meetings but they do not have any voting rights. This provision, however, does not apply to holders of a right of usufruct and holders of a right of pledge with voting rights. Shareholders and holders of depository receipts can be represented by written proxy. Members of both the Executive Board and Supervisory Board are authorised to attend general meetings; they have an advisory and informative role at these meetings.

Dividend policy

The distribution of profits is laid down in article 34 of Eureko's Articles of Association, described in the section 'Other information'. Dividends are due and payable four weeks after the General Meeting has declared them (unless any other date is determined). The General Meeting may resolve that distributions shall be made in whole or in part in a form other than cash. The General Meeting may resolve to distribute all or any part of the net result. Interim distribution can be effected if the General Meeting so decides, following a proposal by the Executive Board. Eureko's dividend policy is described fully in 'Capital and Liquidity Management'.

Co-ordination Committee

In the merger between Achmea and Interpolis in 2005, it was decided to establish a Co-ordination Committee with representatives from the Achmea Association and Rabobank. The Co-ordination Committee's role is to act as an advisory body on important issues for both the Supervisory Board and Executive Board. Issues could be amendments to Eureko's strategy and fundamental strategic transactions that could impact Eureko's strategy. The underlying principle is that the committee in no way influences the relationship between Eureko's Supervisory Board and Executive Board or their tasks and powers, as set out in Eureko's Articles of Association, legislation and regulations. Furthermore, the Co-ordination Committee takes shareholder interests into account at all times. Within this context, in 2009, the Co-ordination Committee offered advice on solvency, liquidity and the capital increase; the PZU settlement; the funding of Achmea Hypotheekbank N.V.; and the commercial cooperation between Eureko and Rabobank.

CORPORATE GOVERNANCE

HOW WE ARE GOVERNED

The Supervisory Board**Composition**

The composition of the Supervisory Board and nominations for vacancies reflect the cooperative shareholder structure and employee participation through Eureko's Central Works' Council. Supervisory Board members are nominated by this board and appointed by the General Meeting of Shareholders. The Supervisory Board has 12 members. Vereniging Achmea is entitled to nominate candidates for seven seats in the Supervisory Board and nominates the chairman. Rabobank is entitled to four seats and may nominate the vice-chairman. At present, other shareholders are jointly represented with one seat. Profiles, based on requisite expertise, can be reviewed on the website. Any proposed changes to the composition of the Supervisory Board are submitted to the General Meeting of Shareholders, and discussed with the Central Works' Council which has right of recommendation for one-third of members, also on reappointments, as set out in Article 2:268 sub. 6 of the Netherlands Civil Code. The Central Works' Council exercises its right of recommendation through confidential discussions with Supervisory Board members. Any recommendations are passed on to the General Meeting of Shareholders by the Supervisory Board. In their turn, Supervisory Board members individually participate in a meeting of the Central Works' Council at least once a year.

Accountabilities

Eureko's Supervisory Board is responsible for supervising the Executive Board's conduct and general management of the business. The Supervisory Board and its individual members have a responsibility to obtain all relevant information needed to perform their duties. These needs are made known to the Chairman of the Supervisory Board. Usually, sources are the Executive Board, the Company Secretary and external auditors. However, if deemed appropriate by the Supervisory Board, information can be obtained from corporate officers and external advisors who can be invited to attend Supervisory Board meetings.

Governance role

As described above, due to the legal structure regime that applies to Eureko and on the basis of the Articles of Association and corporate agreements, the Supervisory Board plays an important role in Eureko's governance. Supervisory Board approval is required primarily for important business-related decisions, such as appointment and dismissal of members of the Executive Board, strategic decisions, transfer of a significant part of the business, entering into or terminating a long-term cooperation, large participations and investments, and termination of the employment of a considerable number of employees or significant changes in the employment conditions of a significant number of employees.

Supervisory Board committees

In line with the Dutch Corporate Governance Code, the Supervisory Board has three dedicated committees that advise the full Supervisory Board: the Audit & Risk Committee, the Remuneration Committee, and the Selection & Appointment Committee. All Supervisory Board members receive the minutes of the individual committee meetings.

Financial, audit, risk and compliance issues are discussed in the Audit & Risk Committee. Audit & Risk Committee meetings are always attended by the CFO; the Chairman of the Executive Board; and the directors of Internal Audit, Strategy & Performance and Risk Management. The directors of Reporting and Compliance, as well as external auditors, are present when their reports are discussed. In addition to Financial results, the Business Plan, Strategic Plan and the Investment Plan, topics such as liquidity, solvency and the review of the risk structure were discussed. Important issues during the year were the Internal Control Statement, the Audit & Risk Memorandum, Compliance Reports and the external auditors' management letter, which give an overview of the operations and any identified risks. The management letter is also discussed during the Supervisory Board meeting in the presence of the external auditors. Meetings with the external auditor take place at least twice a year. For further information, see also the 'Supervisory Board Report'.

CORPORATE GOVERNANCE

HOW WE ARE GOVERNED

The Executive Board**Composition**

Members of the Executive Board are appointed by the Supervisory Board at the non-binding nomination of the A shareholder. The Executive Board can have a maximum of 10 members. As a consequence of the Achmea/Interpolis merger and the capital increase, Rabobank also has non-binding nomination rights for one-third of the members of the Executive Board, including the vice-chairman. All Executive Board members have been selected based on their proven experience and competence in managing a financial services company. All Eureko Executive Board members have been assessed by the Dutch supervisory authorities.

Accountabilities

The Executive Board is responsible for managing Eureko B.V.'s business. It is responsible and has decision-making power for managing the day-to-day business of Eureko in accordance with the principles set out in the Articles of Association. The Executive Board has a comprehensive charter which covers the duties, activities and allocation of tasks to individual members, as well as the decision-making process within the Executive Board. The Executive Board is obliged to notify the Supervisory Board in case of any fundamental differences of opinion between the Executive Board and boards of Eureko companies or Entities – there were no fundamental differences in 2009. It reports directly to the Supervisory Board. In principle, the Executive Board meets at least weekly. Each member has direct responsibility for specific Eureko activities (please see 'Executive Board' biographies), with clear reporting lines from divisional and staff directors. The full Executive Board is involved in risk management – risk is Eureko's business. This involvement is shown by the commitment from three Executive Board members in the Finance & Risk Committee and a full Executive Board meeting on risk every quarter. This committee, started in January 2010, replaces all former risk-management committees.

CORPORATE GOVERNANCE

SUPERVISORY BOARD | BIOGRAPHIES

Arnold H.C.M. Walravens (1940)

Chairman, Dutch nationality, was re-appointed in 2008.

His current term expires in 2012. Mr Walravens is also a member of the Supervisory Board of Rabobank Nederland and Chairman of the Supervisory Board of Sneep Industrie B.V. In addition, he is Vice-Chairman of the Board of Directors of Vereniging Achmea, holds various other positions within Eureko and is a member of the Business Board of Atag B.V.. He is a retired professor from Delft University.

Marinus Minderhoud (1946)

Vice Chairman, Dutch nationality, was re-appointed in 2008.

His current term expires in 2012. Mr Minderhoud is member of the Supervisory Board of Rabobank Nederland, Chairman of the Board of Vodafone International Holdings B.V. and Vodafone Europe B.V., and Chairman of the Agis Supervisory Board.

Urs Berger (1951)

Swiss nationality, was appointed in 2009.

His current term expires in 2013. Mr Berger is CEO of the first private insurer in Switzerland, the Swiss Mobiliar Group. A full-service insurer, Swiss Mobiliar is the market leader in Switzerland for household contents insurance, and term life insurance, as well as for the re-insurance of pension funds. Mr Berger holds a number of executive positions, including membership of the Executive Board of the Swiss Insurance Federation. From 2003, Mr Berger has been a member of the Supervisory Board of EurAPCo A.G., an alliance of independent European financial services industry companies active mainly in insurance and he became its President in January 2009.

Bernard Bijvoet (1940)

Dutch nationality, was appointed in 2009.

His current term expires in 2013. Mr Bijvoet has a background in the agricultural sector and was active as Chairman of the Executive Board at the Dutch cooperative dairy company, Campina. Mr Bijvoet also serves on the Supervisory Board of Rabobank Nederland. He previously served on the Supervisory Board of the Dutch energy company, Essent.

Flip J.F. Buurmeijer (1940)

Dutch nationality, was appointed in 2008.

His current term expires in 2012. A long-time member of the Dutch parliament, most recently he has chaired a number of social-services and care-related bodies, including the Centre for Care Assessment Board and the Supervisory Committee of GGZ Dimence. He holds a number of supervisory positions, including at Alexander Calder Holding, Sallcon (Sheltered Employment), Matchcare and SV Land / SV Support.

Erik A.J. van de Merwe (1950)

Dutch nationality, was re-appointed in 2006.

His current term expires in 2010. Mr van de Merwe holds various Supervisory Board positions, including Chairman of the Supervisory Board of Fornix Bio Sciences, GWK Travelex and Welke Beheer B.V. Furthermore, he is member of the Supervisory Board and Chairman of the Audit & Risk Committee of Mizuho Corporate Bank (Netherlands) and Fortis Bank Nederland, a member of the Advisory Board and Chairman of the Audit & Risk Committee of the Dutch Burns Foundation, jury member of the Sijthoff Award and member of the Arbitration Committee Dutch Security Institute. In addition, he is member of the Board of Directors of Vereniging Achmea and Chairman of the Supervisory Board and Audit & Risk Committee of Achmea Bank Holding N.V. and Staalbankiers N.V.

CORPORATE GOVERNANCE

SUPERVISORY BOARD | BIOGRAPHIES

Paul F.M. Overmars (1945)

Dutch nationality, was re-appointed in 2009.

His current term expires in 2013. Prior to his retirement in 2004, Mr Overmars was CEO of Achmea and Vice Chairman of the Executive Board of Eureko. As from 31 March, he will be the Chairman of Vereniging Achmea. He is also a member of the Supervisory Board of Rabobank Nederland. In addition, he is Vice-Chairman of the Board of Directors of Vereniging Achmea and Chairman of the Eureko Achmea Foundation. Until mid-2005, he was Chairman of the Board of the Dutch Association of Insurers and a member of the Management Board of VNO/NCW.

Henk J. Slijkhuis (1946)

Dutch nationality, was re-appointed in 2008.

His current term expires in 2012. Mr Slijkhuis is an independent farmer. He is Chairman of the Supervisory Board of Countus Accountants-en Belastingadviseurs and a member of the Board of Directors of Vereniging Achmea.

Aad W. Veenman (1947)

Dutch nationality, was appointed in 2009.

His current term expires in 2013. From 2002 through 2008, Mr Veenman was chairman and CEO of Dutch national railways, NS. Before joining the NS, he had a long career with the Dutch industrial enterprise, Stork, where he was CEO from 1998 through 2002. Mr Veenman is also Chairman of the Board of the Holland International Distribution Council (NDL/HIDC), the representative body for the logistics sector in the Netherlands. Additionally, Mr Veenman holds a number of supervisory positions, including membership of the Supervisory Board of Rabobank Nederland.

Antoon J.A.M. Vermeer (1949)

Dutch nationality, was appointed in 2005.

His current term expires in 2010. Mr Vermeer is Chairman of the Board of Directors Zuidelijke Land- en Tuinbouw Organisatie and co-owner of a dairy farm. He is Vice-Chairman of the Supervisory Board of Rabobank Nederland and Chairman of the Supervisory Board of Sovion N.V. In addition, he is member of the curatorium of the ZLTO Chair Food, Farming and Agribusiness, Tilburg University and Chairman of the HAS Supervisory Board.

Bé J. van der Weg (1943)

Dutch nationality, was re-appointed in 2006.

His current term expires in 2010. Mr Van der Weg is also a member of the Board of Stichting PVF Nederland N.V. and of the Board of Directors of Vereniging Achmea.

Bouke Y. Yntema (1943)

Dutch nationality, was re-appointed in 2009.

His current term expires in 2013. Mr Yntema is a stock-breeder. He is Chairman of the Supervisory Board of Rabobank Sneek Zuidwest Friesland and a member of the Supervisory Board of Agis. In addition, he is a member of the Board of Directors of Vereniging Achmea and of the Board of Stichting PVF Nederland.

Company Secretary: Wim Janssens

Deputy Company Secretary: Nynke Hupkens-Sipma

EXECUTIVE BOARD



From left to right: Danny van der Eijk, Willem van Duin, Gerard van Olphen, Thomas van Rijkevorsel and Jeroen van Breda Vriesman

Willem A.J. van Duin (1960)

Chairman of the Executive Board, Dutch nationality.

Joined the Group in 1987. Held various positions at Holding level and in the Health, Broker and Direct-distribution divisions before being appointed to the Executive Board in 2004. After being appointed Vice-Chairman on 1 October 2008, he became Chairman of the Executive Board on 10 February 2009. In addition to his overall responsibility for Eureko, his core responsibilities include HR and MD policy, Communications policy, the Central Works' Council, Group Internal Audit Services and Group Compliance & Regulatory Affairs.

In addition to supervisory directorships of a number of Eureko entities, he is a member of the Board of the European Alliance Partners Eurapco. Furthermore, he is Chairman of the Dutch Association of Insurers (Verbond van Verzekeraars), member of the boards of VNO-NCW and NCR. Mr van Duin is also a board member of a number of charitable foundations in the Netherlands.

Gerard van Olphen (1962)

Chief Financial Officer and Vice-Chairman, Dutch nationality.

Following senior positions in insurance and finance (ABN Amro, Reaal Insurance, NIB Capital), appointed CFO and member of the Eureko Executive Board in 2002. In 2007, he became responsible for Eureko's international strategy, including performance management and innovation. Subsequently, in mid-2008, he was again appointed CFO and, on 1 October 2008, Vice-Chairman of the Executive Board. His portfolio also includes PZU, Poland. He is a Supervisory Director of a number of Eureko entities. In April 2009, Mr van Olphen became Chairman of the Commission on Financial Affairs of the Dutch Association of Insurers and in May 2009 he was appointed Chairman of the ECOFIN committee of CEA, the European insurance and re-insurance federation.

Danny van der Eijk (1958)

Dutch nationality

After obtaining his professional insurance qualifications, Mr Van der Eijk pursued an MBA at Henley (UK). He has worked in different positions in R&SA Benelux from 1984-2002, of which the last two years as CEO. Within Achmea he was a director of Avéro Achmea, Managing Director of Achmea Commercial lines and later Director of the Direct-distribution division. He became a member of the Executive Board as of October 2008. His core responsibilities include the direct, broker and occupational health divisions and re-insurance, Group Communications, Corporate Social Responsibility and Group HR. He has special responsibility for corporate identity and the Non-life business.

Jeroen A.S. van Breda Vriesman (1967)

Dutch nationality

After studying law at the University of Utrecht, he started his career at the ING Group. Within the ING organisation (Nationale Nederlanden) he fulfilled several management positions. In 2004, he joined Achmea as Chairman of the Occupational Health Division. From 2006 till September 2008 he was the Chairman of the Achmea Zorg (Health) Division. As of October 2008, he became a member of the Executive Board of Eureko. His core responsibilities include Health, Life and Pensions and Group Information Management and Technology.

Thomas C.A.M. van Rijckevorsel (1954)

Dutch nationality

Joined ABN Bank after graduating in law at Leiden University. Moved to Rabobank Nederland in 1991. From 1994 to 2001 he was responsible for international private banking; from 2001 to 2004 for marketing for the individual Rabobanks; and between 2004 and 2008, he was head of the Private Clients Department, overseeing the bancassurance activities between Rabobank and Eureko/Achmea (including Interpolis). Appointed to the Executive Board as of 1 April 2008. Responsibilities include the Banking Distribution division, Division Europe, Achmea Bank and Staalbankiers. He is a supervisory director of Greenfee B.V., Rabo Wielerploeg B.V. and VeerStichting.

TRANSPARENCY STATEMENT

STATEMENT OF THE EXECUTIVE BOARD OF EUREKO B.V.

The Executive Board of Eureko B.V. is responsible for the preparation of the 2009 Annual Report, including the 2009 Consolidated Financial Statements. The 2009 Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Company 2009 Financial Statements and 2009 Executive Board Report are prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and the Financial Supervision Act part 5.1A.

The Executive Board reviewed the Eureko B.V. Consolidated and Company Financial Statements and authorised their issue.

The Executive Board of Eureko B.V. declares that, to the best of its knowledge, the Eureko B.V. 2009 Consolidated and Company Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Eureko B.V. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Executive Board of Eureko B.V. also declares that the 2009 Executive Board Report gives a true and fair view of the situation on 31 December 2009, the development and performance during 2009 and describes the principal risks of the businesses of the Group.

The Eureko B.V. 2009 Consolidated Financial Statements and 2009 Company Financial Statements will be submitted to the Annual General Meetings of Shareholders for approval on 7 April 2010.

26 March 2010

Executive Board

W.A.J. (Willem) van Duin, Chairman

G. (Gerard) van Olphen, Vice-Chairman and CFO

D. (Danny) van der Eijk

J.A.S. (Jeroen) van Breda Vriesman

T.C.A.M. (Thomas) van Rijckevorsel

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	31 DECEMBER 2009	31 DECEMBER 2008
Assets		
Intangible assets	2,084	2,266
Investments in associated companies and participating interests	1,542	2,517
Investment property	1,440	1,529
Investments	37,675	34,722
Investments backing linked liabilities	21,282	17,416
Investments related to cash collateral received in securities lending	1,552	5,057
Banking credit portfolio	19,302	18,921
Deferred tax assets	799	1,268
Deferred acquisition costs	437	486
Income tax receivable		12
Amounts ceded to reinsurers	1,011	1,181
Receivables	3,765	4,069
Other assets	915	1,256
Cash and cash equivalents	1,385	1,180
	93,189	91,880
Assets classified as 'held for sale'		573
Total assets	93,189	92,453
Equity		
Equity attributable to holders of equity instruments of the Company	10,121	7,445
Non-controlling interest	6	6
Total equity	10,127	7,451
Liabilities		
Insurance liabilities	35,112	36,471
Insurance liabilities for policyholders	19,341	15,452
Investment contracts	2,315	2,207
Liabilities related to cash collateral received in securities lending	1,584	5,287
Employee benefits	1,142	1,194
Other provisions	287	322
Banking customer accounts	5,050	5,088
Loans and borrowings	13,348	13,413
Derivatives	1,124	859
Deferred tax liabilities	452	526
Income tax payable	198	270
Other liabilities	3,109	3,366
	83,062	84,455
Liabilities classified as 'held for sale'		547
Total liabilities and Total equity	93,189	92,453

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	2009	2008
Income		
Gross written premiums Health	10,617	11,259
Gross written premiums Life	4,998	4,231
Gross written premiums Non-life	4,030	3,816
Gross written premiums	19,645	19,306
Reinsurance premiums	-638	-922
Change in provision for unearned premiums (net)	15	-56
Net earned premiums	19,022	18,328
Contributions received for health pooling	58	51
Income from associated companies and participating interests	241	-553
Investment income	1,494	1,530
Realised and unrealised gains and losses	-687	-1,149
Income from investments backing linked liabilities	1,781	-3,324
Income from investments related to cash collateral received in securities lending	79	260
Banking income	905	986
Fee and commission income, and income from service contracts	594	632
Other income	1,314	165
Total income	24,801	16,926
Expenses		
Claims and movements in insurance liabilities	15,134	17,433
Claims and movements in insurance liabilities ceded to reinsurers	-425	-291
Profit sharing and bonuses	-172	199
Movements in insurance liabilities for policyholders	4,224	-1,885
Benefits on investment contracts	98	-996
Operating expenses	3,284	3,664
Interest expenses from liabilities related to cash collateral received in securities lending	53	298
Banking expenses	723	743
Interest and similar expenses	106	132
Other expenses	269	249
Total expenses	23,294	19,546
Profit before tax	1,507	-2,620
Income tax expenses	126	-502
Net profit	1,381	-2,118
Attributable to:		
Holders of equity instruments of the Company	1,381	-2,119
Non-controlling interest		1
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	3.36	-6.65

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	2009	2008
Net profit	1,381	-2,118
Other comprehensive income		
Currency translation differences	-82	-244
Net revaluation on property for own use	16	-7
Net unrealised gains/(losses) on available for sale instruments	447	-2,277
Share in other comprehensive income of associated companies and participating interests	9	
Transfer from/to provision for profit sharing and bonuses	-144	-34
Net gains/(losses) on available for sale instruments reclassified to the Income Statement on disposal	18	13
Impairment charges of available for sale instruments reclassified to the Income Statement	131	1,677
Net unrealised gains/(losses) on cash flow hedging instruments	2	-39
Comprehensive income	1,778	-3,029
Attributable to:		
Holders of equity instruments of the Company	1,778	-3,030
Non-controlling interest		1

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	RETAINED EARNINGS	NET FOREIGN EXCHANGE DIFFERENCE	PROFIT FOR THE YEAR	HEDGING RESERVES	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS	NON-CONTROLLING INTEREST	TOTAL EQUITY
2009												
Balance at 1 January	10,833	-45	1,548	-2	-3,841	-229	-2,119	-25	1,325	7,445	6	7,451
Comprehensive income				484		-89	1,381	2		1,778		1,778
Appropriations to reserves			-298	-43	-1,778		2,119					
Dividends and coupon payments to holders of equity instruments					-106					-106		-106
Issue, repurchase and sale from/to holders of equity instruments	1,028									1,028		1,028
Other movements				319	-264	-104		25		-24		-24
Balance at 31 December	11,861	-45	1,250	758	-5,989	-422	1,381	2	1,325	10,121	6	10,127
2008												
Balance at 1 January	10,398	-45	1,227	866	-4,065	-85	979	14	1,084	10,373	2	10,375
Comprehensive income				-728		-144	-2,119	-39		-3,030	1	-3,029
Appropriations to reserves			321	-142	800		-979					
Dividends and coupon payments to holders of equity instruments	427				-540					-113		-113
Issue, repurchase and sale from/to holders of equity instruments									225	225		225
Other movements	8			2	-36				16	-10	3	-7
Balance at 31 December	10,833	-45	1,548	-2	-3,841	-229	-2,119	-25	1,325	7,445	6	7,451

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

(€ MILLION)

	2009	2008
Cash flow from operating activities		
Profit before tax and discontinued operations	1,507	-2,620
<i>Adjustments of non-cash items and reclassifications:</i>		
Unrealised results on investments	-996	4,933
Foreign exchange results	-39	155
Amortisation and impairment charges on intangible assets, equipment and property for own use	217	279
Amortisation deferred acquisition costs	106	105
Dividend income investments and investments backing linked liabilities	-186	-246
Rental income net of expenses	-147	-152
Interest income	-2,645	-2,611
Investment expenses	88	98
Interest expenses	674	843
<i>Changes in operating assets and liabilities:</i>		
Capitalised deferred acquisition cost	-51	-43
Changes in receivables and other liabilities	622	602
Changes in insurance liabilities net of reinsurance	2,030	-169
Changes in banking credit portfolio	-200	-285
Changes in banking customer accounts and loans and borrowings related to banking activities	558	-228
Other changes	-29	-1,582
Income taxes paid	214	-27
Changes in income tax	-157	-168
	1,566	-1,116
Cash flow from investing activities		
<i>Investments, acquisitions and direct return on investments:</i>		
Subsidiaries, associated companies and participating interests (net of cash acquired)		-309
Investment property	-114	-33
Investments	-42,428	-43,801
Investments backing linked liabilities	-10,968	-8,433
Equipment and property for own use	-85	-124
Dividend income associated companies	1,025	4
Dividend income investments and investments backing linked liabilities	186	246
Rental income net of expenses	147	152
Interest income	2,332	2,417
Investment expenses	-88	-98
	-49,993	-49,979

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(€ MILLION)

	2009	2008
<i>Disinvestments and disposals:</i>		
Subsidiaries, associated companies and participating interests (net of cash disposed)	253	1
Investment property	142	35
Investments	40,090	43,003
Investments backing linked liabilities	8,684	8,502
Equipment and property for own use	163	72
	49,332	51,613
Cash flow related to cash collateral in securities lending		
<i>Investments and acquisitions:</i>		
Cash collateral received in securities lending	1,041	30,730
Investments related to cash collateral received in securities lending	-1,256	-31,142
	-215	-412
<i>Disinvestments and disposals:</i>		
Repayment of cash collateral received in securities lending	-4,744	-34,659
Investments related to cash collateral received in securities lending	4,850	35,246
	106	587
Cash flow from financing activities		
Issue and sale of shares	1,028	8
Issue of other equity instruments		225
Dividends paid	-106	-113
Interest paid	-573	-859
Other credit facilities	-529	131
	-180	-608
Net cash flow	616	85
Cash and cash equivalents at 1 January	769	663
Change in composition of the Group		21
Net cash and cash equivalents at 31 December	1,385	769
<i>Cash and cash equivalents include the following items:</i>		
Cash	31	28
Bank balances	1,102	957
Call deposits	252	195
Less: liability bank balances		411
Net cash and cash equivalents at 31 December	1,385	769

AUDITOR'S REPORT

Introduction

We have audited whether the accompanying abbreviated financial statements of Eureko B.V., Amsterdam, for the year 2009 (as set out on pages 79 to 85) have been derived consistently from the audited financial statements of Eureko B.V., for the year 2009. In our auditor's report dated 26 March 2010 we expressed an unqualified opinion on these financial statements. Management is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2009 financial statements of Eureko B.V. Our responsibility is to express an opinion on these abbreviated financial statements.

Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the 2009 financial statements of Eureko B.V.

Emphasis of matter

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated financial statements should be read in conjunction with the audited financial statements, from which the abbreviated financial statements were derived and our unqualified auditors' report thereon dated 26 March 2010. Our opinion is not qualified in respect of this matter.

Amstelveen, 26 March 2010
KPMG ACCOUNTANTS N.V.

H. Arendse RA

MASTHEAD

Text and production

The Write Company, Amsterdam

Visual concept and design

Koeweiden Postma, Amsterdam

Photography

Fred Tigelaar, Apeldoorn

Print

Koninklijke Broese en Peereboom, Breda

Binding

Epping Boekbinders bv, Woerden

FIVE YEARS' KEY FIGURES

KEY FIGURES

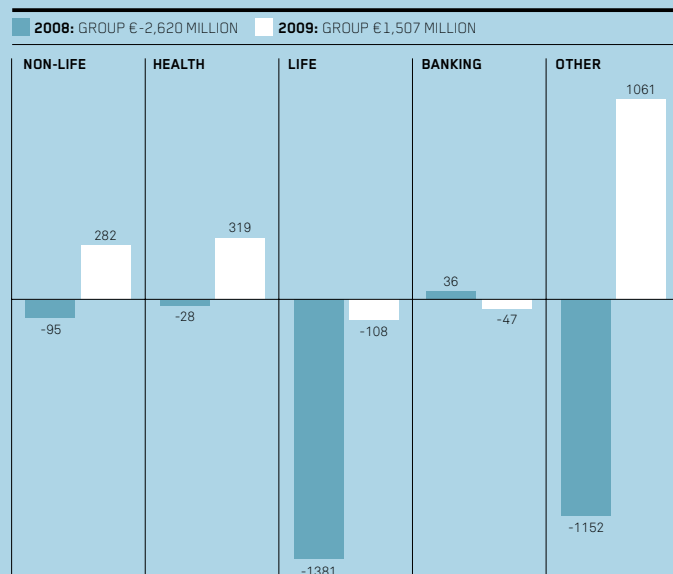
(€ MILLION)

RESULTS	2005	2006	2007	2008	2009
Gross written premiums	6,577	14,302	14,853	19,306	19,645
Contribution investment contracts	448	623	757	307	353
Profit before tax	826	1,215	1,041	-2,620	1,507
Net profit	706	985	979	-2,118	1,381
Insurance gross written premiums					
Non-life	1,699	2,684	2,915	3,816	4,030
Health	2,072	7,154	7,521	11,259	10,617
Life	2,807	4,464	4,417	4,231	4,998
Banking					
Net interest margin	161	142	157	191	185
STATEMENT OF FINANCIAL POSITION					
Total assets	83,293	86,448	100,582	92,453	93,189
Total investments (excluding unit-linked)*	39,062	38,736	40,328	38,768	40,657
Banking credit portfolio	16,459	17,272	18,035	18,921	19,302
Total equity	8,525	9,632	10,375	7,451	10,127
Embedded value Life business	4,537	6,089	6,374	4,123	4,910

* Includes Investments in associated companies and participating interests, Investment property and Investments.

PROFIT BEFORE TAX

(€ MILLION)



KEY RATIOS

(%)

	2005	2006	2007	2008	2009
Group					
Solvency	218	239	232	150	216
Solvency insurance entities	234	236	234	197	251
Return on equity	12.7	13.0	9.7	-23.4	15.8
Return on adjusted equity	16.9	14.7	12.9	-38.6	20.0
Debt leverage	15.3	18.3	23.0	36.4	22.7
Insurance					
Combined ratio Non-life	89.9	88.5	96.4	95.6	96.8
Combined ratio Health	94.5	100.4	99.0	100.1	98.4
Banking					
Cost/income ratio	72.2	84.2	64.7	61.9	64.4
BIS ratio*	16.0	14.2	15.2	14.5	14.2
Figures per ordinary share (€)					
Net profit	2.98	2.92	2.92	-6.65	3.36
(Proposed) dividend on ordinary shares	1.41	1.41	1.41	-	1.43
EMPLOYEES					
Full-time equivalents (FTEs)	20,166	21,784	24,035	24,883	23,676
Number of employees				28,327	27,681
Absenteeism**	5.0%	4.8%	4.9%	4.3%	4.2%
Employee satisfaction**	64%	68%	73%	76%	78%
CUSTOMER SATISFACTION					
Centraal Beheer Achmea				7.5	7.8
Interpolis				7.3	7.5
Zilveren Kruis Achmea				7.1	7.3
Agis				7.4	7.4
RATING***					
Rating Eureko B.V.	A-	A-	A-	A-	A-
Rating insurance entities	A+	A+	A+	A+	A+
Rating Achmea Hypotheekbank	A	A-	A-	A-	A-

* Dutch activities; years 2005 and 2006 based on Basel I

** Dutch activities

*** Standard & Poor's

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